

Written evidence submitted by City & Guilds

About us and introduction

City & Guilds work with people, organisations and economies to help them identify and develop the skills they need to thrive. We understand the life changing link between skills development, social mobility, prosperity and success. Given this, we're pleased to input and help shape the Public Account Committee's call for evidence.

Our submission is shaped by our own work, partnership with a range of organisations and employers and the insights gained from our research programme. We were also delighted to have been approached by the NAO earlier this year to submit evidence to their report which has formed the focus of the Public Accounts Committee's call for evidence of the same name.

Below we share our insights under the following broad headline subjects:

- Challenges in building a skilled workforce
- Participation in further education and skills training
- Geographical and occupational inequalities
- Our proposals

Challenges in building a skilled workforce

The NAO report *Developing workforce skills for a strong economy* found that Government does not have an estimate for its total spending on activities designed to develop workforce skills. As a starting point for developing workforce skills this is worrying as the combination of this and a range of political and policy interventions in education and employment policy over successive governments makes it almost impossible to track what has worked or what has not worked. Furthermore, without knowing what the associated spend has been with each of these policy interventions and an objective assessment as to whether they have achieved their intended aims, there is no visible measure of success.

The government can often be reactive in its approach to encouraging the development of workforce skills. It's also notable that many of the ways in which it seeks to develop workforce skills is often through short-term sticking plaster solutions to specific economic challenges and thus they are implemented at a certain point in time to deal with a specific event or crisis. This can consequently undermine any confidence in systems that need to be sustainable and embedded for long term strategic impact. In addition, it results in confusion for employers, especially SMEs who find it difficult to keep abreast of the range of schemes which they can engage with, in order to develop the skills of their workforce or onboard new staff as part of longer term workforce planning. Although well intentioned on the part of the government, many of the job creation schemes launched during the height of the pandemic were not clear in terms of what their success measures would be, and what ongoing support and guidance would be provided once the course/placement had completed. This latter point is crucial in terms of building a skilled workforce as this can't happen on a consistent basis without clear progression intentions. The situation was further compounded by multiple schemes all competing for the same learners and employer engagements.

The government should facilitate workforce skills development that is required for economic growth and encourage employers and industry to work towards shared goals, both taking responsibility for this important feature of productivity. The government should incentivise specific areas of skills development where that might help kickstart a priority area of activity that requires higher engagement from suppliers or consumers but should be mindful that a sector or employer base does not become unduly reliant on such support. It also has a role to play in terms of showcasing impact and benefits that will encourage workforce skills development to happen organically as businesses learn from peers.

What is often unclear in workforce skills development and in terms of responsibilities and accountabilities is the division or indeed joined-up thinking that happens between key departments such as the DfE, DWP and HMT. More recently this landscape also includes, the newly formed DLUHC with its own skills investment targets and the ongoing role of industry and sector departments such as BEIS, DfT, DHSC, MoJ etc. It is clear that cross departmental action planning could help to coordinate government activity to ensure joined up funding and policy for workforce skills development, thus avoiding duplication, complexity and inefficiency which together impact on the potential of initiatives that could otherwise be better realised.

Participation in further education and skills training

We believe that people deserve the opportunity to retrain and relearn throughout their lives – gaining new skills at every stage. This is why we feel so passionately about lifelong learning, and how City & Guilds can help more effectively build a culture of lifelong learning that is accessible to all.

Our adult education system however is not established in such a way to meet the demand that is required of it as we look to the future. It isn't simply a question of potential scaling up or volume, moreover there is a real need for it to provide flexible solutions as we move away from a system that deals in large qualifications delivered to fixed classroom-based cohorts to one where people will need to access much smaller, bitesize learning far more frequently.

Looking at how things should be in the future, lessons for government can be learned by how people are emerging from the Covid-19 pandemic and how they're choosing to learn and interact with training opportunities. Many have found themselves looking at learning and work in a different way and considering different approaches to it. Although coronavirus has brought many negatives, it has also brought into sharp focus the importance of digital learning, and the use of technology to support assessment and work, both of which we are great champions of at City & Guilds.

It has also highlighted that not all learning interactions will follow a logical linear progression pathway and sometimes learners need to readjust with lower or same level learning to change their career direction – this is part and parcel of longer working lives and helps to ensure economic activity for a wider section of the available labour market .

Research from McKinsey has found that 14% of the global labour force will need to completely retrain by 2026 and many more will need to partially retrain as a result of automation and AI. This is going to mean that a huge amount of upskilling and reskilling will be required. In order for workplace competence to remain current and able to be upskilled or reskilled to meet requirements in future careers, it is vital that we have a system which does not require individuals to return to square one with their learning, can fit around competing demands of home and work, and is accompanied by a flexible funding system which enables people to facilitate their own learner journey.

City & Guilds [Skills Index research](#), published in June 2021 found that there is still a great deal of progress to be made in this area for workers of all ages, to ensure that their skills remain up to date and relevant in a rapidly changing employment landscape. We found that almost a third of workers had received no workplace training for at least 5 years, with 47% of those aged 55+ most likely to say they have not received any training in that period. Although the research is just over a year old, we do not expect that the above statistics will have shifted substantially.

We also found that almost two thirds (61%) of people were not confident that they had the skills they needed to succeed in the workplace in the next five years. However, when we asked who should pay for training only 6% thought it should be the individuals themselves. Once more, as the cost of living crisis worsens, individuals' capacity to pay for training is unlikely to be a priority amongst worsening financial pressures elsewhere.

Developing a workforce that can meet the needs of the country to ensure sustainable growth of key industries and create an economy that is balanced across a range of sectors and geographically across the country is not just an option, it is essential for our future prosperity and well-being.

The government also does not have a specific way of supporting the development of workforce skills as they do not always fit a model that aligns with conventional qualification design. City & Guilds' heritage and strength is built on our broader expertise to pioneer and recognise skills development and accreditation that will allow individuals, business and the country to flourish. That expertise goes beyond qualifications and is drawn on a deep understanding of the key skills the economy needs to prosper. The current focus for DfE, IfTAE and Ofqual etc in developing specific qualifications tends to fixate on vocational areas and job roles (as far as our work is focused on) as opposed to broader workplace skills.

Looking to the future, one way in which the government and indeed successive administrations could improve upon this is by developing a truly end-to-end lifelong learning system which enables people to learn flexibly throughout their working lives. This would also allow more flexible engagement with skills acquisition when reskilling or upskilling is required rather than complete engagement with large Level 3 or above qualifications. Later in life the aggregated acquisition of relevant skillsets is more important than a simple read across to levels of attainment viewed through the lens of a large qualification.

By viewing workforce development from a skillset perspective, it will be clearer where highly transferable and value add (prosperity/productivity) clusters exist. These can be mapped to labour market demand and professions which will then enable ongoing support for workforce entry, development and transition.

Geographical and occupational inequalities

The government's Levelling Up agenda set out ambitious goals to improve levels of living standards and incomes across the country, with regional inequality being a clear priority. In addition is the added focus on growth which is the key message emerging from the new Prime Minister, Liz Truss. Skills and education undoubtedly play a critical role if we are to realise ambitions on growth and address regional inequalities. City & Guilds believe that skills should sit at the heart of all strategies and policies related to job creation, infrastructure development and more broadly to ensure that no individuals of any age or background are left behind because they cannot access opportunities to learn or upskill. Without doing so it risks further entrenching regional inequalities in skills levels and development and risks the possibility of not having people in place to work on large infrastructure schemes needed to level-up the country.

Our [Great Jobs research](#) found that currently, London and the South-East is home to the highest paying jobs and a highly skilled workforce, with many other regions left behind in terms of income and skill levels. In Birmingham, for example, 13% of the workforce currently have no qualifications, compared to just 5% in London.

The government has sought to address this, with an emphasis on job growth in industries including transport, green energy and health care. However, if this is to genuinely help 'level up' people living in the communities where these jobs are created, people must be supported to develop the skills to take on these roles across the UK.

Once more, just 55% of working age adults we surveyed felt they had necessary skills to unlock new opportunities over the next five years, and 56% of employers report that they are facing barriers to meeting their skills and talent requirements.

Additionally, the rapid pace of technological and economic change means that skills learned even a few years ago can quickly become obsolete, necessitating a culture of lifelong learning. Without this, the current skills shortages the country is facing (with 1.3 million job vacancies listed at the start of 2022) are likely to be an ongoing issue, with critical industries struggling to source the talent they need.

Looking at inequalities in job roles themselves, our Great Jobs research looked at the example of key worker jobs (as defined by the Government) as an area where if further action is not taken there is a risk to the running of some of the country's services.

Our research found that despite key workers seeing the nation through the pandemic, the UK's most vital industries are being threatened by growing skills shortages, as poor reputations and concerns about low pay turn off potential new recruits.

We surveyed 10,000 working age people in the UK and undertook analysis with labour market economists Lightcast and found that, on average, only a quarter (25%) of the UK's talent pool are interested in key worker jobs. This is despite essential roles accounting for half of all UK employment opportunities, demonstrating the gap between the jobs we need people to do, and their desire to do them.

With more than three million essential job openings expected in the next five years, including 340,000 brand new jobs, many employers, who are already reporting dire skills shortages, are set to struggle even further in the years ahead.

Some sectors are more likely to be at risk than others. Construction could be most impacted with less than a fifth (17%) stating that they would consider working in the sector. Just over a fifth (22%) would consider working in food production, agriculture and animal care jobs or transport and logistics (23%), And a quarter say they would work in health (26%) and social care (25%).

Without action on the above, there is a risk that some of our key services will fail to keep up with demand in the future.

Our proposals

Taking the above areas into account, we do not believe in simply proposing problems without accompanying them with practicable solutions and recommendations. As such, please see several proposals which we believe would help tackle the issues raised in our response:

The need to rectify underinvestment in skills and lifelong learning

- The policy reform needed now is a 10-year vision with strategic funding guarantees and review of additional tax breaks to incentivise more employer side investment in workforce development
- There is still much to develop with T Levels and lifelong learning in conjunction with employers, assessors, regulators, teachers, students, and apprentices. It's right that they're given a proper chance to evolve through sustained and consistent investment and policy interventions.
- There needs to be more flex in a broader skills levy, with ringfenced commitment to apprenticeships, to better support employers and job seekers. This could be achieved by better aggregation of existing budget lines or expanding the range of employers who pay into the current Levy pot.
- The need to create a flexible funding system that allows for funding for modular short courses allowing people to retrain when they want and can but without artificial progression constraints linked to prior attainment .

The need to create an independent Skills and Productivity Commissioner

- The Commissioner should provide an objective guide to keep the Government on track and committed to its proposals to deliver on lifelong learning and productivity ambitions

In addition, they should have responsibility for:

- Ensuring that success measures are implemented in all new skills policy
- Develop a Value for Money framework that also takes into consideration equitable outcomes
- Create an evidence base for the skills sector and embed impact assessment within programme design to avoid repeating previous mistakes.
- Avoid unnecessary duplication or overlap that would hinder engagement and success

Further devolution of skills budgets to Mayoral Combined Authorities

- With increasing devolution of the adult education budget to a growing number of Mayoral Combined Authorities, they are best-placed to receive this, and more investment to allow them to address the wider levelling-up agenda and enable them to meet the needs of local and regional employees and employers. This thinking must also expand to MCAs as they are created.
- Local Skills Improvement Panels will drive forward work with colleges and skills providers to ensure employers' needs are met and this will need an effective coalition of effort across the supply side.
- Through LSIPs and ERBs, colleges can ensure there is a skilled local and regional workforce in which high aspirations, high wages, and high productivity go hand in hand with the skills needed of the Fourth Industrial Revolution and Net Zero ambitions
- Simplify the current adult education / lifelong learning model to reduce overlaps of initiatives and constraints around eligibility which can be flexible at a local level based on greatest need.

October 2022

