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JGreatBS

Levelling Up the UK

Shining a spotlight on the essential roles
that are vital to levelling up skills in the UK



Jun 2022

"We continue to face a huge skills crisis - the UK has more than 1.3 million open job vacancies across various industries.

These shortages are significantly impacting the ability of employers to meet their skills requirements, as well as impacting the safe and effective running of our society."

Kirstie Donnelly MBE

CEO City & Guilds

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Foreword

The government's Levelling Up agenda was devised to address stark inequalities across the UK. London and the South-East are our wealthiest regions, with a highly skilled workforce enjoying the highest paying jobs. In contrast, many areas across the rest of the country have been left behind both in terms of skills and income.

The Government has set out in their recent Levelling Up white paper – a detailed plan of action designed to stimulate regional economies and create highly-skilled and well-paying jobs in sectors that are often overlooked, such as **transport, green energy** and **health care**.

1.3million

the total number of open job vacancies in various sectors currently in the UK



But will everyone have a fair chance to access these opportunities?

The level of qualifications and skills that people possess will inevitably impact their chances at an improved quality of life and their ability to access the many opportunities that are already available, as well as those that are yet to become available. And we know that levels of skills acquisition vary wildly across the country – with more than a tenth (13%) of Birmingham’s workforce having no qualifications at all compared to just 5% in London, for example.

As many people in these neglected regions fall out of the system, having had a poor experience at school or if they find themselves facing a change of direction later in life, they often confront challenges that can seem insurmountable.

On one hand, our adult education system is badly under-funded, old fashioned and simply not fit-for-purpose. According to the Institute for Fiscal Studies (IFS), overall spending across adult education, apprenticeships and work-based learning dropped by 35% (a staggering £1.9 billion), in real terms between 2009–10 and 2019–20¹.

On the other hand, we have some of the lowest levels of employer investment in skills development in Europe. This means that an astonishing number of people in the UK are not being offered opportunities to learn new skills once they leave full-time education and are furthermore unable to make significant progression in their careers. It’s hardly surprising then that our Missing Millions research from

2020 uncovered that a mere third (33%) of the UK working age population said that they felt optimistic about their future career prospects.

In addition to this, we continue to face a huge skills crisis – the UK currently has more than 1.3 million open job vacancies in various industries. Whilst factors such as Brexit have undoubtedly affected this significantly, our Great Jobs research found that the ongoing skills shortages were exacerbated by a reluctance amongst working age people to do certain jobs. Conversely, these were often the very jobs that the Government deemed essential to the running of the country during the pandemic. These shortages are significantly impacting the ability of employers to meet their skills requirements and their future potential, as well as impacting the safe and effective running of our society.

With all this in mind, it’s imperative that we work together as a nation to identify the solutions to these complex challenges. In this report we explore these complexities – delving into essential jobs and exploring the potential of largely-untapped talent pools as a solution to skill shortages, and the importance of leveraging wide-open upskilling opportunities through adult education development in these roles, and many others.



Kirstie Donnelly MBE
CEO
City & Guilds

¹Education spending - adult education and skills - Institute For Fiscal Studies - IFS

An opportunity we can't afford to miss

A nation with a massive job surplus while millions opt out of the workforce

If we look at essential jobs alone, 3 million additional vacancies are expected to open in these indispensable industries over the next 5 years, including 340,000 brand new roles that currently don't exist. However, as we already have more than a million unfilled vacancies, the question is: how do we fill these roles and ensure we don't squander the opportunity ahead of us? Currently, 21% (or more than 8 million) of working age people in the UK are economically inactive, meaning that they are opting not to work or claim benefits.



In 2020, the OECD estimated that owing to the fourth industrial revolution and Artificial Intelligence, 38 - 42% of the UK population will need to completely retrain within the next decade. This means that millions of people will need to retrain to ensure their skills stay current. However, our [Missing Millions](#) research found that more than a third (34%) of working age people had received no workplace training for at least 5 years. In addition, we found that only 25% of our respondents were willing, or able, to fund their own training.

Clearly, as so many people are not receiving training, they are likely to be 'left behind' as the workplace continues to evolve at pace. It is unsurprising then that in our most recent research pieces we found that:

38 - 42%
of the UK population
will need to completely
retrain within the next
decade.

- Just a third (33%) of working age people felt positive about their future job prospects
- Three out of five (61%) of working age adults don't feel equipped with the necessary skills needed to unlock new opportunities over the next five years.
- 56% of employers face some kind of barrier to meeting their skills and talents requirements.
- 55% intend to change jobs within the next 5 years

This is hardly surprising when we consider that investment in adult skills development from employers, employees and the Government is some of the lowest in Europe. This is a key factor as to why levels of productivity in the UK remain stubbornly low (particularly outside of London and the South-East). This in turn plays a role in depressing wages and impacting the ability of regions outside of London to 'level up'.



Help organisations address the skills mismatch

The great divide – why do we really need to level up in the UK?

The reality on the ground is that opportunities and growth in the UK are at an all-time high. Vacancies in some industries, such as health and social care, were already extremely high and numbers have leapt up across many industries – thanks to issues such as Brexit and the ‘Great Resignation’.



In addition, significant numbers of jobs are expected to be generated in the years ahead due to the Government's 10-point plan for a Green Industrial Revolution and the Levelling Up White Paper.

However, skills development and levelling up activities are simply not keeping pace with the demand of these areas of growth and change. As a result, many organisations find themselves unable to fill vacancies with candidates equipped with the right skills for the job.

The challenges vary:

Many areas lack access to good work.

Persistent geographic inequalities often mean higher unemployment rates in areas where businesses are unlikely to invest, leading to skills stagnation of entire regions.

Average earnings vary wildly between regions.

Nearly 40% of workers living in Blackpool earn less than the voluntary living wage – only one example of many, where lower-skilled roles are paid poorly, and given little opportunity to progress or grow.

Disparity in skills acquisition is often the core of the problem.

Poor employment opportunities are often driven by differences in qualification levels. For example, less than 60% of Sandwell, West Midlands' population are qualified to at least level 2.

Massive change and growth demands more high level skills.

More adults need to reskill and level up as a result of the pandemic, transition to net zero and the 4th industrial revolution. A demand of this magnitude requires a solid skills development strategy with long-term objectives.

There is a lack of funding for skills required.

The dwindling (and typically under-spent) Adult Education Budget may not be sufficient to support the training needed to fill the high skilled roles required for the growth and change occurring across the UK.

There is a knock-on effect following a decade of underfunding.

According to the IFS, overall spending across adult education, apprenticeships and work-based learning dropped by 35% (£1.9 billion) between 2009 and 2019, despite the increasing demand for skills.

Some of the most-available jobs are overlooked as viable opportunities.

As we highlighted in our recent Great Jobs research, essential jobs such as HGV drivers and care workers are often not favoured as career options for the general public, and yet provide a range of opportunities.

Closing the gap

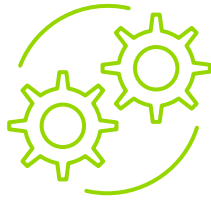
A snapshot of demographic disparities

77%

of people highly value their learning and development, saying it enables them to perform better.



Below we show a snapshot of the regional disparities that are fuelling the need to level up the country.



PRODUCTIVITY:



£5,000

Recent research by the NIESR states that the poor levels of productivity in the UK are costing the average UK worker £5,000 per year in lost wages. One key factor impacting productivity is said to be a lack of investment in training in the UK.



SENTIMENT:

22%

From lower socio-economic groups, only 22% were satisfied with their career prospects compared to 39% of those from higher socio-economic groups.



133GVA

Our own Missing Millions research highlighted that productivity varies significantly across the UK.

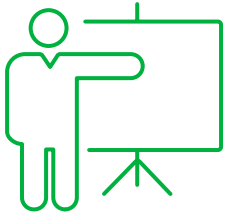
- London's productivity is ranked at 133 'gross value added GVA per hour' versus a national average of GVA of 100.
- Whereas in Greater Manchester productivity per worker is 89.7 GVA per worker, meaning that workers in London are 45.1 GVA ahead per worker.

57%

57% of people from higher socio-economic groups felt that their education had been useful to their career, versus 35% of people from lower socio economic groups.

21%

Only 21% of people in the North East of England expressed optimism about the jobs market in their local area, in contrast to 45% in London.



EDUCATION TRAINING & SKILLS:

30.5%

Just 30.5% of people in the West Midlands hold a level 4 or higher qualification vs 51.3% in London. Conversely, 12.9% of people in the West Midlands have no qualifications compared to 6.6% in London.

68%

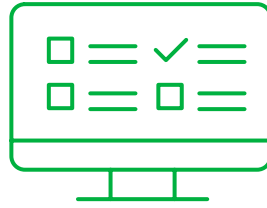
Compared to 68% of higher socio-economic demographics, only 44% of lower socio-economic groups received training in the last five years.

61%

Part-time workers, especially women, are less likely to have received training in the last five years (61%), compared to full-time workers (72%).

60%

60% of workers feel that the skills they possess are being underutilised at least 50% of the time.



ACCESS TO HIGHLY SKILLED JOBS:

£

Highly skilled jobs demand a higher level of qualification but tend to be better paid and offer more opportunity to progress.

11%

Compared to London's 18.2% growth in highly skilled jobs, other regions have lagged behind, with the West Midlands and Leeds' highly skilled job markets growing by only 11% between 2011 and 2019.

51%

51% of London's jobs are classified as highly skilled roles. Comparatively, other regions' high skilled jobs form as little as 23.2 – 40.6%.



²<https://www.niesr.ac.uk/publications/productivity-uk-evidence-review?-type=uk-productivity-commission>

Inspired solutions to support levelling up in the UK

What can we do to move toward a more skilled workforce?

The purpose of the Levelling Up agenda and adult education initiatives in the UK is to make society fairer by providing equal access to opportunities, whilst closing the skills gap. This will enable the people of the UK to progress in their careers and build robust foundations for industries that remain critical to the country's future.



21%

A fifth of our working age population have opted to remain economically inactive

1. Consider broadening the recruitment pool when recruiting

Our Great Jobs research found that some industries suffer from an image problem and are not appealing to certain groups of people. For example women and ethnic minority workers didn't feel like a career in rail ([Back on Track](#)) was an option for them. Conversely, there are other industries such as health and social care and [education](#) that are often avoided by men.

A fifth of our working age population (21%) have opted to remain economically inactive (not working or claiming benefits), and a number of groups of people face additional barriers to finding work – such as those with physical disabilities and neurodiversities, ex-offenders and refugees.

If employers were to consider how to build more inclusive policies into their recruitment methods and make benefits and working conditions more flexible, they may attract a broader range of people into their industries.

This could include:

- **Re-imagine benefits beyond salary**

Working closely with employees to understand their individual interests and drivers will help businesses shape benefits programmes around their staff, increasing recruitment and retention rates. For example, employers seek out opportunities to implement flexible working practices that will unlock the labour market for groups such as working parents and carers.

- **Re-invent what the pandemic taught us was possible**

Where possible, allowing people to work from home (if they want to), or implementing a remote-hybrid policy, could make your workplace accessible for people who face barriers to full-time, on-site employment. These could include working parents, people with physical and mental health issues, and ex-offenders.

- **Re-create people-centric systems for work-life balance**

Find opportunities to make jobs part-time or flexi-time, or share job roles to allow employees the opportunity to work well while they raise families, maintain their own wellbeing, and attend to other personal commitments.

- **Re-invest in the workers already on the job**

Employers should also assess the potential to upskill the workers they already have to fill skills gaps by offering training and progression opportunities. For example, our Missing Millions research found that:

- Those from lower socio-economic groups were much less likely to have received training in the last five years (44% vs 68%).
- Those working part-time – significantly more women than men – were also less likely to have received training in the last five years than those working full-time (61% vs 72%).



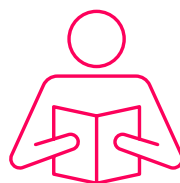
2. Provide greater access to workplace training

The Learning and Work Institute released a [report](#) in April 2022 that found that employer spending per employee on training has fallen 28% in real terms since 2005, dropping from an estimated £2,139 to £1,530 per year. This is reflected in the findings of our Missing Millions research, which uncovered that over a quarter of the UK workforce had not received any workplace training for at least 10 years, with two fifths saying that they had not received any training for at least 5 years.

This suggests that the economy is likely to be ill prepared for the changes that are clearly on the horizon, as we progress ever-more toward ongoing automation and globalisation. The CBI also recently warned that the UK is at risk of losing inward investment due to a shortage of skilled workers.

Our research demonstrates that people value training and that a lack of training holds them back from performing better, switching careers and moving into different industries. This decline in spend on training urgently needs to be reversed if we're to create the skilled workforce the UK needs to be successful.

A key question remains about how we reignite employer interest in staff development when – post pandemic – many would argue that they are barely keeping their heads above the water.





3. Investigate and make better use of current government initiatives



The UK government has recognised the dire need to improve adult skills provision. It has allocated a range of additional funding streams and created a number of training interventions to support people to obtain new skills or further enhance existing skills.

Some of the initiatives that are available include:

- **Bootcamps**

[Bootcamps](#) allow people aged 19+ to retrain for new jobs, and support young people embarking on their first job. Skills Bootcamps are primarily aimed at delivering flexible training at levels 3-5 (medium to higher level technical skills). They're co-designed with employers to respond to their specific skills shortages, which is what makes them such a powerful solution to skills mis-matches.

Employers contribute a small amount (10% for SMEs and 30% for large employers) to the cost of training if they want to use Skills Bootcamps to train their existing employees.

- **Apprenticeships**

Apprenticeships can be used to fill many of the current and future vacancies, and new programmes can be developed to fill the new and emerging roles.

The apprenticeship system could present an excellent opportunity to allow people from less advantaged backgrounds to access careers in areas that they might not have otherwise been able to. Apprenticeships now have a greater range of options available to employers, including levy transfer and flexi-job models to allow more SMEs to better engage with the system.

- **New skills programmes**

New programmes such as Multiply are due to come on stream for maths/numeracy areas and the Plan for Growth, which will consider management and digital skills.

Case Studies

How are organisations already making a difference in levelling up?

In a recent City & Guilds [podcast](#), we explored the topic of green skills and the role that they play, not only in creating a sustainable future, but also powering the government's ambitious levelling up agenda. The podcast also uncovered these compelling real life case studies.



Groundwork

Venetia Knight, Head of Employment and Enterprise

Groundwork is a federation of charities mobilising practical community action on poverty and the environment across the UK.

With funding from the City & Guilds Foundation, Groundwork has established '[Green Start](#)', a new prison education pilot programme designed to help prison residents develop the skills, knowledge, and qualifications to help them thrive in the green skills and construction job market. The programme has been developed with several construction sector employers to ensure the content of the programme prepares participants for real job opportunities on release from custody. Groundwork goes a step further by supporting course graduates to secure and sustain employment, helping to reduce the likelihood of re-offending.

Groundwork recognises that as we transition to a green economy, sustainability awareness and 'green skills' will become more and more relevant to all jobs in the labour market. They have also identified that green skills will be needed in areas facing higher levels of disadvantage and are working toward addressing those needs.

Groundwork has been delivering green skills training for over 40 years, with a focus on the natural environment. Their key drivers include:

- Carefully designed carbon literacy training for all learners aged 16+, embedded in employability courses
- Low carbon careers learning in pre-recruitment programmes
- A new focus on construction, given the national Net Zero 2050 goal
- Community-focused projects to address the increasing demands for green skills
- Support of the more disadvantaged labour market, such a low-income areas and ex-offenders
- Engagement with key audiences to increase recognition of the importance of the natural environment and activities to support the climate and nature emergency.

“Everyone in the workforce is going to need to have some level of sustainability training to fulfil their role in the future. So, we made the decision that we need to introduce training for all learners in our employability and skills provisions programmes, to improve their climate awareness and work-related environmental knowledge.”

– Venetia Knight, Groundwork



Business West

Lizzie Lyons, Head of Skills Delivery

Business West (B-Corporation certified since February 2021) delivers multi-million pound contracts and award-winning services on the themes of internationalisation, innovation and skills, to help businesses to thrive, both locally and nationally.

Business West is one of the partners the ‘Workforce for the Future’ programme led by the West of England Combined Authority, helping organisations to prepare their future workforces by developing the skills needed to future proof their businesses including green skills. They also work with other partners with a vested interest in investigating skills for green growth and carbon-efficient methods of construction.

Business West has assigned an exclusive net zero team, dedicated to raising awareness of the need for green skills to tackle climate change and achieve the nation’s Net Zero 2050 goal. The dynamic group supports SMEs in gaining better understanding of their carbon footprint and identifying what skills will be needed in the future. Their initiatives are varied:

- Events to raise awareness about climate change and the future adjustments needed
- Consultations with businesses of all sizes to help recognise the challenges ahead and the emerging skills requirements
- Maximise on national funding for highly effective programmes
- Flexible tech training that enables people to participate and contribute to the economic growth of the region

“When it comes to levelling up, flexible and accessible training really is key.”

– Lizzie Lyons, Business West

City & Guilds – advocates of levelling up

Find out how we can support you

Functional skills

We've been offering qualifications in maths, English and ICT for close to 50 years with the aim of helping young people and adults succeed in all that they choose to do in work and life.

Our Functional Skills Maths and English qualifications, are designed to help learners of all ages and levels, supporting them to develop and demonstrate the practical skills needed in real-life situations confidently.

As we emerge from the pandemic, we are already starting to see a higher take-up of our Apprenticeships and Adult Education programmes. This leads to the need for further development in both basic and flexible functional skills in English and Maths from Entry level up to Level 2, where valuable skills for work and life are needed now more than ever.

Find out more , visit

<https://www.cityandguilds.com/what-we-offer/centres/maths-and-english/functional-skills>

Apprenticeships

Supporting your apprenticeship delivery

Welcome to our updated apprenticeship hub - here you'll find all you need to help you make the most of our apprenticeship support and services.

From unrivalled technical and personal EPA support from our dedicated team to on-programme resources and assessment preparation for EPA – our high-quality support and assessment resources give apprentices the confidence to succeed.

Find out more, visit

<https://www.cityandguilds.com/apprenticeships>



Vocational qualifications

Vocational qualifications are either work-related qualifications designed to enable students to gain the skills required to perform a particular job, or qualifications that may be taken as part of a wider study programme or an apprenticeship.

City & Guilds is a leader in skills development, providing services to training providers, employers, and trainees across a variety of sectors to meet the needs of today's workplace. City & Guilds qualifications and apprenticeships are valued by employers across the world, helping individuals develop their talents and abilities for career progression.

Find out more, visit <https://www.cityandguilds.com/qualifications-and-apprenticeships#fil=uk>



Recognitions services

Every organisation is unique, and so are your goals. High-quality, relevant and tailored training is key to remaining competitive, and recognising skills will set your business apart – making you fit for the future.

Our suite of recognition services supports your organisation to be future fit by adding value, credibility, and recognition to your brand. Find out which of our services will help you to meet your unique goals.

Discover our recognition services and let us help you unlock your growth potential through the power of skills.

Find out more <https://www.cityandguilds.com/recognition-services>





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