

## Skills Resilience in a Changing World

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Chair: The Rt Hon. the Lord Willetts FRS  
Chair, The Foundation for Science and Technology

Speakers: Ben Fletcher  
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Audio/Video Files: [www.foundation.org.uk/Events](http://www.foundation.org.uk/Events)

Hash tag: #skillsresilience . Twitter Handle: @FoundSciTech .

**LORD WILLETTS**, chairing the event, noted in his opening remarks three areas to explore over the webinar. The first was the extent to which the Covid-19 virus was driving structural change in the economy. Some trends are already visible, but others are hard to predict – hence the need for resilient skills. Which led to the second issue – what were the resilient skills needed? Literacy and numeracy were as core as ever, and we know that digital skills are increasingly important, but what else? The third area was the policy implications flowing from this. The Prime Minister has recently announced action of skills including the Lifetime Skills Guarantee. What levers can government pull to deliver resilient skills?

**BEN FLETCHER** started by setting out some of the challenges affecting UK manufacturing. There has been a renaissance in manufacturing in the UK over the last 20 years. The UK is in the global top 10 for manufacturing (though public perception is that it is much lower than this). Manufacturing represents 12% of UK economy but around 50% of exports, and the UK is one of the world's best countries in using just in time logistics. However, skills development has not kept up with this renaissance – and

manufacturers still have skills as their number 1 issue (above both Covid and Brexit).

The UK university sector produces graduates with excellent engineering skills, including in digital engineering, but there is a lack of people in the medium skilled technical level. This is despite extensive efforts from both industry and successive governments. It is also despite having had access to skilled labour from Europe, so this will become even more challenging post-Brexit.

There is a real challenge around apprenticeships – which should be a key part of the long-term solution. There has been an increased interest in apprenticeships over the last few months, driven in part by the manufacturing sector's visible contribution to dealing with the coronavirus pandemic. But because of the pandemic, firms do not have the money to take them on. In MakeUK's own apprenticeship scheme, numbers have fallen from 350 to below 100 due to financial difficulties of firms.

A myriad of things are needed to tackle the problem. The Government should make reforms to the apprentice levy, to allow greater flexibility in the way business can use the funds. Covid could be a real driver to increase digital skills, but where people already have technical skills in other areas and want to upskill, they may

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not qualify for the support recently announced by the Government, if they already have A-Levels or equivalent. Again, more flexibility is crucial.

There has sadly been an increase in redundancies in manufacturing, particular amongst older workers highly trained in skills that are becoming less relevant to firms. As manufacturing is a larger part of the economy in UK regions where the Government is aiming to “level up”, a regional approach to support may be needed. It is also essential to take into account the differing costs of apprenticeships, which are more expensive in engineering and manufacturing.

**AUSTEN OKONWEZE** began by noting the importance of education and skills to addressing productivity challenges, with 20% of the rise in productivity over the previous 15 years attributable to improvements in the quality of the workforce. The Covid pandemic has had a major impact on the economy and labour market, with rising unemployment, and some sectors particularly badly hit. Some of these sectors may not recover to their pre-crisis baselines, so the post-Covid economy will not look the same. The young, lower paid and women are more likely to be seriously affected by these changes.

Beyond Covid, other global trends are transforming the world of work. One is automation and technological change, which does not necessarily lead to a reduction in employment, but it does mean a change in the tasks people perform. Another is the transition to net zero, with new jobs created in new sectors such as electric vehicles. Thirdly, the digital transformation of business, already underway, is being accelerated by the Covid crisis. And finally, an ageing population is contributing to more people seeking retraining in later life to change careers. In the UK, EU exit is a further factor which will have an influence.

Data shows that skills shortages are costing UK organisations more than £4B per year, and a lack of access to skills is reported by UK firms as the number one threat to the competitiveness of the labour market. STEM skills are in demand, with 9 in 10 STEM businesses finding it difficult to get the skills they need. Digital skills are now a core skill and the demand for these skills will continue to rise, with what were previously seen as advanced skills now being seen as basic skills.

This implies that everyone needs the opportunities to learn new skills. 80%-90% of the 2030 workforce are already in the labour market. There therefore needs to be a focus on lifelong learning, retraining and upskilling, enabling people to be adaptable to changes and take advantage of new opportunities. This needs to be a

collaborative effort between government, employers and individuals.

In a recent speech the Prime Minister announced the Lifetime Skills Guarantee, and spoke about the importance of investing in skills, the need to level up between further and higher education, and the importance of reskilling and upskilling. The speech included funding to enable people to get higher technical courses, and steps to make it easier to undertake apprenticeships. The aim is to boost overall levels of skills and make people more resilient and adaptable in the labour market.

Mr Okonweze concluded with three questions. How do we create a stronger more positive culture of life-long learning in the UK? What can we do to encourage more employer investment into skills development? And finally, how do we build more stable partnerships between the public and private sectors to work together to build skills resilience?

**LIZZIE CROWLEY** started by noting that whilst the world of work in 2030 would look very different to today, it was very difficult to predict what the jobs of the future would look like. Instead, CIPD was focussing on the core skills that would be needed. The majority of these were “human” skills, and the 2018 Future of Jobs Survey from the World Economic Forum identified a group of these, including analytical thinking, creativity, active learning, problem-solving, leadership, reasoning and emotional intelligence. A different report by Nesta and Pearsons used a different methodology but came out with a similar set of results. As the average lifetime of a technical skill was around 18 months, even those companies that rely on deep technical skills will need a workforce able to adapt and learn.

Despite the importance of these skills, it has been true for many years that both existing and new employees are struggling to demonstrate and develop them. This is true amongst all levels and age groups within organisations. Human skills make up 7 out of the top 10 skill gaps reported. This is not a new problem. Identified by the CBI in 1989, the UK has failed to make much headway in addressing the problem.

So what can be done? These skills need to be embedded across the education system, with opportunities to build these skills throughout the curriculum, and to be able to engage with employers whilst still in education. Providing these opportunities during Covid is a challenge, but some good examples exist or remote and virtual internships. But employers also need to allow their employees to develop these skills throughout their career. These skills can be learned, and coaching and mentoring can be effective.

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Better job design can also allow staff to use and develop such skills, with support from their managers.

One problem is a lack of a common and agreed language to describe these skills and a common framework to measure and assess them. The Essential Skills Taskforce have been working to address this. This has led to a revised Skills Builder Framework which has now been launched, and is already being used by employers.

**IN THE Q&A SESSION**, the panel discussed whether the education system was the best way to learn some of these generic skills. It was noted that a focus on exams and the national curriculum made it difficult to allow time for firms to come into schools to discuss work. It was also suggested that the focus on recording and measuring everything that students do meant that there was less of a focus on those important skills that did not lend themselves to being recorded. Financial incentives meant it was better for schools to keep students on into the sixth form than encourage them to take up apprenticeships. The Government has introduced T-Levels, but many employers are still unaware of them, and there are challenges, including the provision of long work placements and ensuring a safeguarding regime in an industrial setting.

The Apprenticeship Levy has led to a decrease in apprenticeships in manufacturing, as the funding is less than the cost of the apprenticeship in that sector. More flexibility in what the Apprenticeship Levy funds could be spent on would be helpful.

The question was raised as to whether the Government's Industrial Strategy and the funding that flows from it (e.g. via sector deals) could be used to drive investment in skills. Given the massive changes to the economy from Covid and other events, the Government will be refreshing the Industrial Strategy, and will consider whether sector deals could be used to drive more employer investment in skills – working in close consultation with employers.

The panel noted the lack of quality careers advice and guidance for students. A better system would enable the UK to encourage students to develop the skills that were needed. The Lifetime Skills Guarantee needs to be operationalised quickly (April 2021 is too late). It was noted that funding for adult learning had been cut by 40% since the last recession. Employer funding of training was also declining. The UK might learn from the Australian Pioneer Fund.

It was also noted that there had been a lack of policy stability and long-term vision for skills. There was a need for a national skills strategy. The Further Education White Paper could provide a long-term vision for the sector.

In conclusion, the panel recommended making access to high quality training cheaper and easier. Funding for each apprenticeship needs to be raised to increase take up. A skills component to the job support scheme would be helpful.

Gavin Costigan