



**REPORT OF THE WORKPLACE TRAINING  
AND DEVELOPMENT COMMISSION**  
**MAY 2021**



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**In the Autumn of 2019, many businesses across the UK were struggling to access and retain the skills they needed, impacting on productivity and growth while, at the same time, annual business investment in training was falling year on year. In response, BCC convened the Workplace Training and Development Commission to consider the question ‘How can we achieve a world-class system for retraining and upskilling our workforce to take advantage of rapid changes in technology, working practices, and industrial and consumer trends?’.**

Solutions focused, the Commission has sought ways to overcome barriers to business investment in training, improve skills planning, maximise workplace training and development opportunities and share best practice.

The Commission makes a range of recommendations to help businesses across the UK take responsibility for meeting their skills needs, to invest more in training, and fully engage with the skills system – and to ensure the skills system can respond quickly to the needs of individuals, employers and local economies. These can be summarised under two main themes:

## **HELP BUSINESSES TO BUILD HIGH-PERFORMANCE LEARNING CULTURES**

Ensure businesses have the support and confidence to plan and implement organisation-wide workplace training and development needs, linked to innovation and increased productivity, and using the tax system to stimulate more business investment in skills. Maintain a stable, coherent and high-quality skills system that meets employer needs at all skills levels and that values vocational training on a par with academic routes. Deliver prestigious technical qualifications together with bite-sized, flexible units of accredited learning to help adults train and reskill for the evolving workplace.

## **PUT BUSINESS AT THE HEART OF SKILLS PLANNING**

Ensure the skills system meets the needs of businesses and local economies and that people are trained for sustainable jobs. Local skills plans must be underpinned by robust and effective engagement with businesses of all sizes and aligned with local economic strategies. Enable businesses to engage effectively with further education colleges, other providers, and local stakeholders to ensure the skills system responds quickly to growth opportunities, new technologies and industry trends. Allow more place-based control, flexibility and coordination of skills funding and strategy, to maximise the return on investment in skills and better target resources to local economic priorities.

# Immediate Priorities

## HIGH PERFORMANCE LEARNING CULTURES

All SMEs should have access to impartial advice and support to adopt new innovative processes, conduct a workplace training needs analysis, identify relevant, high quality training provision and engage and support people to learn.

## DIGITAL SKILLS AND INNOVATION

Help SMEs to access general digital skills training for their teams, as well as more bespoke training, to support change management and the digitisation of processes and automation.

## THE SKILLS SYSTEM

Provide more focus on meeting the needs of all adults in work. This requires less emphasis on the achievement of full qualifications and more access to flexible, bite-size units of accredited learning.

## FOCUS ON EMPLOYERS AND PLACE

Skills and broader economic strategies must be aligned with business needs and growth aspirations, be underpinned by extensive business engagement, research and data, and enabled by greater flexibility and autonomy over skills policy, funding and decision making at the local level.

## ENABLING EMPLOYEES

Boost adult education funding to facilitate lifelong learning and enable individuals, particularly lower-skilled individuals, to quickly retrain and move into higher-earning roles in sustainable careers.

In September 2020, the Commission published its Progress Report and shared its interim findings with the government. We were pleased to see some of our discussions reflected in the 2021 White Paper 'Skills For Jobs: lifelong learning for opportunity and growth' and in the Spring Budget, signalling that positive change is already underway.



# Introduction

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**JANE BOARDMAN**  
Chair, Workplace Training  
and Development  
Commission

When the Commission was launched in October 2019, the economy was relatively strong, and employment was near to the highest levels on record. In every corner of the UK and in every sector of the economy, skills shortages left employers struggling to fill job vacancies and crying out for more people with digital and technical skills in the workplace.<sup>1</sup>

**We heard of the damaging impact of skills shortages on firms' ability to grasp new growth opportunities, win new contracts, innovate and stay ahead of the competition. Stymied by low productivity, employers said that accessing skilled people was a top priority.**

Just over one year on, access to skilled people remains high on the business agenda. The Coronavirus pandemic is having a devastating impact on health and jobs and creating substantial new challenges for employers in the management of people and workplaces. Employers needing to recruit from outside the UK now face additional costs and complexity following the introduction of new immigration rules. And, as the net-zero imperative propels business towards a greener economy, firms face further challenges and opportunities requiring a wide range of new skills.<sup>2</sup>

These developments will make investment in adult skills even more important. As well as more digital and technical skills, people need to adapt their existing skills to an evolving digital world that is likely to involve more remote management of people, customer relationships and trade. Supporting employees to thrive in this rapidly changing workplace will ensure they can contribute to increased workplace productivity and help rebuild the economy. We need a renewed focus on lifelong learning where employers and policy makers foster an environment of continuous learning, training and reskilling. And we must leave no business or employee behind on the transformation journey.

Throughout the Commission's inquiry, we have considered what business can do for itself to tackle skills shortages and looked for ideas and best practice within the UK and elsewhere. We examined the skills system from the perspective of the employer, the extent to which it can respond and flex to meet commercial and growth aspirations, and how policy makers can support business and incentivise investment in training.

<sup>1</sup> British Chambers of Commerce, Workforce Survey, 2019.

<sup>2</sup> <https://www.skillsdevelopmentscotland.co.uk/media/47336/climate-emergency-skills-action-plan-2020-2025.pdf>

Whilst we conclude that policy change is needed, it's clear that as employers we cannot look to others to solve our skills needs. The need for business to engage with the skills system and develop our own home-grown talent is now urgent. Many employers are demonstrating leadership in this at a local and national level, including helping to design new courses and qualifications, offering apprenticeships and providing support and experience to those new to the world of work. But many more businesses need support to identify, articulate and plan for the skills needs of their adult workforce. Working together with employees, training providers, government and other key stakeholders, business can overcome barriers and boost investment and return on workplace training.

Across the UK, employers highlighted the following key priorities for the skills system:

**Building High Performance Learning Cultures**

supporting businesses to identify, plan, articulate and invest in workplace training and development needs.

**Digital skills and innovation**

equipping the workforce with the digital skills needed for businesses to grow and innovate.

**Using the skills system**

a stable and coherent employer-led skills system, with prestigious technical and vocational qualifications together with flexible, bite-sized accredited training.

**Place-based solutions**

giving employers a strong voice and appropriate influence over the skills system for their area; and

**Enabling Employees**

supporting individuals to develop their own skills.

Many thanks to all the businesses, Accredited Chambers of Commerce and organisations who have contributed time, ideas and challenge to inform our inquiry. We hope the practical solutions and recommendations in our report will help employers to fully engage with the skills system and we look forward to continuing our skills conversation with businesses, training providers and policy makers to achieve this ambition.





# Executive Summary and Recommendations



# Executive Summary and Recommendations

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**The commission's inquiry into workplace training and development confirms what research data and business feedback has been saying for many years – the skills system is not working for employers or the workforce. Pervasive skills shortages are damaging business productivity and employers still face too many barriers to accessing the training they need.**

Part of the solution is to boost the capacity of workplaces to act as sites of learning and incentivise more businesses to invest in training and reskilling the adult workforce. At the same time, the education system must ensure that young people enter the workplace with the basic and soft skills they will need to be successful. Crucially, training providers need the flexibility of funding and curricula to respond quickly and dynamically to the evolving needs of business in local communities across the UK.

Businesses recognise they have a responsibility to invest in the skills of their adult workforce, yet too few firms are doing so proactively. Overall, business investment in training is falling year-on-year and, more recently, the impact of the Coronavirus pandemic on revenues and cashflow has reduced resources for training and associated costs still further, jeopardising a skills-led recovery. Employers, government, education and skills providers must have a shared commitment and work collaboratively – with shared vision, goals and objectives – to ensure the skills system delivers the optimum outcomes for individuals and the economy.

Much of the inquiry took place before the Coronavirus pandemic. However, the Commission has taken the opportunity to review the evidence in light of the pandemic and believes the current economic crisis only serves to strengthen the case for our recommendations, and further highlights the need for a renewed emphasis on boosting adult skills in the workplace. As with all economic downturns, the current crisis is accelerating some trends and creating new ones. Some part of the shift in consumer spending, and the move to remote working, is likely to persist and will change the nature of the workforce that businesses need. Therefore, a skilled and agile workforce that can adapt to these shifts remains imperative.

The speed and scale of the post-pandemic economic transformation also requires a skills system with the agility to respond to high levels of unemployment, the trading down of skilled workers in the labour market, and the overall impact on employment opportunities for low skilled workers.

Now, more than ever before, businesses need an agile skills system that helps them to continuously train and develop their workforce in response to the evolving business environment. A skills-led recovery will support business to innovate, and be more productive and competitive, but everyone in the workplace must be included in the transformation journey.

Our report focuses on a long-term vision for the skills system and the steps we need to take as businesses and policymakers to get there.

## WHAT DO BUSINESSES WANT FROM THE SKILLS SYSTEM?

There are three key principles which businesses tell us consistently that they want from the skills system:

### Skilled People

Employers want to support the development of adults in the workplace to ensure people are effective in the job role and can contribute to the success of the business.

### Flexibility

Employers want access to high quality, accredited and cost-effective training and development – available flexibly online, in the classroom and in the workplace.

### Influence

When an employer is contributing to the cost of an individual's training, the employer wants to have some influence on the content, delivery and quality to ensure it meets business needs and growth aspirations.

To give effect to these needs, our report considers five key areas, each with a chapter in the main body of the report, and with recommendations for policymakers and businesses under each.

## 1. BUILDING HIGH-PERFORMANCE LEARNING CULTURES

**Whilst there are many excellent examples of employers that are investing in skills progression, fully engaged within their local business community, and reaping the benefits, there are others who are not yet harnessing these opportunities and who are less focused on the skills needs of their workforce. Many SMEs lack the HR capacity and business transformation resources to properly identify, articulate and plan for current and future workforce development needs. Some do not recognise and utilise the existing skills of their people and fail to maximise a return on investment from recruitment and training activity.**

Employers find that some people in the workplace lack the basic skills and confidence to apply for training and job progression opportunities, and managers often struggle to engage these colleagues in skills training and development opportunities. This acts as a brake on productivity and in-work progression.

### Recommendations for policymakers

- Fund business support programmes that help employers understand and maximise the impact of skills investment and effectively plan for adults' training and development needs. All SMEs should have access to impartial advice and support to adopt new innovative processes, conduct a workplace training needs analysis, identify relevant, high quality training provision and engage and support people to learn.
- Enable access to modular and flexible learning that includes people management and development skills, mentoring and coaching, for example, that will help managers identify and plan for workplace skills needs.
- Co-ordinate skills and business support programmes across government departments to ensure all skills policies and initiatives are aligned and complementary. Taxation, productivity and local growth initiatives should support employers to plan and invest in workplace training and development. All business support programmes should include an impartial skills conversation with business to help to identify people solutions to their growth, productivity and commercial priorities.
- Encourage an increase in longer-term business investment in adult skills across all business sizes and sectors by extending the Annual Investment Allowance to cover workplace training and development.
- Incentivise private sector skills investment through the public procurement process, with credits for businesses that invest not only in apprenticeships but also in broader adult skills development.
- Avoid further increases to the cumulative cost burden of employment that weighs down on a firm's ability to invest in people development and innovation.

## 2. DIGITAL SKILLS AND INNOVATION

### Recommendations for business

- Equip managers with the skills to boost productivity through effective people management and the planning and delivery of workplace training and development that delivers a return on investment and supports the growth aspirations of your business.
- Engage, motivate and support adults at all skills levels to learn, train, reskill and contribute productively to the rapidly changing workplace, maintaining positive mental health and wellbeing.
- Engage in professional and sector-based skills models, where appropriate, to share best practice, access relevant training provision and contribute to the co-design of courses relevant to your business and sector.
- Look to best practice among leading firms who foster skills development, employee engagement and motivation through the allocation of a training budget for every individual in the workplace, including the time to engage in personal development activities.
- Benchmark levels of skills investment for your business size and sector and seek support to maximise the return on your investment.
- Engage with Chambers of Commerce to access business support services and voice your skills needs - and work with other employers, FE colleges and training providers to address skills shortages in your local area.

**Digital skills are becoming increasingly important in the workplace as the need to boost productivity drives increased digitisation and automation. However, innovation is being stymied by shortages of basic and higher-level digital skills.**

### Recommendations for policy makers

- Support businesses to innovate and improve productivity, through the tax system and via access to local centres of excellence.
- Extend the Annual Investment Allowance to include investment in digital and technical workplace training and development. This would enable SMEs to identify with skills as an investment on a par with other forms of business investment.
- Help SMEs to access general digital skills training for their teams, as well as more bespoke training, to support change management and the digitisation of processes and automation.

### Recommendations for business

- Seek business support to identify and access innovation programmes and funding.
- Where appropriate, identify and share best practice, information and resources on business transformation, innovation and skills, working with FE colleges, training providers, within sectors, and with other public and private sector employers in the locality.
- Work with the skills sector to ensure course content meets the evolving needs of your business.

### 3. USING THE SKILLS SYSTEM

**Few employers understand how to use the skills system to access the training they need. It is perceived as unresponsive, unstable, complex and bureaucratic. For some, there is still a lack of trust in the quality and relevance of the training on offer.**

Employers fully support the government's ambition to increase the quality and quantity of technical skills in the workplace. Employer-led apprenticeship standards are highly valued across all business sizes and sectors, helping to raise the prestige of vocational routes to employment and resolve skills shortages in local communities.

However, apprenticeships are not the solution to all adult workplace training and development needs. The emphasis in the system on funding full, rigid qualifications for adult learners can discourage both employers and employees from engaging in training activity.

#### Recommendations for policymakers

- Give firms clarity, stability and consistency in the skills system so they have the confidence to invest for the longer term. Develop cross-party consensus and avoid constant tinkering and change.
- Engage employers of all sizes in the development and future proofing of prestigious, high-quality technical and vocational qualifications.
- Provide more focus on meeting the needs of all adults in work. This requires less emphasis on the achievement of full qualifications and more access to flexible, bite-size units of accredited learning. A more agile and modular approach to qualifications and training provision would allow people whose role spans several functions (a common scenario in SMEs) to access and combine chunks of relevant, high quality, accredited learning. This would support more rapid upskilling of people for new opportunities and help employers realise a return on investment.
- Give training providers the flexibility of funding and curricula to deliver bite-sized accredited learning that meets employers' needs. Funding models for workplace learning should involve a fast and light-touch application process for employers, enabling access to training that is contextualised to the needs of the business and that allows employees to quickly apply their new skills to the workplace. Work with business to reform the Apprenticeship Levy, creating a more flexible fund.
- Maintain an employer-led apprenticeship system. Employers of all sizes, and across the four nations, should be supported to identify and co-design the apprenticeship qualifications needed by their business and sector.
- Enable more flexible access to apprenticeship standards, with individual accredited modules, to ensure more adults have access to high quality training and that levy payers are better able to fully utilise their payment into the levy.
- Support levy payers in England to more easily transfer unspent levy funds to SME employers within their sector, and to other sectors within their local supply chain.
- Widely replicate the success of localised skills hubs to help more SMEs identify training and development needs and quality provision.
- Increase access to online and modular learning options that can be easily tailored to business needs, accessed from any location and supported by on-the-job experience and coaching.

### Recommendations for business

- Seek help to understand and access the training and development opportunities open to your business. Work with FE colleges, training providers and sector groups to create course content where existing provision does not meet your current or future needs.
- Work with education bodies, training providers and government at a local and national level to raise the prestige of vocational and technical education and encourage more young people and adults to choose this route to well-paid careers in your business, sector and local economy.
- Chambers of Commerce and intermediaries can support businesses by raising awareness of the positive impact of apprenticeships and other forms of workplace training and development.



## 4. PLACE-BASED SOLUTIONS

**A fragmented system at the local level creates barriers to the successful planning, funding and delivery of skills and the ability to align skills planning and delivery to local economic strategies. Businesses, colleges, training providers, councils, and local economic stakeholders all have a role in identifying and planning for an area's current and future skills needs and in stimulating demand, but a greater level of trust, confidence and coordination is needed to maximise skills investment and outcomes.**

### Recommendations for policymakers

- Employers of all sizes must be at the centre of skills design and planning. Skills and broader economic strategies must be aligned with business growth aspirations and be underpinned by extensive business engagement, research and data.
- Help employers to engage effectively with further education colleges, other training providers, and local stakeholders to ensure the skills system delivers for business and the local labour market and that people's careers can progress in quality, sustainable jobs.

- Give training providers flexibility of funding and resources – and more investment in their infrastructure and people – to ensure they can deliver high quality technical and vocational training at all skill levels, and respond quickly to the evolving needs of employers, new technologies and emerging sectors.
- Local skills stakeholders need greater flexibility and autonomy over skills policy, funding and decision making to more effectively target resources to local need, prevent duplication and provide specialist support.

- Create employer and sector-led centres of skills expertise at the local level and help businesses to benchmark skills investment. Local stakeholders should ensure that their combined resources prevent unnecessary duplication and result in the availability of coordinated high-quality local provision and sector specialisms that meet business needs.

Enable employers to pool resources through place-based group training associations, with access to funding, to provide more apprenticeships and wider training opportunities for individuals.

### Recommendations for business

- Work with training providers and other local economic stakeholders to plan for skills in your business and locality. Help to identify gaps in skills and training provision, aggregate demand and shape the development of appropriate specialist support.

## 5. ENABLING EMPLOYEES

**Employees need to become full participants in their learning journeys. They should have practicable ways to manage and record their bespoke training, modular learning and achievements to support career progression and develop the skills they need to flourish fully.**

### Recommendations for policymakers

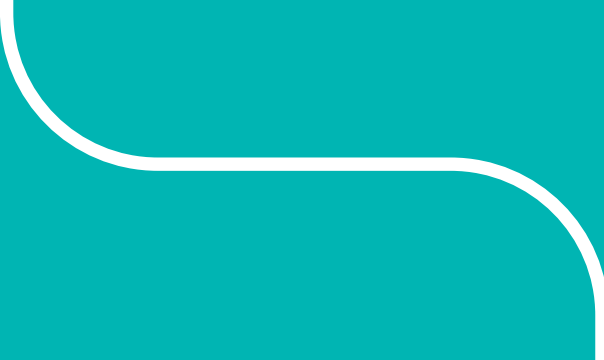
- Establish a recognised and standardised way for individuals to access and record a programme of lifelong learning that allows them to continuously train and reskill for the changing workplace and demonstrate this to employers.
- Boost adult education funding to facilitate lifelong learning and enable individuals, particularly lower-skilled individuals, to quickly retrain and move into higher-earning roles in sustainable careers.
- Introduce flexible funding mechanisms that enable adults to take the initiative in developing their own training through to higher technical qualifications.
- Fund training and reskilling which prepares unemployed adults for work, and support those who need to find new job opportunities outside of their sector and expertise, ensuring digital and employability skills are current and relevant for the modern workplace and that other barriers, such as access to public transport and quality childcare are addressed.
- Provide high-quality careers advice and guidance for people of all ages, underpinned by solid local knowledge and employer engagement.
- Simplify childcare funding so the skills of parents are not lost from the workplace.

### Recommendations for business

- Support and encourage employees to identify, record and utilise their core skills, workplace learning and experience. Help them to assess their workplace training and development needs and support them through coaching, mentoring and high-quality training. Boost productivity by helping people to progress their career within your business and sector.



Evidence





## 1. THE NATIONAL SKILLS PROBLEM – A SUMMARY

### In Q3 2020

- 61% of recruiting employers experienced difficulties
- 45% of businesses reported a decrease in investment in training

**The full extent to which Covid-19 will impact on the need for skills has yet to be seen, but skills shortages remain a problem for many employers. One year on from the start of our Inquiry, the BCC's Quarterly Recruitment Outlook revealed that of the 37% of firms who attempted to recruit in Q3 2020, 3 in 5 still experienced recruitment difficulties.<sup>3</sup>**

The problem is further illustrated in research by Indeed that reveals a growing mismatch between roles that candidates are now searching for compared with the job vacancies advertised by recruiting employers, with firms increasingly seeking candidates with nurturing, digital and technical skills. For many job seekers forced into unemployment as a result of the pandemic, the need to upskill and reskill, particularly in digital and technical skills, will be increasingly important.<sup>4</sup>

A major impact of the pandemic has been the widespread adoption of agile working practices and an acceleration in the use of digital communication technologies, requiring new skills for managers and their teams. Although these technologies were available to businesses prior to the pandemic - and are not suitable for all types of job role - many employers say they are now more confident in the ability of their people to be productive when working from home and it is likely that this option could be more widely available to people in the future. A willingness to continue to offer more flexible and agile working will help employers attract and retain skilled workers from a wider pool of talent, helping to address recruitment difficulties and achieving the benefits of a more diverse and inclusive workforce. Nevertheless, the pace of technological change, means that businesses will also need to invest in the continuous training and reskilling of their people wherever they are based.

In an increasingly digital and agile workplace, managers will need to ensure that informal people development opportunities are maintained and that teams are supported to be innovative, collaborative and collegiate. Managers need to find ways to ensure that the skills of new and inexperienced employees continue to develop through informal mentoring and the sharing of collective expertise, corporate knowledge and wisdom, which typically takes place in a workplace setting.

The extent of digital poverty in the workforce has been highlighted by the pandemic. Businesses say some adults have struggled to engage in home learning and remote working during periods of lockdown, owing to a lack of adequate broadband connectivity and IT equipment. Employers believe access to remote training and the ability to work effectively from home will become increasingly important for working adults. Government, employers and the skills system will need to find solutions to ensure that all adults are included in workplace digitisation and transformation, workforce development and individual progression opportunities.

<sup>3</sup> <https://www.hiringlab.org/uk/blog/2020/08/05/state-of-labour-market-after-lockdown/>.

<sup>4</sup> <https://www.centreforcities.org/publication/cities-outlook-2018/>

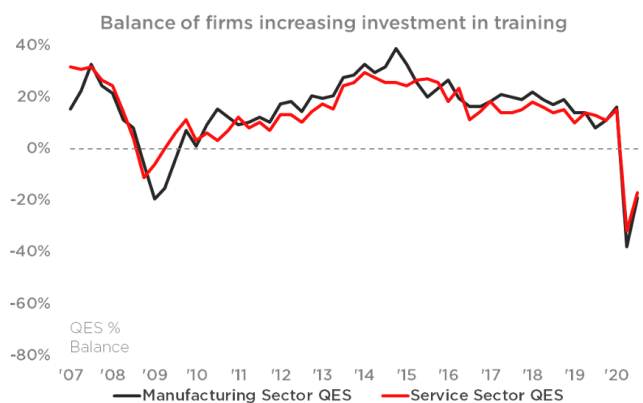
## 2. BUILDING HIGH-PERFORMANCE LEARNING CULTURE

Where possible, employers have supported individuals to engage in online training during periods of furlough. However, in Q3 2020, 45% of firms reported a reduction in training budgets. The pandemic has significantly impacted on apprenticeship opportunities, with some firms scaling back or cancelling recruitment - and/or making apprentices redundant - owing to reduced trade, worsening cashflow and workplace restrictions.

While many training providers have successfully adapted their business model to enable online delivery as a solution to social distancing requirements, overall capacity in the sector is likely to have fallen in line with reduced demand and revenues. The ability to quickly scale up delivery capacity in the provider sector will be key to a skills-led recovery. This sector is likely to come under increased pressure to support businesses, including firms participating in the 2020-21 DWP-funded Kickstart scheme that is targeted to create over 200,000 workplace training opportunities for young people across England, Scotland and Wales. The BCC network fully supports Kickstart, but success of the initiative will require all stakeholders to ensure it genuinely increases employability skills, experience and job opportunities for young people.

- In Q1 2014, +33% of manufacturing firms reported increased investment in training but by Q3 2019 this figure had dropped to +8%
- In Q1 2014, +30% of services firms reported increased investment in training but by Q3 2019 it had fallen +13%

**To build a high-performance learning culture, business needs to invest in workplace training and development at every level in the organisation. However, evidence from the BCC’s Quarterly Economic Survey reveals levels of private sector investment in training declined steadily between 2014 and 2019.**



**SME, London**

“The business needs to see a quick return on investment and so getting sign-off for training budget from the finance director can be difficult”.

**Independent Training Provider, Thames Valley**

“Drive up the calibre of management and this, in turn, will drive up the attention to wider development requirements. We tend to focus too much on short-term needs”.

The impact of the Coronavirus pandemic in 2020 caused a dramatic decline in business conditions, and this impacted on training budgets, with levels of investment in training plummeting still further. In Q2 2020, the balance of manufacturers reporting increased investment in training stood at -38%. For service firms, the figure stood at -32%. These are both the lowest levels in the history of the QES.

While some large firms integrate workforce development into wider business planning, many SMEs are more likely to be responding to incremental change rather than planned transformation. Often, they lack the HR skills to properly identify and articulate workforce development needs at an organisational level.

The Commissioners heard from businesses, experts and practitioners who outlined a number of barriers to fostering high-performance learning cultures, including:

- Firms may lack the business transformation/change management skills to drive up productivity through innovation and skills.
- SMEs often lack the ‘people management’ and ‘learning and development’ skills to undertake an organisational training needs analysis and to plan for workforce development. Others fail to fully utilise the existing skills of their people.
- SMEs may undertake regular performance reviews for individual staff but then struggle to find the most appropriate training in terms of relevant course content, flexibility, duration or local availability.
- Managers cite financial barriers to investment in training, including the pressure to deliver a quick return on investment, a lack of time and insufficient training budget.

- Commissioners heard examples of adults in the workplace missing out on career progression opportunities because they lacked either the confidence or the basic skills to put themselves forward for training or job vacancies.
- Many low-skilled workers are too embarrassed to admit to their manager that they lack basic skills. This can impact on in-work progression opportunities, health and safety and other aspects of work.
- Employers and their teams may engage in wider forms of on-the-job development activity but not recognise and record this as learning and training.

**Financial services, SME, Scotland**

“We do a lot of coaching, supervision and reflection. People’s perception though is still that they are not learning unless they are in a classroom type setting”

**Food and Drink Manufacturer, West North Yorkshire**

The business recognised an issue with local candidates not applying for internal promotions, whereas UK-based EU workers were more likely to apply. Upon investigation, they found many of the lower skilled UK-born workforce had low levels of literacy and numeracy and were not applying for fear of this being discovered through the application process. The company has now implemented a literacy and numeracy development programme, which is building confidence and allowing them to recruit more internal candidates.

**Manufacturer, Northern Ireland**

“We need a more blended approach to PhD students and a more effective contract between the individual, business and university. The business should decide the balance of training and work application at a doctoral level so that the individual stays in touch with the workplace - learning, earning and being productive - rather than getting ‘lost’ in academia.”

**CASE STUDY**  
the impact of  
free HR support  
for SMEs

Research from the CIPD, involving Chambers of Commerce and businesses in East London, Stoke and Glasgow aimed to explore the value of providing free HR support to SMEs. It found that the level of people management capability in many small firms is very low.<sup>5</sup> The evaluation of the pilots demonstrates that the provision of free HR support for small firms on the basics of people management could be transformational and is a pre-requirement for investment in higher-value practices like training.

Best practice examples of fostering high-performance learning cultures can be found in firms across the UK, in a wide range of sectors, and among businesses of all sizes. In these businesses, a huge amount of resource is being invested in training and development that is boosting workplace skills and productivity, engaging and empowering individuals and developing a pipeline of future talent through external engagement.

Programmes found to be most valuable include:

**Encouraging Low Skilled Employees.**

Some businesses have introduced their own literacy and numeracy programmes to address the need. The TUC’s UnionLearn initiative was also successful in supporting people to engage in basic skills training in the workplace

**Developing a diverse future pipeline of talent.**

A wide range of firms are successfully deploying targeted programmes to engage young people at school, college and university by supporting them with employability skills and work experience opportunities.

**Embracing apprenticeships.**

Firms are using apprenticeships to attract different skill levels and experience – including young people entering the workplace, parents and carers returning to work, and to older workers seeking to retrain in a different sector.

**Investing in the development of supervisors and managers.**

Many firms are investing in their pipeline of junior and middle management via bespoke training programmes, professional and CPD qualifications and apprenticeships.

**New industries.**

Employers are helping to create and future-proof courses for new industries, such as low carbon, and evolving job roles.

**Digitising the workforce.**

Digital upskilling for the entire workforce is a central focus of many firms, no matter their size, sector or location.

**Collaborating across sectors.**

Employers are sharing resources and best practice to improve skills and quality standards across sectors and supply chains.

**Investing in modular-based learning.**

Firms are using face to face and modular e-learning to improve English language speaking, literacy, numeracy and basic digital skills for lower skilled workers.

<sup>5</sup> <https://www.cipd.co.uk/knowledge/strategy/hr/hr-capability-small-firms>

## CASE STUDY employee- owned businesses

Lessons can be learned from the experience of many employee-owned businesses, where the workforce takes an active interest in the planning, sourcing, quality and measurement of workplace training, seeking a defined return on investment. Training is tailored to the needs of the business and the individual, developing skills that are needed in the short term as well as those needed for years in the future. Full use is made of apprenticeships and levy funding, as well as identifying imaginative on-the-job learning and development opportunities. Workforce skills planning and investment in training is considered an important and shared responsibility throughout the organisation.

### **People and Culture Director, Gripple Limited, Sheffield**

“Our culture of learning and development at Gripple is driven by our vision for our people to be ‘great, happy, trained and long-serving’. That vision challenges that all board members should come from within. Our employees feel valued and therefore motivated to develop both themselves and others, creating a flexible and agile workforce and in turn, enabling business growth”.

### **Manufacturer, Coventry and Warwickshire**

“We have stayed at the very pinnacle of our industry by continually investing in the very latest technology available, in terms of plant, process and machinery. But we need people to make best use of all this technology, which is why staff are trained to use the very latest systems and techniques, whether that be machinery, programming or production control software systems”.

### **SME, Hereford and Worcestershire**

“We have a 3-year rolling business plan that sets out our goals. From this we identify what skills we might need and then plan our training around this. We have regular strategic meetings to review changes in the business environment that would impact on the way we do things.”

### **Greater Birmingham Chamber**

“The Growth Through People campaign is a collaboration between local stakeholders, training providers and commercial partners being led by the Chamber to encourage workplace training and development. The campaign aims to boost productivity through the sharing of best practice approaches to leadership and people management.”

### Recommendations for policymakers

- Fund business support programmes that help employers understand and maximise the impact of skills investment and effectively plan for adults' training and development needs. All SMEs should have access to impartial advice and support to adopt new innovative processes, conduct a workplace training needs analysis, identify relevant, high quality training provision and engage and support people to learn.
- Enable access to modular learning that includes people management and development skills, mentoring and coaching, for example, that will help managers to identify and plan for workplace skills needs.
- Co-ordinate skills and business support programmes across government departments to ensure all skills policies and initiatives are aligned and complementary. Taxation, productivity and local growth initiatives should support employers to plan and invest in workplace training and development. All business support programmes should include an impartial skills conversation with business to help to identify people solutions to their growth, productivity and commercial priorities.
- Encourage an increase in longer-term business investment in adult skills across all business sizes and sectors by extending the Annual Investment Allowance to cover workplace training and development.
- Incentivise private sector skills investment through the public procurement process, with credits for businesses that invest not only in apprenticeships but also in broader adult skills development.
- Avoid further increases to the cumulative cost burden of employment that weighs down on a firm's ability to invest in people development and innovation.

### Recommendations for business

- Equip managers with the skills to boost productivity through effective people management and the planning and delivery of workplace training and development that delivers a return on investment and supports the growth aspirations of your business.
- Engage, motivate and support adults at all skills levels to learn, train, reskill and contribute productively to the rapidly changing workplace, maintaining positive mental health and wellbeing.
- Engage in professional and sector-based skills models, where appropriate, to share best practice, access relevant training provision and contribute to the co-design of courses relevant to your business and sector.
- Look to best practice among leading firms who foster skills development, employee engagement and motivation through the allocation of a training budget for every individual in the workplace, including the time to engage in personal development activities.
- Benchmark levels of skills investment for your business size and sector and seek support to maximise the return on your investment.
- Engage with Chambers of Commerce to access business support services and voice your skills needs - and work with other employers, FE colleges and training providers to address skills shortages in your local area.

### 3. DIGITAL SKILLS AND INNOVATION

- 84% of firms think digital skills are more important to their business than two years ago.
- 75% of businesses are facing a shortage of digital skills in their workforce.
- Basic computer skills (72%), communicating and connecting through digital channels (71%) and management of digital information (69%) are the skills most important to companies.
- 52% of firms report that digital skills shortages have an adverse effect on workload, operating costs and meeting customer demands.
  - A lack of time for staff training (41%), difficulty in identifying appropriate training (32%), and the high cost of training (25%), are the leading barriers to rectifying digital skills shortages.<sup>6</sup>

**The challenge of low productivity is accelerating demand for new technology, automated processes and new skills in the workplace. As digitisation, automation and artificial intelligence change the world of work, robots will take on routine tasks and new roles will be created.<sup>7</sup> Everyone in the workplace will need to be comfortable and competent with the use of evolving digital technologies and employers need to find the time and resources to invest in continuous training and upskilling.<sup>8</sup> Improving the level of digital and technical skills is critical to in-work progression and increasing business productivity.**

#### Independent Training Provider, Doncaster

“With large transformation projects, companies need to understand the level of skills in their workforce before putting projects in place.”

#### Barriers to improving digital skills and innovation

The Commissioners heard from businesses, experts and practitioners who outlined the following key barriers to improving digital skills and innovation:

- Management skills shortages. Many firms need access to impartial support to understand the potential of innovative and productivity-improving technologies. In other firms, a lack of internal change management and business transformation skills is slowing the pace of innovation and business growth.<sup>9</sup>
- Digital skills shortages. Many employees have very low levels of digital awareness and capability. This can delay the implementation of digitalisation and automation, increase the cost of innovation and hold back business productivity.<sup>10</sup>
- Even where they can identify gaps and opportunities within their workforces, businesses are not always able to access affordable and effective training to meet that need.
- Finding funds to invest in this area, particularly against the backdrop of the pandemic, can be difficult. Government does not do enough to incentivise this kind of spending.

<sup>6</sup> BCC's 2017 Digital Skills Survey. <sup>7</sup> OECD. <sup>8</sup> <https://northwalesiab.co.uk/sites/nweab/files/documents/Skills%20Employment%20Plan%20A4.pdf>

<sup>9</sup> This is corroborated by the BCC's 2018 Innovation Survey. <sup>10</sup> Paper for the Independent Review of Digital Innovation for the Economy and the Future of Work in Wales Ewart Keep, Centre on Skills, Knowledge & Organisational Performance





### **Oil and Gas Business, Aberdeen**

“New technology means we need different training methods and skill sets. There is a more digital approach to development as offshore inspection now requires analytics rather than physical based inspection, so people need training in algorithms and digital. These are niche roles requiring specialist on-the-job training rather than college-based learning.”

The Commission heard best practice examples of widespread digital upskilling in the financial services sector. At a local level, SMEs are collaborating to share digital training resources with others in the public and private sector, as a result of links developed through Chambers of Commerce.



### **Financial Services Company, Dundee**

“As we rolled out digital working processes across all our offices to accommodate Making Tax Digital, we discovered that many older members of the workforce were experiencing difficulties adapting. We had to invest a lot of time communicating and supporting that group ahead of the roll-out in things like excel training and other key digital skills. “

While the Commission heard many best practice examples of digital upskilling, more needs to be done by SMEs and policy makers to increase digital skills in the workforce.

### **Recommendations for policy makers**

- Support businesses to innovate and drive productivity improvement, through the tax system and via access to local centres of excellence.
- Extend the Annual Investment Allowance to include investment in digital and technical workplace training and development. This would enable SMEs to identify with skills as an investment on a par with other forms of business investment.
- Help SMEs to access general digital skills training for their teams, as well as more bespoke training, to support change management and the digitisation of processes and automation.

### **Recommendations for business**

- Seek business support to identify and access innovation programmes and funding.
- Where appropriate, identify and share best practice, information and resources on business transformation, innovation and skills, working with FE colleges, training providers, within sectors, and with other public and private sector employers in the locality.
- Work with the skills sector to ensure course content meets the evolving needs of your business.



## 4. USING THE SKILLS SYSTEM

- 22% of firms cited affordability as a barrier to employee training.
- 42% of businesses have, since 2017, used apprenticeships to recruit new staff, or retrained existing staff using apprenticeships.
- 36% of Levy payers expect to recover all or more of the money in their levy account
  - Only 12% of respondents to the BCC Workforce Survey 2018 said they had any understanding of T levels.

**Many businesses lack confidence in a skills system they perceive to be slow, unstable, complex and bureaucratic and which does not meet their training needs. Others lack the resources and capacity to use the system properly. This affects their ability to develop their workforce in the ways they need.**

### Barriers to using the skills system

In our roundtable discussions, the Commissioners heard from businesses, experts and practitioners who outlined key barriers to businesses using the skills system, including:

#### Speed and agility

SME employers report frustration at the delays, bureaucracy and inflexibility they experience when attempting to use the publicly-funded skills system.

#### Cost, quality, and availability

Small firms say they are often unable to find the right training, at an affordable price, in their local area. 22% of firms cited affordability as a barrier to employee training.<sup>11</sup>

#### Trust and confidence

SMEs lack trust in the impartiality of advice and relevance of the training on offer. Employers felt that the system encouraged providers to sell a suite of products rather than finding the right solution to firms' training needs. There seems to be a particular gap in providers' understanding of SME needs.

#### Stability and complexity

Employers report the skills system to be unstable, complex and difficult to navigate. A lack of consistency in approach by successive governments has dented business confidence and engagement in the system.

<sup>11</sup>BCC, Workforce Survey, 2019

**Midlands-based SME**

“For small and micro businesses, we need a model where training needs can be aggregated by sector or by geography, to overcome the barrier of costs”.

**SME, East Midlands**

“Provision isn’t flexible and too often the business’s needs are fitted around the provision, not the other way around”.

**Sheffield Chamber of Commerce**

“Organisations are moving away from ‘sending people on courses’ to looking for more bespoke training where there is a better understanding of the organisation and its needs, rather than an ‘off the shelf’ approach.”

**CASE STUDY**  
**The Skills Hub**

Delivered by the Staffordshire Chambers of Commerce, and targeted at SMEs, the Skills Hub provides independent and impartial advice for businesses on skills planning. Support provided includes in-depth workforce training needs analysis and access to grants to help businesses fund the cost of training and upskilling. The Skills Hub brings together and accredits training providers to give businesses access to the widest range of provision and the confidence to invest.

Skills advisors work with SMEs to align business growth aspirations with workforce development plans and identify the training and funding options available. Advisors connect businesses with providers of apprenticeships, other courses and bespoke training.

In its first year, the Skills Hub undertook 218 training needs analyses, created personalised skills action plans, and facilitated new partnerships to develop training programmes. Its website of over 2000 training courses is searched, on average, by 70 new business users per month.

The Hub is commissioned by the Stoke-on-Trent and Staffordshire LEP with ESF funding.

## 4A. DEEP DIVE: APPRENTICESHIPS AND TECHNICAL EDUCATION

- 42% of businesses have, since 2017, used apprenticeships to recruit new staff, or retrained existing staff using apprenticeships.<sup>12</sup>
- 36% of Levy payers expect to recover all or more of the money in their levy account

**Evidence to the Commission demonstrated that apprenticeships are highly valued by businesses across a wide range of sectors. In England, the Institute for Apprenticeships and Technical Education (IFATE) regulated standards, that are designed by employers, are regarded as high quality. Increasingly, businesses are choosing higher, degree-level apprenticeships to boost the skills of adults in the workplace, with a particular focus on management training. Firms recognise that increasing the level of supervisory and management skills in the workplace will help to boost business productivity and growth over time.<sup>13</sup>**

However, the Commission also heard that, for many SMEs, full-time apprenticeships are not regarded as the solution to their wider adult workforce training needs. These firms are less focused on qualifications, preferring shorter, more targeted training that delivers a faster return on investment. Often, SME employers use apprenticeships solely to recruit and train young people. However, worryingly, official

statistics show a decline in the number of these entry-level apprenticeship opportunities in recent years which may impact adversely on social mobility and skills attainment for a large cohort of workers. Furthermore, employers' ability to take on new apprentices and, in some cases, retain existing apprentices, has been impacted by reduced capacity, workplace changes and worsening cashflow and trade resulting from the pandemic. In the 2019 BCC Workforce Survey, the main barriers for SMEs in accessing apprenticeships were a lack of applicants for apprenticeship vacancies, mistrust of the system based on earlier negative experiences and a lack of suitable apprenticeship standards available at the local level.

Evidence to the Commission highlighted some of the challenges of the apprenticeship system for SMEs. Very few English SMEs we heard from had any awareness of the opportunity to get involved in the design of apprenticeship standards. Some firms perceived the apprenticeship standards to have been developed by providers, large institutions or large firms, and therefore not entirely relevant to their business. Others felt the standards were too long, inflexible and unsuitable for jobs in small businesses that typically spanned several roles rather than one specialism.

Employers across the UK felt that a more flexible approach to apprenticeships would be helpful, enabling them to select modules from a range of high-quality accredited standards in line with the employee's role. Employers felt that adults would be more willing to participate in modular apprenticeships and other shorter, more flexible training that enabled them to balance time for non-work commitments. Earning credits for modular learning would enable adults to work towards a qualification, if preferred, over a longer period of time and support progression opportunities. Evidence from the Open University suggested a modular approach to learning was becoming increasingly popular with students and employers.

<sup>12</sup> BCC, Workforce Survey, 2019.

<sup>13</sup> <https://northwalesiab.co.uk/sites/nweab/files/documents/Skills%20Employment%20Plan%20A4.pdf>

During the Commission's events and roundtables, many employers spoke of their dissatisfaction with the inflexibility of the apprenticeship levy. Levy payers argued that it had displaced their non-apprenticeship training budget, resulting in fewer opportunities to invest in other forms of adult workplace training and development. At the same time, firms felt frustrated that they were unable to benefit from the full value of funds they had paid into the levy.

In England, levy payers welcomed the opportunity to support skills development in their local supply chain through the transfer of unspent levy to other employers, but many were deterred by the administrative requirements. The Commission heard of successful schemes, such as in the West Midlands, where local stakeholders had identified funds to operate a light-touch matching service to help levy payers connect with SMEs outside of their immediate supply chain, often linked to local economic priorities. Reducing the administrative burden around levy transfers and funding access to a local matching service, would support increased uptake of apprenticeships and foster best practice sharing within supply chains and local economies.

In Scotland, there was high demand from employers for access to the Flexible Workforce Development Fund. Utilising money sliced off the apprenticeship levy to give access to shorter and courses contextualised to the needs of the business, the fund was many times oversubscribed, illustrating high employer demand for shorter, more flexible training alongside formal qualifications.

### Other Technical Education Routes

In roundtable discussions, the Commission heard evidence that workplace skills gaps at level 4 and 5 were a growing problem and businesses were very supportive of the government's policy to develop high quality, higher level technical education. While welcoming the concept of specialist Institutes of Technology, few employers had any knowledge or experience of them and it was felt that, to be successful, IOTs would need to be more fully integrated into local business communities.

In England, access to a more coherent, streamlined, simple and quality assured menu of publicly-funded Post-16 qualifications – that provides sufficient choice and meets the needs of learners of all abilities - would help to ensure courses remain relevant and valued by employers. SMEs supported the introduction of T Levels as a quality technical alternative to the traditional A Level. However, very few employers had any understanding of the new qualifications or felt in a position to offer extended industry placements. Only 12% of respondents to the BCC Workforce Survey 2018 said they had any understanding of T levels. While increasing the number of people in the workplace with technical qualifications is a priority for business, the government, skills stakeholders and business representative organisations need to do more to raise awareness of the opportunities and encourage greater employer participation and engagement.

### What lessons we can learn from other countries?

Consulting with Chambers across the BCC's Global Business Network, the Commission sought to identify best-practice models of adult workplace training and development. While there are historical and cultural differences to consider, successful models include prestigious technical qualifications and a demand-led skills system that puts business at the heart of designing and specifying training standards. There is a stable, coherent and high-quality training system that responds quickly to an evolving workplace and industry trends. And employers, individuals, professional bodies, and training providers work to well-established career progression routes. Critically, the system works to enhance business competitiveness and support employment and employability.<sup>14</sup>

<sup>14</sup> <https://www.skillsfuture.sg/skills-framework> and the Skills Future programme: <https://www.mom.gov.sg/employment-practices/skills-training-and-development/skillsfuture>

### Recommendations for policymakers

- Give firms clarity, stability and consistency in the skills system so they have the confidence to invest for the longer term. Develop cross party consensus and avoid constant tinkering and change.<sup>15</sup>
- Engage employers of all sizes in the development and future-proofing of prestigious, high-quality technical and vocational qualifications.
- Provide more focus on meeting the needs of all adults in work. This requires less emphasis on the achievement of full qualifications and more access to flexible, bite-size units of accredited learning. A more agile and modular approach to qualifications and training provision would allow people whose role spans several functions (a common scenario in SMEs) to access and combine chunks of relevant, high quality, accredited learning. This would support more rapid upskilling of people for new opportunities and help employers realise a return on investment.
- Give training providers the flexibility of funding and curricula to deliver this bite-sized accredited learning that employers need. Funding models for workplace learning should involve a fast and light touch application process for employers, enabling access to training that is contextualised to the needs of the business and that allows employees to quickly apply their new skills to the workplace. Work with business to reform the Apprenticeship Levy, creating a more flexible fund.
- Maintain an employer-led apprenticeship system. Employers of all sizes, and across the four nations, should be supported to identify and co-design the apprenticeship qualifications needed by their business and sector.
- Enable more flexible access to apprenticeship standards, with individual accredited modules, to ensure more adults have access to high quality training and that levy payers are better able to fully utilise their payment into the levy.
- Support levy payers in England to more easily transfer unspent levy funds to SME employers within their sector, and to other sectors within their local supply chain.
- Widely replicate the success of localised skills hubs to help more SMEs identify training and development needs and quality provision.
- Increase access to online and modular learning options that can be easily tailored to business needs, accessed from any location and supported by on-the-job experience and coaching.

### Recommendations for business

- Seek help to understand and access the training and development opportunities open to your business. Work with FE colleges, training providers and sector groups to create course content where existing provision does not meet your current or future needs.
- Work with education bodies, training providers and government at a local and national level to raise the prestige of vocational and technical education and encourage more young people and adults to choose this route to well-paid careers in your business, sector and local economy.
- Chambers of Commerce and intermediaries can support businesses by raising awareness of the positive impact of apprenticeships and other forms of workplace training and development.

<sup>15</sup> Keep E, Richmond T, Silver R: Honourable Histories From the local management of colleges via incorporation to the present day: 30 Years of reform in Further Education 1991-2021

## 5. PLACE-BASED SOLUTIONS

- **Multiple providers selling competing and ‘off-the-shelf’ solutions cause employers to disengage from the skills system, while their skills needs go unmet.**
- **Short-term and restrictive funding and delivery mechanisms, combined with fragmented stakeholder responsibilities, lead to duplication of resources and provision that does not always meet the needs of business.**

**Throughout the inquiry, the Commission heard evidence of a lack of coordination, trust and confidence between employers, training providers and other local economic stakeholders. Employers complained of being bombarded with calls from multiple training providers all attempting to sell similar ‘one-size fits all’ courses that the business didn’t need. Other firms were frustrated and deterred by the need to navigate a plethora of online skills portals created by different stakeholders offering different solutions. Lacking the time and capacity to persevere, businesses are often left unsure of where to go to find a solution to their skills shortages.**

### **SME, Leeds**

“I have to go searching for initiatives – it’s then like walking through mud finding the best fit for my business”

Evidence from providers and local stakeholders who are involved in shaping local skills provision pointed to the need for more flexibility in policy, funding and decision-making with a view to minimising duplication, improving coordination and focusing on local priorities and demand.<sup>16</sup>

Many Chambers of Commerce were campaigning for more localised skills funding and for skills planning to be better integrated into local transport, spatial and economic strategies.

Across the devolved nations, devolved English regions and in English towns, cities and rural areas there were examples of Chambers of Commerce proactively convening employers and skills stakeholders to improve communications, coordination and address local skills issues. Examples include campaigns to establish University Technical Colleges, initiatives to upskill the low skilled and unemployed, employer apprenticeship campaigns, promoting management and professional skills development and establishing skills hubs to support firms with impartial training needs analysis.

### **South Cheshire Chamber of Commerce and Industry**

“In Cheshire and Warrington, local government, training providers, Chambers of Commerce and other partners are working together successfully to improve workplace training and development. At a grassroots level, through the Pledge Network, businesses are discussing and debating the skills needed in the area and working together to find a solution.”

### **East Midlands Chamber (Derbyshire, Nottinghamshire, Leicestershire)**

“As a Chamber, the narrative of the benefits of training and development, through events, media output and general business engagement, is an ongoing process. We deliver regular HR Forums and an annual Employability and Skills Summit which provides a platform to show the benefits of workplace training, delivered by policy makers, training providers and with case studies from exemplar businesses.”

<sup>16</sup> <https://www.centreforcities.org/publication/can-cities-outsmart-robots-future-skills-uk/>

### Recommendations for policymakers

- Employers of all sizes must be at the centre of skills design and planning. Skills and broader economic strategies must be aligned with business growth aspirations and be underpinned by extensive business engagement, research and data.
- Help employers to engage effectively with further education colleges, other training providers, and local stakeholders to ensure the skills system delivers for business and the local labour market and that people's careers can progress in quality, sustainable jobs.
- Give training providers flexibility of funding and resources – and more investment in their infrastructure and people - to ensure they can deliver high-quality technical and vocational training at all skill levels, and respond quickly to the evolving needs of employers, new technologies and emerging sectors.<sup>17</sup>
- Local skills stakeholders need greater flexibility and autonomy over skills policy, funding and decision making to more effectively target resources to local need, prevent duplication and provide specialist support.<sup>18</sup>
- Create employer and sector-led centres of skills expertise at the local level and help businesses to benchmark skills investment. Local stakeholders should ensure that their combined resources prevent unnecessary duplication and result in the availability of coordinated high-quality local provision and sector specialisms that meet business needs.
- Enable employers to pool resources through place-based group training associations, with access to funding, to provide more apprenticeships and wider training opportunities for individuals.

### Recommendations for business

- Work with training providers and other local economic stakeholders to plan for skills in your business and locality. Help to identify gaps in skills and training provision, aggregate demand and shape the development of appropriate specialist support.

<sup>17</sup> <https://www.centreforcities.org/publication/can-cities-outsmart-robots-future-skills-uk/>

<sup>18</sup> <http://futureeadyskillscommission.com/a-blueprint-for-a-future-ready-skills-system/>



## 6. ENABLING EMPLOYEES

**Much of the evidence the Inquiry heard focused upon the needs of employers and systemic problems. However, we also heard significant evidence of the issues from the worker's perspective, both those in a formal employment relationship and those in other work relationships with a business.**

### BARRIERS TO ENABLING EMPLOYEES

The Commissioners heard from businesses, experts and practitioners who outlined the following key barriers to businesses using the skills system better.<sup>19</sup>

#### Lack of flexibility

The lack of flexible learning options for people in full-time work, with childcare or caring responsibilities or other practical barriers to taking part in the existing skills system.

#### Cost of childcare

The cost and lack of provision of adequate, flexible childcare was highlighted as a particularly significant blockage to skills development and to disproportionately impact women in the workforce.<sup>20</sup> During the pandemic, women have been particularly impacted by the need to take on additional caring and home-schooling responsibilities.

#### Lack of support for adult learners

Gaps in the provision of impartial and trusted advice on training for adult workers or those who are seeking to reenter the workforce, coupled with the reduction in available funding, makes it difficult for adults to seek out training to improve their own skills and qualifications.<sup>21</sup>

### Recommendations for policymakers

- Establish a recognised and standardised way for individuals to access and record a programme of lifelong learning that allows them to continuously train and reskill for the changing workplace and demonstrate this to employers.
- Boost adult education funding to facilitate lifelong learning and enable individuals, particularly lower-skilled individuals, to quickly retrain and move into higher-earning roles in sustainable careers.
- Introduce flexible funding mechanisms that enable adults to take the initiative in developing their own training through to higher technical qualifications.
- Fund training and reskilling that prepares unemployed adults for work, and support those who need to find new job opportunities outside of their sector and expertise, ensuring digital and employability skills are current and relevant for the modern workplace.
- Provide high-quality careers advice and guidance for people of all ages, underpinned by solid local knowledge and employer engagement.
- Simplify childcare funding so the skills of parents are not lost from the workplace.

### Recommendations for business

- Support and encourage employees to identify, record and utilise their skills and experience beyond the mandatory recording of regulatory requirements. Help them to assess their workplace training and development needs and support them through coaching, mentoring and high-quality training. Boost productivity by helping people to progress their career within your business and sector.

<sup>19</sup> <https://www.centreforcities.org/publication/hidden-unemployment-in-uk-cities/>

<sup>20</sup> OECD and Centre for Cities, 'Trends in Economic Inactivity Across the OECD: the importance of the local dimension and a spotlight on the United Kingdom' (2019). Rafferty, 'Gender Equality and the impact of recession and austerity and the UK' (2014)

<sup>21</sup> OECD, 'Employment Outlook 2015'. <https://www.centreforcities.org/publication/self-employment-in-cities/>



## 7. CONCLUSIONS

**The need to improve productivity is driving increased digitisation and automation of processes, products and services and generating more demand for people with digital and technical skills at all levels in the organisation. The pace of change, and ongoing skills shortages, will require businesses to plan and invest in workplace training and development and support people to continuously train and reskill throughout their working lives.**

Businesses recognise they have a responsibility to invest in the skills of their adult workforce, and many are doing so proactively. However, too few SMEs are currently engaged in identifying and planning for skills and will need business support, access to best practice, funding and resources to ensure everyone in the workplace receives the training they need.

The skills system must be able to respond rapidly and flexibly to the impact of economic shocks and large-scale changes to industry and trade. The fourth industrial revolution, the drive to net zero and the impact of the pandemic are changing the workplace. This requires a corresponding change of pace and agility in the skills system. Alongside formal qualifications, access to rapid, bite-size units of accredited learning will help people train and reskill quickly for new opportunities. Providers need the flexibility of funding and delivery to support this, and to make lifelong learning a reality for individuals who may need to retrain for many different careers in their lifetime.

Employers, government, education and skills providers have a shared responsibility and must work collaboratively – with shared vision, goals and objectives – to ensure the skills system delivers the optimum outcomes for individuals and the economy. Businesses must be fully engaged and at the centre of skills planning at a national and regional level, collaborating with the FE sector and working in partnership with all stakeholders. And local stakeholders will need more control and flexibility over skills funding and strategy to ensure resources can be aligned and targeted to meet local priorities.

To be successful in a global economy, businesses need a highly skilled workforce that rivals the achievements of our leading international competitors. Successful models are based on a stable and coherent employer-led skills system, with access to prestigious technical and vocational qualifications, high quality careers support for all ages, and opportunities for continuous reskilling and lifelong learning.

Our recommendations as a Commission are designed to help UK businesses advance the shared goal of a fully skilled workforce.

# Commissioners

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DESIGN COUNCIL

## In Memoriam



### **Mike Wade**

Commissioner Mike Wade sadly passed away before the publication of this report. We are enormously grateful for the contribution he made and send our very best wishes to his family and colleagues.

### **James Ramsbotham, chief executive, North East England Chamber of Commerce**

“Mike Wade was a fantastic advocate and friend of the Chamber who worked tirelessly to support businesses in Durham and the whole region. His passion for always doing the best job possible and his warmth and quick wit will be very much missed by us all.”



## THE CALL FOR EVIDENCE

**The Commission issued a Call for Evidence, open from 2 December 2019 to 3 February 2020. We sought to understand:**

1. The actions businesses are taking to identify, plan for and address workplace training and development for adults over the age of 25
2. How employers are planning for future skills needs that may result from changes in technology and processes
3. Best practice examples and solutions to any barriers to training and development
4. How to incentivise businesses to invest more in workplace training
5. How businesses and stakeholders can collaborate more effectively at a local level
6. The changes to government policy that would enable more business investment in people development
7. Lessons we can learn from other countries

We received over 50 written responses to the Call for Evidence from businesses, Chambers of Commerce and a broad range of external organisations representing many thousands of businesses and other key stakeholders. Responses covered all the UK regions and a wide variety of industry sectors. Commissioners also met with over 200 businesses at offices, factories and a wide range of events, roundtables and forums across the UK.

In March 2020, the Commission's work was put temporarily on hold as the Coronavirus Pandemic struck the UK economy and the Chamber Network focussed its efforts on providing emergency support to businesses. The Commission was reconvened on 3 September 2020 and immediately issued a Progress Report inviting further evidence in the light of Covid impacts on workplace training and development.

## CONTRIBUTORS

### Responses to the Call for Evidence

**32 Chambers from across the four nations have been directly involved in the work of the Commission.**

Chamber activity included:

- Convening roundtable discussions
- Discussing the Call for Evidence at scheduled Chamber events and forums
- Interviewing individual members and collating feedback
- Undertaking research/online surveys
- Providing existing Chamber research data
- Providing links to the data of local partner organisations

### We received evidence from businesses and stakeholders in the following sectors:

Accountancy  
Colleges and Universities  
Creative  
Credit management  
Education  
Engineering sector skills  
Hospitality  
HR professionals  
ICT  
Independent training providers  
Local government  
LEPs  
Management  
Manufacturing  
Oil and gas  
Recruitment  
Retail  
Self-Employment

### Chambers of Commerce

Aberdeen & Grampian Chamber of Commerce  
Black Country Chamber of Commerce  
Coventry & Warwickshire Chamber of Commerce  
Cumbria Chamber of Commerce and Industry  
Devon & Plymouth Chamber of Commerce  
Doncaster Chamber of Commerce  
Dundee and Angus Chamber of Commerce  
East Midlands Chamber - Derbyshire, Nottinghamshire and Leicestershire  
Edinburgh Chamber of Commerce  
Fife Chamber of Commerce  
Greater Birmingham Chamber of Commerce Group  
Greater Manchester Chamber of Commerce  
Hampshire Chamber of Commerce  
Herefordshire and Worcestershire Chamber of Commerce  
London Chamber of Commerce and Industry  
Northern Ireland Chamber of Commerce and Industry  
Sheffield Chamber of Commerce and Industry  
South Cheshire Chamber of Commerce and Industry  
South Wales Chamber of Commerce  
Staffordshire Chambers of Commerce  
Suffolk Chamber of Commerce  
Sussex Chamber of Commerce  
Thames Valley Chamber of Commerce Group  
West & North Yorkshire Chamber of Commerce  
West Cheshire and North Wales Chamber of Commerce  
Wirral Chamber of Commerce

### International Chambers

British Business Group Abu Dhabi  
British Business Group in Dubai and Northern Emirates  
British Chambers of Commerce in China  
British Chamber of Commerce Germany  
British Chamber of Commerce Indonesia  
British Chamber of Commerce Myanmar  
British Chamber of Commerce Singapore  
British Romanian Chamber of Commerce  
Netherlands British Chamber of Commerce

### External Contributors

AELP  
Battersea Power Station  
Blue Novation  
Campaign for Social Justice  
Centre for Social Justice  
Chartered Institute for IT  
Chartered Institute of Credit management  
CIPD  
CIPFA  
CiTB  
City and Guilds  
CMI  
Corporate Growth  
Devon County Council  
Dundee & Angus College  
Future Ready Skills Commission  
Institute of Engineering and Technology  
IPSE, the self-employment trade association  
John Smart  
Learning and Work Institute  
Open University  
Oxfordshire LEP  
Park Inn By Radisson  
Somerset Education Business Partnership  
Stansted Airport  
The HR Dept  
We Are IVE Ltd  
What Works Centre

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The Hiring Lab produces research on global labour market topics using Indeed's proprietary data and publicly available sources. Our work is available to media, researchers, policymakers, jobseekers and employers to help them better navigate the world of work today.

**For more information, visit [indeed.com](https://indeed.com)**





## British Chambers of Commerce

We represent and campaign for business.

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Our roots are local, but our reach is global.

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We're owned by, and work for, a network of Chambers of Commerce that champion and support our members all across the UK and in countries and markets around the world.

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Our unique perspective gives us unparalleled insight into British business communities – every sector, every size, everywhere.

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They trust us to be their advocates, and we're passionate about helping them trade and grow.

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Working together with Chambers, we drive change from the ground up – and our bottom line is helping companies, places and people achieve their potential.

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For more information about this report, contact [policy@britishchambers.org.uk](mailto:policy@britishchambers.org.uk)