

Apprenticeships and diversity: meeting the skills challenge.

**Speech given by Trevor Phillips at the
Apprenticeships and diversity: meeting the skills
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Thank you very much Sir Roy.

Good morning everyone, I'm delighted to be here and to be working in partnership with the Apprenticeships Ambassador's Network and the employer network. We all share a common purpose and that is to increase the skills available to our nation in a rapidly changing, and more competitive world – and that's what I want to talk about this morning because I think other people will perhaps offer some answer to Roy's big question.

As Chair of the Equality and Human Rights Commission, with the mission of creating a society built on fairness, dignity and respect - confident in all aspects of its diversity, I see a landscape that has changed radically from when our forerunners, the CRE, DRC and EOC began their work. If we look across Britain today we see an increasingly diverse nation, but more significantly than that, we see beyond our coastlines to a world, with if not no boundaries, more porous boundaries than ever before.

Where the economic and social maps are being re-written daily as businesses, people and skills move not just to the next town or 'down the valley', but across the globe; this is the reality of globalisation and it is probably the most significant truth of modern times.

We can't under-estimate the size or complexity of the global challenge – or predict its next turn - but we do know that education and skills are a key tool, if not the key tool, to our survival kit bag.

We as a Commission take an intense interest in trying to understand and anticipate these forces of economic and social change. We think it is integral to our mandate, which is as you know, reducing inequality, promoting human rights and strengthening good relations.

While the globalising economy spreads equal opportunity and wealth, it can also foster insecurity, and anxiety. It can produce tensions between different groups. We know that transnational communication is increasingly highlighting the different approaches to human rights across the globe.

Most of all we know that globalisation unchecked and unbalanced can lead to greater inequality.

The truth is that global change has the harshest impact on those least well-equipped to respond: those with fewest qualifications or job ready skills - and in the modern economy, increasingly the most disadvantaged are those who lack the cultural capital to foster the essential 'soft' skills necessary to progress in life and work.

I want to illustrate this for a moment by looking at what must surely be the most unsettling aspect of today's political landscape - though paradoxically it's the one that offers the greatest opportunity to hundreds of millions of people for increased prosperity and redistribution of wealth, and that is migration.

We know that there is more migration across the globe than ever before thanks to the jet plane, easier communications and more open borders. The UN tells us that 200 million people or thereabouts live and work outside the country of their birth.

This country sees 30 million visitors, students and new workers each year.

We know that this migration brings us prosperity, adding to our GDP each year by estimates which vary but essentially are thought to be in the billion or two range; it also adds to growth and certainly prevents our growth being stifled by lack of skills.

What may not be so evident is the way in which this migration is

increasingly being built into the fabric of international economic relations, and presenting us with a challenge.

It used to be that migrants would arrive in the UK and leave their homelands behind, to all intents and purposes. That's all changing.

Modern communications mean that migrants will never again have to lose touch with the land of their heritage. The average length of stay - which used to be over 20 years - is falling rapidly as Polish and other migrants commute from Wolverhampton to Warsaw.

Along with Easyjet, we are now beginning to talk about the 'easymigrant'. And indeed it is the very ease with which people and funds move that makes this new type of migration so much part of our new world, and which is generating extraordinary levels of redistribution of income and assets - not domestically but globally.

In 2006, migrants worldwide sent home an estimated \$301 billion in remittances - more than twice the official aid received by developing countries. In the USA the level of remittances to Mexico alone has, according to the Financial Times, reached \$US23bn each year. The US\$13 billion sent home each year to the Philippines amounts to more than one-eighth of the country's GNP. The biggest money transfer company, Western Union, has seen its revenues almost double to US\$ 4.5bn in the past seven years.

This may seem a little way away from our discussion this morning, but it is entirely integral to our discussion; because this is a principal driver for the competition that our people face.

Here, even the official figure for remittances sent overseas tops £5bn a year. And all of these figures do not even begin to account for the money sent back through informal channels in internet cafes and grocery stores, which some studies estimate could raise the figure by a further fifty per cent.

The point here is that the people who are coming to work are now coming to work above all else, and they're competing. Not as many people I think believe, because they're cheaper – it is because they're better. When you compare someone who does not have, in this city, the skills that maybe an Eastern European graduate will bring which is the capacity to speak three languages, with someone who frankly has a low literacy, actually the price matters less than the skill that person brings.

Let me just say one more word about why this is being written into the

economic structure and why it is a long term issue rather than one which will go away with a new cycle.

Increasingly, remittances aren't being used just to buy new shoes for children in poor countries. They are being used to buy land, build property and start businesses. Interestingly of the 20 largest IT businesses in India, 19 were created by Indians who had started their business lives abroad, in Europe and the United States.

There is one other fact which is particularly important today. Modern migration has precipitated the phenomenon of the plural city – cities in which no one ethnic group holds the demographic majority.

These plural cities are the urban societies of the future. They promise energy, creativity and freedom from drudgery for the rich and not so rich. They promise jobs, opportunity and the chance to save and build assets for poor migrants. But alongside the bright promise comes the shadow that public policy and politics have to dispel.

It is becoming clear that the people who suffer the most from the pressures of population growth on our infrastructure are the poorest people, typically the last-but-one wave of migrants, living in the most deprived areas.

The point I am making here is that we need migration, but that unless we are careful, whilst we contribute, rightly, to the building of opportunities abroad we are creating a well of left-behinds here at home. That is unfair and why many people are concerned about this.

Our mission as the EHRC is to ensure that no-one is left behind. That is why we take this interest in the skills agenda in general and the apprenticeship programme in particular. We want to work with government, trade unions and employers across the public and private sectors.

Apprenticeships are central to developing an educational and skills agenda that ensures that no-one is left behind. They are a passport out of poverty giving young people practical skills but also a base of specialist knowledge that they can develop throughout their career.

But, the Commission does not want simply to be a watcher and regulator here. We see our job as being more than just to monitor and enforce the law. We want to find ways of ensuring that we protect and empower people in this world of rapid change. We want to help people to be equipped with the human capital which can give them an equitable stake

in the global market place.

Our special contribution, we think, will be to help to shape education and skills policy to respond effectively to the diversity of Britain today.

I should make the point that this will play out differently across the UK. We know for example that these issues are devolved and in the devolved administrations both the problems and the responses are somewhat different. In Wales we await the outcome of the Webb review; in Scotland the new administration has yet to make its views entirely clear about Modern Apprenticeships.

However there are some things that we can say about the background right across the UK.

We know that the workforce is changing – by 2010 fewer than 20% of the workforce will be made up of white, able-bodied men under 45 in full-time work.

We know that currently nearly a third of the population here in London is from black, Asian or other ethnic minority groups and over the next 10 years they will account for 80% of the increase in London's working age population.

But we also know that for many of the new labour force who deviate from the white, able-bodied male, the reality of work is not advancement into good careers, but low wage, low skill jobs, populating a bulge at the bottom of the economic hour glass rather than supporting the vital expansion in the high-level high skill jobs at the top – that is if they get into the hour glass at all.

Education and skills will be the great equaliser, tackling the cycle of deprivation – the low skills, dead-end jobs syndrome that perpetuates and fuels disadvantage and poverty, particularly for young people from lower socio-economic groups.

We want to change the traditional road-map that leads many along dead-end routes - just because of their background or the colour of their skin or their gender or their disability. If you like, we want a new sat nav that re-routes people from the B roads into the fast lane and freeways where the global world of opportunity is opened up and accessible to all. The employers and apprentices here today bear witness to how apprenticeships can break down the barriers of occupational segregation and unequal pay for women and ethnic minorities, and can support disabled people to use their often neglected potential in good jobs.

In a recent investigation into apprenticeships, the EOC found young girls and women who had broken through the barriers and were benefiting from better pay rates as non-traditional apprentices.

It's striking what they had to say; here's just two quotes from two young women apprentice engineers:

One said:

"I wanted a career that paid enough as a single parent. It's enabled me to go back on a lot better pay than I would have been on as a hairdresser."

The other said:

"Being an apprentice in a well-paid field means that I could support myself from the age of 16. I paid for my own driving lessons at 17, and bought my own car and house much earlier than I could have done in any other profession."

Striking that anybody of her age can afford a house these days. That tells you just what Apprenticeships can do. So they can be the 'passport out of poverty' for many young people and adults.

But looking beneath the surface we find that the picture is not quite so rosy. Women in particular, but also ethnic minority and disabled apprentices, are segregated in sectors with lower pay, and poorer quality and progression opportunities. They are under-represented in traditional apprenticeship sectors dominated by white males, such as engineering and construction, where pay rates can be twice as high. In engineering for example, only 2% of apprentices are women, 4% are from ethnic minorities and 7% have a learning difficulty, disability or health problem.

This segregation, of course, has a knock on effect. For example, fuelling a huge gender pay gap in training of 26% - higher than that which exists in work (17%). This is a pretty poor start to young women's working lives and sends a clear signal that women are second-class citizens and that their work undervalued. Recently published data (2005) shows female apprentices earning on average £40 less per week than male apprentices.

There is no minimum wage for apprentices under 18 and older workers in their first year of apprenticeship. Despite a requirement by LSC to pay £80 per week, many women apprentices are earning well below this. Of

the 1 in 5 apprentices receiving less than £80 per week, over 7 out of 10 are female.

The quality of apprenticeships varies considerably, with women, and disabled apprentices more likely to be in jobs where the focus is on using them as workers as quickly as possible, with very little off-the-job training and few progression opportunities.

The YWCA in its work on disadvantaged young women has reported that of the 100,000 young people on advanced apprenticeships in England, just 3 out of 10 are female. This is because the sectors dominated by women such as hairdressing, early years care and education, and health and social care, are more likely to train at level 2 only.

Similarly, in 2005, while the 12% of disabled people on apprenticeships was comparable with other cohorts, this was not the case on advanced apprenticeships, where numbers were significantly lower at 5%.

- We can tell a similar story with ethnic minorities. Overall, 6% of those starting an apprenticeship are from ethnic minorities. 9% of the population of England are from ethnic minorities – there's a 3% gap there.
- In the main apprenticeship recruitment group (16 – 24 year olds), the proportion is higher, at 13.5%, yet we find that amongst the advanced apprenticeships, ethnic minorities are essentially less prevalent.

So apprenticeships are not reaching the majority of young black boys in inner city areas, for example, where skills training could make a huge difference to their lives and the lives of the community.

My point today ahead of the government's review of apprenticeships is that a lot more must be done to ensure they touch the most disadvantaged young people – to help create a more equal workplace.

There is still endemic occupational segregation and clustering of the most disadvantaged young people into poorly paid, insecure parts of the economy, even in the training system itself.

We don't know exactly why occupational segregation and discrimination in education and the labour market persists across time - that is an issue that we studied in the Equalities Review which I chaired for the former Prime Minister, which was published in February this year.

We do know that the barriers aren't the same for all young people. Some of the drivers of segregation and discrimination are institutional and structural: prejudice - racism, sexism, homophobia and so on; workplace culture or 'the way things are done round here', 'why do we need to change'; lack of support for those who are also parents and carers. All of these things we do know about, but we don't know how all these factors work exactly and on whom, or how they interact.

We know that there are other factors in play for example, issues to do with place - absence of transport. We know that there may be other obstacles; low self-esteem or expectations - for example in the Equalities Review, we showed that well-qualified young Bangladeshi women are three times as likely to accept a job for which they are over-qualified. That picture may stretch across the apprenticeships field. So we don't yet know all the answers - but we intend to keep probing at it during our lifetime as the EHRC.

The drivers for inequality are caused partly by individual values, aspirations and expectations of what is acceptable, nurtured in the home, in schools and in communities. Such values are powerfully shaped by stereotyping and covert discrimination: we know that even in spite of all that's been done, people still think construction just isn't a suitable job for girls and young women.

There are the subtle and not so subtle messages transmitted to young people at an early age.

So at the EHRC, we want to work with employers and the LSC to tackle some of these drivers of discrimination, disadvantage and inequality. There is no better place to start than developing apprenticeships that genuinely embrace diversity - ensuring that in the globalised economy no-one in our country is left behind.

One of the tools of course is the Employers' Business Case Guide to Diversity and Apprenticeships that we have produced which we hope will help people to persuade others of the importance of this issue.

The guide highlights many business benefits from daring to be different, challenging the status quo and recruiting apprentices from beyond the traditional sector workforce. More importantly, it leaves it to employers themselves to describe the positive impact to their business. The guide also suggests key actions that employers can take to make a difference.

I want to add to that list and suggest that large and small employers adopt an inner-city school and develop apprenticeship passports to open

up wider opportunities and life chances for the young people there. Passports out of disadvantage and poverty and into the global world of work today.

We as a country have to embrace the future. As Bill Clinton once said, globalisation is not a policy it is a fact. The only thing that matters is how we respond to it. And let me emphasize, I personally welcome the opportunities it brings for the poor here and the poor abroad. However, our mission is to avoid opportunity exacerbating inequality.

In the end, the hardest part of our collective task will be to transform the horizons of the young people themselves. Here's what a young disabled quantity surveyor called Louise Massey told us:

“I was told by the careers adviser I would be better looking for a nice husband than studying for my dream career in the building industry.”

Our job here is to make Louise's dream and those of hundreds of thousands of other young people like her, into a reality.

Thank you