

skills Index

2021





The future is skills. It is time for us to rethink, reimagine and rebuild the labour market upon them.

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The skills that people and industries need are changing with ever increasing speed. This report demonstrates the sizeable gap that exists between the skills that people are confident they have, and the skills that are actually in demand by employers.

Foreword

Even before Covid19, the Fourth Industrial Revolution, and in particular the advent of Artificial Intelligence, was significantly reducing the shelf life of skills in many industries. The pandemic has simply sped up these trends, with more shopping, meetings and education moving online and levels of homeworking doubling in a year¹.

There will be other key drivers of skills demand in the years ahead, such as the realisation of the Government's National Infrastructure Strategy, which will drive a huge increase in demand across the construction, engineering and transportation sectors. In addition, the move to net zero will require many people in the current workforce to update their skills to incorporate new greener practices.

Through our Skills Index report our aim is to share vital insights into the skills that are most in demand and those that are emerging. Better matching of people and skills with employment has arguably never been more important, as businesses and the economy continue to recover and business leaders start to consider how to grow and increase productivity.

What is clear from our research is that businesses and workers alike are going to need to constantly reinvent themselves in the decades ahead to stay relevant in a constantly evolving workplace.

The Skills Bill, which was launched in 2021, has the power to support this and transform skills based education as long as it becomes more than just Government rhetoric and paves the way for a more agile responsive and digitally enabled system.

As demands change, we must enable people to understand which skills are likely to be in demand throughout their lifetimes and to access the training they need to stay relevant in the marketplace. This will mean a mixture of better 'all ages' careers advice, less restrictive access to Government funding for training throughout people's careers, as well as a change in attitudes towards self-funding training.

Additionally, employers will need to think hard about how they keep their employees' skill sets current to meet the future skills needs of their own businesses and take a more active role in updating the skills of their workforces.

We hope you enjoy reading our first Skills Index Report. We are committing to produce this index annually so we can start to measure trends in changing skills demand and build a longer term perspective on what is needed to foster a culture of lifelong learning, enabling businesses to fill skills gaps however their needs evolve whilst helping people to upskill throughout their working lives.



Kirstie Donnelly MBE
CEO
City & Guilds Group



¹ The Guardian, Most people in UK did not work from home in 2020, says ONS, 17 May 2021

A man with a beard and glasses is speaking, looking slightly off-camera. The image is overlaid with a teal geometric design consisting of several overlapping triangles and polygons. The text is white and positioned in the lower-left quadrant of the image.

It is no exaggeration to say that the last year has been one of the most disruptive times on record, with huge swathes of the economy shut down in ways we could never have imagined.

The Economist's view

But just as economic disruption brings with it many challenges, as we begin to climb out of this period of upheaval, we are starting to see a very different labour market and a number of opportunities presenting themselves, either as a direct or indirect result of the Covid-19 crisis.

One of these is the opportunity to address an issue which has been on the horizon for a number of years, but which has been somewhat tinkered and toyed with, rather than grasped wholeheartedly. That issue is skills, or more specifically the need to shift mindsets and think of people more in terms of the skills they possess, rather than simply their qualifications or the job title; for employers to think more about the skills they need for their business to succeed as opposed to job titles they want to recruit; and for education providers to consider the skills they teach rather than just the subjects they offer.

Although this issue was bubbling under the surface prior to 2020, the disruption has brought it out into the open. With working practices having changed so much in such a short space

of time, the new landscape has required new degrees of adaptability and flexibility – and employers have started to seek skills, rather than qualifications.

The Skills Index really does bring out into the open the need to rethink skills from those three perspectives mentioned above: people, employers and education providers. If we are to ensure that local economies and the national economy get back on track, we will need to join these three together in far more intentional ways than ever before: helping people to understand the skills they possess, and where they need to upskill; helping employers understand the skills they need to build success, and where they might need to retrain their workforce; and helping education providers understand which skills they need to be including in their courses and modules to send work-ready people out into a very changed labour market.

The future is skills. It is time for us to rethink, reimagine and rebuild the labour market upon them.



A stylized, handwritten signature in black ink.

Andy Durman,
Managing Director – UK,
Emsi



Pre-covid, unemployment was at an all-time low in the UK. But many businesses were still suffering from chronic skills gaps, struggling to recruit the skilled workforce they needed² – and the UK economy was continually less productive than international competitors.³

² Department for Education Employer Skills Survey 2019 (published October 2020)

³ Ibid

Bridging the great skills gap

Since the first wave of Covid-19 arrived in March 2020, we've seen a massive change in the labour market and economy. Around 11 million people were furloughed⁴, 800,000 lost their jobs,⁵ and many have struggled to find new employment – with young people, those from lower socio-economic groups, ethnic minorities and women disproportionately affected.

We know that the tourism, hospitality, and retail industries have been hardest hit, whilst concurrently, sectors such as digital/tech and healthcare have continued to hire and grow as industries throughout the pandemic.

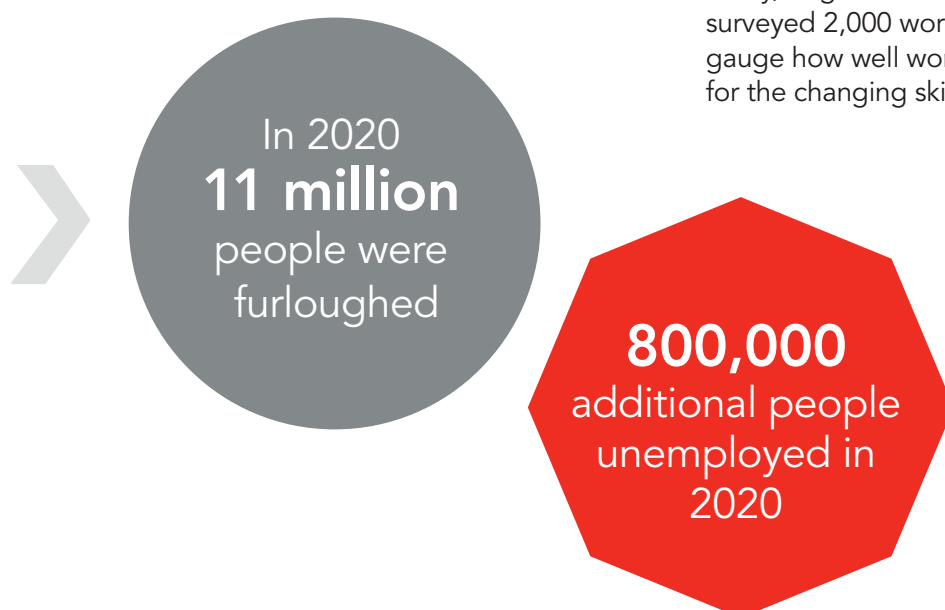
Looking forward, there's more turmoil on the horizon as a myriad of factors continue to drive change across the economy – from Artificial Intelligence and digital transformation to changing consumer and employee expectations through to Brexit and the four generation workforce.

What does all this mean? The skills that businesses and people need are continuing to evolve at an even faster pace than before, whilst people will stay in the workforce for ever longer periods. We urgently need to match up skills supply to demand and keep people's skills current throughout potentially five-decade careers if we're to solve the UK's productivity crisis for good.

To explore how the skills and business landscape is transforming and see what skills and opportunities are growing now, and in the future, we've created a new Skills Index – in collaboration with labour market economists at Emsi – a temperature check of UK job data to help understand the jobs and skills that have grown in demand over the past year.

In addition, we carried out research in conjunction with the British Chambers of Commerce – amongst 1,000 of the Chambers' members – to better understand how businesses expect their skills and talent needs to change in the future.

Lastly, to get the complete picture we also surveyed 2,000 working age people in the UK to gauge how well workers believe they are prepared for the changing skills needs.



⁴ House of Commons Library, The furlough scheme: One year on (published 24 March 2021)

⁵ ONS Labour market overview, UK: April 2021

In a tough year for the labour market, it's unsurprising that the overall number of job postings decreased significantly, falling by 26% during the period of the first lockdown.⁶ In light of this, instead of looking at how the number of skills mentioned in job postings changed year on year, we worked with economists at Emsi to identify those skills which have seen the biggest relative increase in their share of demand in job postings between 2019 and 2020.



⁶ Job postings data from Emsi, February 2020 to June 2020

How Covid-19 disrupted the UK jobs landscape

This has provided us with a picture of the skills that are still rising in demand, despite the change in the overall quantity of positions available.

Using Emsi's Open Skills Library⁸, which categorises a skill as anything that defines or describes someone's knowledge and experience, we looked at how share of demand changed for technical skills, common skills and certifications, and we also sought to identify 'emerging skills' – skills that have low demand in terms of absolute numbers, but which have seen a significant increase in demand in relative terms.

The Skills Index data paints a clear picture of how job opportunities and skills demand have evolved during the pandemic, with the strongest need for skills seen across the **health and social care sector** alongside a surge in demand for **tech skills** from cyber security to programming. This could provide great opportunities for people in shrinking industries to reskill and move across to growing sectors.

A boom in demand for health and social care skills

Jobs postings for health and social care roles⁸ in the UK increased by 22% from April 2020 to April 2021.

In a year during which the NHS was pushed to its limits, providing critical care and vaccinating the UK population, **healthcare proficiencies have emerged as some of the most highly sought-after skills**. Jobs postings for roles in health and social care increased by a fifth (22%) from April 2020 to April 2021, with demand for roles such as Licensed Practical Nurses, Physician Assistants and Caregivers seeing the greatest growth.

Growing job roles in health and social care (April 2020- April 2021)

1. Licensed Practical Nurses	328%
2. Physician Assistants	275%
3. Caregivers	246%
4. Registered Nurses Home Care Supervisor	194%
5. Nursing Associates	184%

Meanwhile, as understanding of mental health and wellbeing improves and because many faced struggles during the pandemic – there has also been growth in demand for skills relating specifically to mental health awareness.

In fact, health and social care skills are among the top technical skills, including nursing, mental health, personal care (ability to support with personal and private hygiene), and knowledge about using Personal Protective Equipment (PPE).

Demand for nursing certifications has also been high and, in our emergent skills index, it's more than evident that specific skills for jobs in health and social care saw significant uplift. The Health and Social care sector was already generating high skill demand pre-pandemic and was predicted to grow strongly in the years ahead, thanks to an aging population in the UK, so we expect this trend to continue in the years ahead in some capacity.

⁷ The Emsi Skills Library is an open-access database of over 35,000 skills terms curated from millions of employer job postings and professional profiles

⁸ Across the following occupation groups: Health Professionals, Health and Social Carer Associate Professionals, and Caring, Personal Service Occupations

Health and Social Care skills snapshot

Top 3 Technical skills in demand

1. Nursing
2. Mental health support
3. Personal care support

Top 3 Certified skills in demand

1. Psychiatric-Mental Health Nurse Practitioner
2. Nurse Practitioner
3. Clinical Nurse Specialists (CNS)

Top 3 Emerging skills in demand

1. Basic life support
2. Caregiving
3. Accute care support



Digital and tech skills demand are on the rise

Jobs postings for digital and tech roles in the UK increased 21% from April 2020 to April 2021.

The digital transformation of many industries was supercharged in 2020. From office work to shopping, to healthcare appointments, and more, face-to-face interactions fell sharply in many areas, meaning the access point for consumers in some industries has shifted online.

And whilst technology and automation are often seen to pose a risk to jobs, the data suggests that **while technological innovation may be making some jobs and skills obsolete, it is creating new ones**. Indeed, with the pandemic leaving businesses with little choice but to pivot operations online and accelerate digital transformation, demand for digital skills has soared. The number of job postings for digital and tech occupations saw a 21% increase from April 2020 to April 2021, with some of the jobs seeing the biggest levels of growth including Cybersecurity Technicians, Full Stack Engineers and Cybersecurity Engineers.

Fastest growing jobs in digital / tech (April 2020- April 2021)

1. Cybersecurity Technicians **19,922%**
2. Full Stack Engineers **312%**
3. Cybersecurity Engineers **292%**
4. Front End Software Engineers **184%**
5. Azure Architects **174%**

Looking at the skills rather than jobs demand, programming and software skills are featured among some of the fastest growing technical skills, including Python (a programming language), Amazon Web Services and Microsoft Azure (cloud computing platforms).

Meanwhile in terms of emerging skills, we can see that digital skills such as Search Form (programming skill) and Computer Engineering have been increasingly sought after in the past year.



Top 3 in demand technical skills for digital and tech roles

1. Python
2. Amazon Web Services
3. Microsoft Azure

Adapting to new ways of working

The sudden shift to working from home was a pivotal moment for many businesses, changing the way many people think about work, and forever changing working practices – with many businesses expected to adopt hybrid working models post-pandemic. It has also created demand for new abilities and experience, primarily amongst office-based workers.

With about a quarter of employees now working remotely⁹, it became apparent that many office workers would need to adapt their skillsets to become effective remote, or hybrid workers, notably the ability to use newer collaboration and communication tools such as Microsoft Teams and Zoom, as well as the skill of Telecommuting (the practice of working from home, making use of internet, email and phone to stay connected).

Through this period of change and uncertainty, businesses have also needed strong, competent leaders to lead and oversee teams – as a result, leadership skills saw high growth in demand in 2020. Meanwhile, the isolated nature of remote working has also meant that soft skills such as accountability and mentorship have become much more important.



Top Emerging Skills for remote working

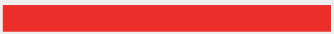
1. Telecommuting
2. Zoom
3. Microsoft 365



⁹ The Guardian, Most people in UK did not work from home in 2020, says ONS, 17 May 2021

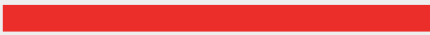
Top 10 in demand technical skills

% increase in share of total
jobs postings 2019 - 2020

1	Nursing		1.19%
2	Mental health support		0.90%
3	Warehousing		0.42%
4	Personal care support		0.56%
5	Risk Analysis		0.23%
6	Learning Disabilities support		0.51%
7	Python (Programming Language)		0.18%
8	Amazon Web Services		0.16%
9	Personal Protective Equipment		0.34%
10	Pharmaceuticals		0.32%

Top 10 in common skills¹⁰ (or pan job / industry)

% increase in share of total
jobs postings 2019 - 2020

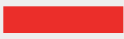
1	Teaching		1.07%
2	Leadership		0.88%
3	Compassion		0.64%
4	Innovation		0.50%
5	Research		0.46%
6	Empathy		0.28%
7	Valid Driver's License		0.24%
8	Operations		0.19%
9	Accountability		0.19%
10	Mentorship		0.18%

¹⁰ A common skill is a skill that is not related to one particular job or industry

Top 10 emerging skills% increase in share of total
jobs postings 2019 - 2020

1	Basic Life Support		0.32%
2	Search Form (programming)		0.25%
3	Telecommuting		0.18%
4	Zoom (Video Conferencing Tool)		0.11%
5	Caregiving		0.09%
6	Circuit Training		0.08%
7	Acute Care		0.08%
8	Employee Assistance Programs		0.07%
9	Nursing Practices		0.06%
10	Good Driving Record		0.06%

Top 10 in demand certified skills% increase in share of total
jobs postings 2019 - 2020

1	Psychiatric-Mental Health Nurse Practitioner		0.12%
2	Master of Business Administration (MBA)		0.06%
3	Nurse Practitioner		0.06%
4	Construction Skills Certificate Scheme (CSCS) Card		0.03%
5	Post Graduate Certificate in Education (PGCE)		0.03%
6	Clinical Nurse Specialists (CNS)		0.02%
7	Certified Plant Engineer (facilities engineering)		0.02%
8	Core Domestic Gas Safety (CCN1)		0.02%
9	Certified Information Systems Security Professional		0.01%
10	Project Management Professional Certification		0.01%



Only just over half (54%) of employers agree that their business is able to recruit the skilled individuals it needs.

A changing business and skills landscape

This section discusses the responses from a survey of more than 1,000 employers, using data collected by the British Chambers of Commerce (BCC), and explores their experience of being able to access the skilled labour they need.

Just over half (54%) of employers agree that their business is able to recruit the skilled individuals it needs.

It's clear that after a tough year where businesses have had to rethink and refocus their priorities, as well as reshape their businesses, skills gaps still persist. Here we look at what skills businesses say they will need in the near future, what barriers they face, and what they're doing to plug the gaps.

What skills will businesses need in the near future?

There is little doubt that for many employers, the last twelve months have been about survival. And moving forward, they will be cautious about predicting what the coming months might have in store.

However, with just over half (54%) of businesses saying that their organisation is able to recruit the skilled individuals it needs now, when looking ahead to the next three years the data suggests that half of all employers will be in need of additional industry or job specific skills – otherwise known as technical skills.

Businesses also expect more common (or soft) skills, particularly those that aid business success and growth, such as sales or business development, leadership and management, and customer service or interpersonal skills. These are skills that businesses could easily develop in-house – and arguably should be a priority for workplace training to support business growth and management.

Additionally, after a year of continued demand for digital skills, employers expect to continue needing these skills for the next few years. 29% of employers state that they'll need basic digital and computer literacy, 22% say they'll need advanced digital skills, meanwhile, a quarter (24%) will need data handling and analysis skills.



29%

of employers state that they'll need basic digital and computer literacy

24%

will need data handling and analysis skills



Over the next three years, what broad skill types do you think your business will need?

Industry or job specific skills		53%
Sales or business development		48%
Leadership and management		40%
Customer service or interpersonal		39%
Administrative		37%
Project management		33%
Problem solving		31%
Written or verbal communication		29%
Basic digital or computer literacy		29%
Finance and budgeting		25%
Data handling and analysis		24%
Advanced digital (e.g. programming, web design)		22%
Time management		19%
Foreign languages		9%
Don't know		7%

The UK's skills mismatch epidemic

When we asked businesses to identify barriers to meeting their skills and talent needs, it was concerning to find that more than half (56%) face barriers. Notably, employers believe there's a mismatch between the skills they need, and the skills people gain through school and education – demonstrating that the current education system may still not be adequately preparing people for the workplace or meeting the needs of employers.

Top Three Barriers:



Skills of education or school leavers not matched to my business's needs

28%



Lack of budget for investment in workforce training

16%



Costs of training too high

15%

So what's stopping employers developing these skills themselves? With businesses having to adapt to a changing commercial landscape and prioritise budgets for survival, it is unsurprising that the lack of available budget for training is also a significant barrier. 16% of employers cite the lack of budget to invest in training and 15% cite the high price of training as barriers to meeting their skills and talent needs.

44%

of employers prefer recruiting home grown talent, than talent from overseas (6%).

How do businesses plan to fill skills gaps?

When it comes to addressing skills gaps, reassuringly employers do recognise the importance of training and reskilling to help them ensure they have the skills they need in their workforce. Two fifths (42%) say they plan to invest in training and development specifically to tackle skills gaps, while over a third (36%) state they plan to recruit apprentices or trainees. Meanwhile, a fifth (20%) plan to consider reskilling or moving staff from different departments and 14% say they plan to recruit or retrain older workers.

And, with Brexit now a reality – and new policies coming into force – it is perhaps no surprise that employers are more interested in recruiting home grown talent (44%), than talent from overseas (6%).

But the reality is that more employers still would prefer to hire in ready-made talent rather than grow their own. This may not be easy at a time when the talent supply is shrinking because of Brexit and new tougher immigration policies, so businesses may need to rethink their approach to filling skills gaps, and prioritise upskilling, rather than relying on recruiting and outsourcing in the future.

Over the next twelve months, if your business faces a skills gap, how might you seek to address this, if at all?

Recruit from within the UK		44%
Invest in training and development		42%
Recruit apprentices or trainees		36%
Use self-employed workers/contractors		27%
Reskill or move staff from different departments		20%
Outsource work to other companies		20%
Recruit graduates		18%
Work with a school/college/university		18%
Recruit or retain older workers or retirees		14%
Invest in automation		11%
Increase pay or benefits		9%
Don't know		7%

What external factors will impact the skills businesses need?

There is a complex web of external pressures expected to impact the skills businesses need in the future. Unsurprisingly, recovery from the Covid-19 crisis, economic pressures and Brexit continue to be a focal point. However, crucially, changing behaviour and expectations of both customers and employees are predicted to play a major role in how businesses operate moving forward.

Our research also found that digitisation and changing ways of working are a continued theme for employers, as they are expected to have a significant impact on future skills needs.



Which of the following broad external trends, if any, will impact the skills your business needs in future?

Changing customer behaviour or expectations		41%
Recovery from Covid-19 crisis		40%
Changing employee behaviour or expectations		32%
Economic pressures or political uncertainty		31%
Brexit or the transition to the EU-UK TCA		27%
Digitalisation of workplace or processes		26%
Automation, AI, or other advances in technology		20%
Flexible working		20%
Climate change or move to net zero		15%
International trade or globalisation		14%

How are businesses assessing skills and talent needs?

Our research found that **businesses have a propensity to look inwardly** when considering their future skills need: 40% of employers say they assess future skills and talent requirements internally through audits, benchmarks, or dialogue with staff, while one in five (20%) do so by collaborating with other businesses in their industry to understand emerging trends, and 17% consult with HR or recruitment agencies, and 16% with educational institutions.

A fifth (20%) of employers stated that their organisation does not currently assess skills requirements, while only 17% formally plan through a written plan outlining how the organisation will train or recruit required skills, which suggests that some businesses might not be well prepared for the future.

20%

of employers stated that their organisation does not currently assess skills requirements

How, if at all, does your business currently assess future skills and talent requirements?



Internally through audits, benchmarks, or dialogue with staff

40%



Collaborating with other businesses in our industry to understand emerging trends

20%



My organisation does not currently assess skills requirements

20%



Through a written plan outlining how the organisation will train or recruit required skills

17%



Consulting with HR or recruitment agencies

17%



Consulting with educational institutions, e.g. universities, schools, colleges, or training providers

16%



As businesses evolve, they must hardwire a culture of lifelong learning into their DNA to ensure their people and business functions have the skills they need to maintain their performance and prepare for future challenges.

At Cadent, we are working towards a net zero future, with the development of hydrogen projects such as Hydeploy at Keele and Hynet in the north west. A green, net zero future will require a suitably skilled workforce and we are working towards that goal with our skills and apprenticeship programmes, developing the workforce of tomorrow, today. We are also looking at how we adapt our current skills to tackle the green agenda, including problem solving skills to unlock the new ways of doing things green in the future.



Martin Rimmer
Chief People Officer,
Cadent



**A green, net
zero future
will require a
suitably skilled
workforce**

A skills mismatch in supply vs demand

Is the UK equipped for the future of work?

We surveyed 2,000 working age adults in the UK to establish whether their skillsets are aligned with expected employer demand. We found that there is a sizeable gap between the skills that people believe they have, and the skills that are actually in demand by employers.

Supply (talent)		Demand (employers)
Industry or job specific skills		
Just 24% of people are confident they have technical skills related to their role	24%	53% need industry or job specific skills
Digital skills		
Just 9% are confident they have advanced digital skills	9%	22% want advanced digital skills
Leadership and management skills		
Only 24% are confident they have leadership and management skills	24%	40% want leadership and management skills
Sales & business development skills		
Only 12% are confident they have sales & business development skills	12%	48% employers want sales & businesses development skills
Project management		
Only 19% are confident they have project management skills	19%	33% employers want project management skills

A deficit in development opportunities

It's clear that people aren't confident in their skillsets or that they fully understand which skills are sought by employers; our research found that six in ten working age adults don't think they have all the skills they need for the next five years. However, this deficit isn't just due to the pace of change of skills needs, but also could be linked to a lack of investment in development.

Indeed, while it is unsurprising that formal workplace training has not been front of mind for employers over the last twelve months, the data suggests that there has been an endemic underinvestment in training for a number of years in the UK.

30% say they've not received formal workplace training in the last 5 years

- 36% in the last 12 months
- 12% in the last 10 years
- 11% say never

It's also worth noting that older workers (aged 55+) told us that they were the least likely to have received any formal workplace training in the last decade (28%) more than double the national average, despite being the least likely to be planning to move jobs. Employers would do well to consider investing in this group to ensure that all staff are as productive (and happy) as possible.

A continued undersupply in training and development means that while employees are aware they'll need to adapt, the bottom line is that there may not be enough training opportunities in order for them to do so.

Training and development should be a top priority for individuals, businesses and the Government alike. As the UK continues to recover from Covid19, alongside other factors such as the impact of Artificial Intelligence, workplace training and development has the potential to play a key role in improving productivity and driving economic growth.

Fortunately, there is increasing recognition that this issue needs to be addressed. And as confidence improves and the economy reopens, we know businesses are looking once again to up investment in talent.

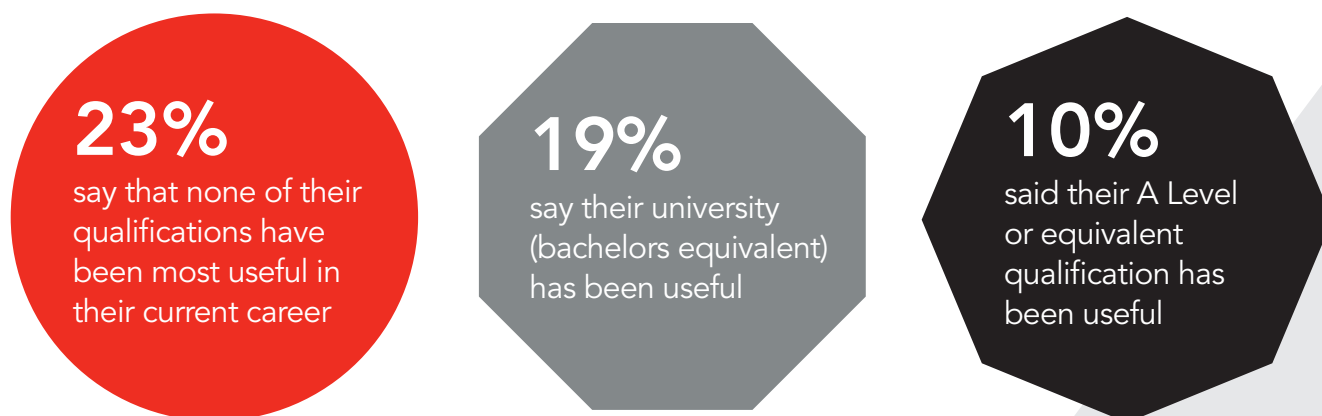


61%

of working age adults don't think they have all the skills they need for the next 5 years

Rethinking education and training

With businesses having called out a mismatch between the skills provided by schools and the education system, and their skills needs, perhaps it is not surprising that many people did not think their qualifications had been useful to their careers.



In contrast, people report workplace training to be very valuable.



The majority of those who received formal workplace training found it beneficial for their current job day to day (85%), and their future career aspirations (73%).

Meanwhile, three fifths (63%) also said the training was useful in giving them the skills to live a more fulfilled life. Younger groups aged 18-34 were most likely to find the training useful across each of these measures (90%, 82% and 74% respectively).

While the education system should play an important role in readying people to enter the world of work, the value and benefit of workplace training throughout people's careers mustn't be underestimated. Indeed, as skills demands evolve, continued investment in updating employees' skills will be paramount for productivity.

As this report highlights almost a third of older workers aged 55+ not have received any formal workplace training in the last decade, compared to just over ten per cent for other age groups. This is consistent with what we frequently hear from our members who say they are often overlooked for in-role training in favour of younger colleagues – who they feel their employers regard more worthy of the investment ‘given their longer working life’; and further compounded by ageist stereotypes about older workers being less willing and able to learn.

Yet our own recent survey shows the opposite is true, older jobseekers are energetic and resourceful when it comes to building on their experience to meet the immediate needs of employers. The most popular suggestions on what would help their job prospects over half of the respondents were keen to undertake training courses; and 4 in 10 favoured on-the-job learning such as a paid mature internship or returnship, or “paid volunteer work to enable career changers to get experience in the new context.



Natasha Oppenheim
CEO,
No Desire To Retire



Conclusion

In the years and decades to come, businesses and individuals are going to need to continually reinvent themselves if they're to stay relevant in a global labour market that is evolving at an ever-faster pace each year.

To enable businesses to recover effectively from Covid19, and be competitive and productive in the future, having the right skills and talent will be crucial, and unless the mismatch between talent supply and demand is resolved, employers will continue to struggle to effectively fill skills gaps and perform as they need to and some groups in society will inevitably be left behind.

For this reason, better matching people and skills with employment will be key and, so will creating a culture of lifelong learning – with Government, adults and businesses alike actively investing in a continual process of upskilling and reskilling people throughout their careers.



Skills Index Recommendations

We are at a pivotal moment for the future of skills and lifelong learning in this country. Covid19 has accelerated the pace of change for businesses across all areas of their operations and we are all still grappling with the seismic changes brought about by the fourth industrial revolution. With this, we have seen a shift in the skills that people need for jobs, this rapid pace of change is set to continue in the years ahead.

If we are serious about building a more resilient, productive economy, as we continue to recover from the impact of the pandemic, it is critical that the people who will power our economic recovery are equipped with the right skills and the ability to reskill and retrain throughout their working lives.

Below are our headline recommendations to address these challenges.

1

Five-decade careers mean that we need a new more radical approach to lifelong learning

Many of the skills people gained when leaving full time education 20+ years ago will have decreased in today's workplace. This trend will only accelerate with technological advances rendering people's skills obsolete. According to the World Economic Forum, by 2025 44% of skills that employees need to perform in their role will change.¹¹ The following recommendations will help ensure that people's skills stay relevant throughout their working lives, however long they stay in the workplace:

a) More bite-sized learning opportunities needed – offering speed and flexibility to learning

When considering a future where certain skills will become obsolete and others will need to be acquired to allow people to stay relevant in the workplace, it is clear we will need a different approach to upskilling throughout people's careers. The funding and skills landscape needs to be focused on helping people to consume bite-size

learning solutions that deliver skills and knowledge as they are needed and that can be fitted around working and family life and allow people to keep earning to meet their financial commitments.

b) We need a radical change in mindset towards lifelong learning and self-funding training

Workers told us that they lack confidence in their own skillsets yet have little intention of upskilling in most skill areas over the next five years. Additionally, just 6% believe that individuals should be responsible for paying for workplace training in the future. Moving forward it is vital that people take more ownership of their ongoing skills and professional development to keep pace with a fast moving and competitive labour market.

We believe that there should be a Government backed campaign to encourage people to train throughout their careers, providing evidence of Return on Investment (RoI) in terms of potential financial and career advancement and making people aware of the funding that will be available via the new higher education loans, for example.

c) Switch to digital learning and assessment

To facilitate a more flexible approach to learning and assessment, we would expect to see a move towards more blended and wholly online learning solutions to increase accessibility to people of all ages and career stages. Government interventions should facilitate a growth in digitally-enabled learning rather than purely focusing on bricks and mortar.

New forms of flexible accreditation such as digital credentials will become increasingly important as we look to more modular approaches to skills development. They will provide a more complete and dynamic picture of the building blocks of skills that people possess and will allow employers to ensure they match their workforce needs.

¹¹ http://www3.weforum.org/docs/WEF_Future_of_Jobs_2020.pdf

2

Employers, individuals Government, all to play a part in funding lifelong in the future

Despite the great strides have been made in recent years via the introduction of the apprenticeship levy, it is clear from our findings that more needs to be done to direct funding into the right areas of the skills system and ensure that adequate funding is available to train workforces in businesses small and large. We believe that this will need to be a collaborative effort between employers, Government and the individuals themselves. Our suggestions below:

a) Employer funded training

Our poll of workers found that almost a third had received no workplace training for at least 5 years, with workers aged 55+ this jumped to 47%. Investing in training for workers of all ages could pay dividends by building a highly skilled, and productive workforce – this will likely also help support talent retention.

We will undoubtedly need another review of how workplace learning is funded in the near future to ensure that businesses of all sizes are able to access all of the funding they will need to keep updating the skills of their entire workforce. Measures such as a broader 'skills levy' which smaller sized employers also pay into and with a higher percentage of payroll invested into (potentially as high as 1%) which could then be applied more flexibly to a broader range of skills interventions.

b) Better support for individuals to fund their own training

Government recently announced it will broaden out higher education loans to include more high-quality vocational courses in further education colleges and universities, to support people to retrain for jobs of the future. Whilst this is very much welcome, it may

still preclude those who have financial commitments from being able to access courses. What is needed is a flexible funding model that supports people to access bitesize modules of skills and knowledge, delivered digitally so that they can keep updating their skills to remain employable throughout a potential five-decade career(s) alongside funding for more substantial courses where people need to completely retrain. We also need learning loans to be available now, let's not wait until 2025 and risk more people being left behind.

c) Wider Government support needed for people who need to retrain

In September 2020, the Government announced the *Lifetime Skills Guarantee* which will allow adults without a Level 3 qualification access to a free college course. Whilst this is a step in the right direction, it is limited to lower skilled individuals and misses others who may have lost their jobs due to the pandemic now, or may lose their jobs in the future owing to the impact of factors such as increasing digitalisation, globalisation and the move to net zero. We believe that there needs to be a less restrictive offer available open to all people who are made redundant to ensure that we can retrain workforces and divert much needed labour into industries where people are needed.



3 **Better use of data to enable government, employers and individuals to plan for future skills needs and a 'common language of skills' needed**

a) Employers to look externally for accurate predictions about future skills needs

Over two fifths (41%) of employers say changing customer behaviour and expectations are a definitive factor which will shape future skills demand. However, just 20% say that they collaborate with other businesses in their industry to understand emerging trends and 8% monitor labour market data. One in five do not assess skill requirements at all. Businesses would be much more able to 'future proof' their skills pipeline if they consult external data sources when planning their future skills and talent needs.

It is our hope that the recommendation outlined in the recent Skills for Jobs White Paper, to give employers a central role in shaping technical skills provision by creating Local Skills Improvement Plans (in collaboration with further education colleges, other providers and local stakeholders) to better meet local labour market skills needs, will drive positive change in the use of data to plan skills provision and create greater collaboration with partners in the local skills ecosystem.

b) Better careers advice and guidance for people of all ages and stages in their careers

Currently, the careers guidance available is too often focussed on people at the beginning of their careers - we would like to see a more joined up all ages careers service incorporating the good work already happening under the auspices of the Careers and Company and the National Careers Service.

Having a credible online careers tool powered by local labour market information would elevate the information currently available exponentially, providing individuals with access to information about the qualifications and skills in demand to enable them to make more informed decisions.

There is still too much emphasis on University as the route to a 'good job' at the expense of professional and technical routes. Careers advice in schools should consider the genuine needs of the local labour market and empower young people to make smarter choices about their career paths.

c) A common language of skills required

As the skills we possess, rather than just the qualifications we hold, grow increasingly important so does the need for a common language to describe those skills that is universally understood by employers, individuals and Government.

Mathew Taylor in his 'Good Work' report called on "Government [to] seek to develop a unified framework of 'employability' skills and encourage stakeholders to use this framework". We would like to see this broadened to create a common language of skills extended to incorporate all of the most in-demand skills that employers are seeking to ensure that people have clarity about what skills they need to compete in the labour market (as well as the ones they already have).

Linked to this point we believe that digital credentialling will grow in importance in the years ahead allowing the ability to quality assure people's skills and prove this on their 'virtual CV'.

4

Making the skills system more accessible to smaller businesses

Only a third of the business leaders we polled said they faced no barriers to meeting their skills needs with most citing cost and complications as key reasons for being unable to engage with the skills system successfully.

a) Government to better support smaller businesses struggling to engage with the skills system

97% of employers we polled were SMEs, so it was no surprise to hear them say they struggle to engage effectively with a skills system that has often been designed to meet the needs of larger employers.

Helping small businesses with reskilling, retraining and upskilling their staff will be critical in supporting recovery post Covid19 in the years ahead. The Government should consider supporting small businesses through the National Skills Fund to allow the workforce to quickly acquire new skills, particularly in emerging skill areas such as digital skills and for those businesses operating in the sectors that have struggled the most during the pandemic.

b) Larger and smaller businesses to collaborate

It would be beneficial to see greater collaboration between large and small businesses to address local skills shortages in the future. This may be sector-specific, especially where there is a concentrated demand for technical skills in a given area. Equally, cross-sector collaboration enables the development of high-quality transferrable skills required by all organisations. Sharing best practice, determining skills requirements, driving local training delivery and pooling potential candidates will help increase the overall capabilities of the local talent pool, and create a 'rising tide of talent' that benefits all.



Methodology

For the Skills Index, City & Guilds Group brought economists at Emsi on board to help identify those skills which have increased their share of skills demand in job postings the most between 2019 and 2020. This was done by calculating the number of times each of the 30,000 Emsi Skill terms appeared in postings in each year as a percentage of the total number of postings for that year. We then compared the two percentage scores for each Emsi Skill to identify which ones had increased their share the most.

Some skills may have reduced in number of mentions in postings between the two years, but still increased in share, this is because the actual volume of job postings dropped dramatically in 2020 due to the pandemic. In this case they will have increased their share because the percentage decrease in postings for that skill was significantly less than the percentage decrease in all postings.

Emsi categorises skills using the following definitions:

- **Technical Skills** – Unique skills related to a specialty (e.g. “Hotel Management”)
- **Common skills** – Common (or human) skills which are broad statements of ability (e.g. “Written Communication” or “Research”)
- **Certifications** – Recognizable qualification standards assigned by industry or education bodies (e.g. “Cosmetology License” or “Certified Cytotechnologist”)

- **Emerging Skills** – As with the main skills index, emerging skills were calculated by comparing the number of times each skill appeared as a percentage of all job postings in 2019 with 2020, but unlike the main index we have included only those skills which had between 0 and 5,000 postings per year.

For the employer research, City & Guilds Group commissioned British Chambers of Commerce to survey 1,090 of its member businesses across the UK. Fieldwork took place in April 2021. 96% of the respondents were SME (firms fewer than 250 employees), and 28% were in the manufacturing sector, 37% were B2C service firms, and 35% B2B service firms.

For the consumer research, City & Guilds Group commissioned Opinium to survey 2,003 working age adults across the UK. Fieldwork took place from 13th to 17th May 2021.





About City & Guilds Group

Our vision is for a world in which everyone has the skills and opportunities to succeed. We support over four million people each year to develop skills that help them into a job, develop on that job and to prepare for their next job.

As a charity, we're proud that everything we do is focussed on achieving this purpose. Through our assessment and credentialing, corporate learning and technical training offers, we partner with our customers to deliver work-based learning programmes that build competency to support better prospects for people, organisations and wider society. We create flexible learning pathways that support lifelong employability, because we believe that people deserve the opportunity to train and learn again and again – gaining new skills at every stage of life, regardless of where they start.

For more information, visit
www.cityandguildsgroup.com



About the British Chambers of Commerce

The British Chambers of Commerce (BCC) represents and campaigns for business. Our roots are local, but our reach is global. 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.

Our unique perspective gives us unparalleled insight into British and global business communities – every sector, every size, everywhere. They trust us to be their advocates, and we're passionate about helping them trade and grow. Working together with Chambers, we drive change from the ground up – and our bottom line is helping companies, places and people achieve their potential.

For more Information, visit
www.britishchambers.org.uk



About Emsi

Emsi's goal is to help local, regional and national economies function more effectively through helping people and organisations make better decisions relating to the world of work. Through a unique integration of a variety of labour market data sources, we create a detailed and holistic understanding of workforce supply and demand down to the local level.

For more information, visit
www.economicmodelling.co.uk



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