

RSA speech – Tuesday 24 January

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There will be much talk today of existing or proposed schemes aimed at “creating” jobs. I believe, however, that the priority should be on creating the right conditions for business to thrive. If we do that, employment will follow.

I will focus on three areas in which we can make progress.

1. Firstly, removing barriers that discourage employers from hiring
2. Secondly, ensuring an immigration policy which supports growth
3. Thirdly, acknowledging that some of our indigenous workforce is currently unemployable – and being prepared to do something about it

Firstly, barriers to employment

Flexible labour markets have higher average levels of employment than those with less flexibility. I’m not advocating a hire and fire culture but we must sense check proposed employment legislation so that it is proportionate.

In practice, this means raising our game in Europe – the source of most employment legislation. Though the UK represents 12 per cent of the EU population, its citizens make up only 6 per cent of Commission staff. We are the most under-represented country in the Commission by head of population, with the exception of Romania.

The lack of a moderating UK voice can lead to the EU passing legislation which, frankly, is more suited to fostering a stagnant economy than encouraging a vibrant one. The EU Temporary and Agency Workers Directive is a good example. Equal pay and conditions for temporary workers sounds fine until you consider that it could result in nearly 60% of UK employers using fewer agency workers. It creates bureaucracy and cost, for little benefit.

Secondly, immigration policy

Thinking beyond the EU, we also need a business-friendly immigration policy. The government has capped the number of highly skilled migrants from non-EU countries. I think arbitrarily limiting this type of migration is counter-productive. It doesn't address mass immigration from within the EU at the lower-skilled end of the spectrum, which people care about, whilst evidence shows that skilled non-EU migrants have a positive impact on GDP per head and are net contributors to public finances.

We should also acknowledge the huge benefit that legitimate international students bring to our higher education system. This is a high value export industry at which we really excel. The international activities of universities contribute £5.3bn directly to the UK economy and foster long-term relationships – economic and cultural – which will be of great benefit to the UK in decades to come.

Yet, the government counts students – who, by their nature, are temporary visitors – in the same category as permanent migrants. Students should be exempted and we should resist any attempt to squeeze the cap – especially as we come out of recession when we will be employing more, not fewer, people.

Finally, may I turn to the indigenous population

Even as the economy improves, it does not necessarily follow that all those currently unemployed will find work. The problem is bound closely to how we educate from a young age, but I believe there are some useful practical steps that we can take.

London First has, for example, initiated two major projects.

1. We developed Teach First – a scheme which offers our best graduates fast-track opportunities teaching in disadvantaged schools. The scheme has changed the lives of thousands... and is one of the top 10 graduate recruiters in the UK.
2. We also organise Skills London – the UK's biggest careers and skills event. This year's event, in November at ExCel, will welcome 30,000 visitors and over 100 exhibitors.

Both government and business would also reap rewards from embracing apprenticeships.

For society, it is right that young people who may never have set foot into a workplace are given subsidised opportunities to gain much needed experience.

For business, apprenticeships are an opportunity to broaden the field of recruitment, bringing new and different types of people into companies at different stages of their careers.

Along with cutting bureaucracy to make employing easier, Government should showcase the success of apprenticeships and sweep away the funding and administrative barriers to their expansion

In conclusion

Tackling these problems will require a consistent long-term approach - Government must develop policy and stick with it. The temptation to continually tinker with policy and targets must be avoided.

For the short term, I have a checklist of things I think the Government should be doing:

1. Firstly, commit not to introduce further legislation which imposes additional burdens on business.
2. Secondly, apply the migration cap so as not to prevent the very people we need from coming to the UK. Legitimate students and other temporary visitors should be welcomed not turned away.
3. Finally, focus secondary education on turning our young students into employable, future leaders.

I don't pretend to have solutions to all of the challenges but I think changing our attitude so that we make it easier to provide jobs, bring in talent from overseas where it is needed and encourage employers to find the skills they need locally would be a good start.