



An upskill battle:

The importance of lifelong learning in a modern economy

October 2019

People and Skills

The CBI is the UK's leading business organisation, speaking for some 190,000 businesses, including over 70 universities and over 30 Colleges, that together employ around a third of the UK's private sector workforce. We represent businesses of all sizes from all sectors from across the UK.

This report explores training, learning, and personal development practices of UK employers, particularly in relation to recent technological and labour market changes. Evidence was gathered through a series of interviews, policy discussions, and events with CBI members and broader stakeholders. The content is a snapshot of business practice, based on sentiment and trends during discussions, rather than a comprehensive picture of all employer upskilling and retraining.



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Foreword

This report brings together a wealth of evidence on the growing importance of adult education and how employers are adapting to social and economic change, as well as putting forward ideas for reform. Its publication is timely given the challenges the United Kingdom is facing – from globalisation and an aging population, to technological change and social injustice – adult education is an essential part of the solution.

Globalisation means that where products were once tangible, they are now more conceptual, innovative, and digital. Where previously competitors and supply chains were often just down the road in a nearby town or city, they are now just as likely to be in a different continent. This demands a broader more agile skillset than ever before. It also means we must forget the idea, if it were ever the case, that teachers can equip young people with all the knowledge they need at the start.

The second social issue we face is an aging population. Life expectancy has dramatically increased over the last century: in the previous century, for every four hours that passed, life expectancy increased by one hour. As a result, people will typically work five, ten, even twenty years longer than their parents, well into their 70s, meaning the growing need for adult education and a shift towards a lifelong learning culture is clear.

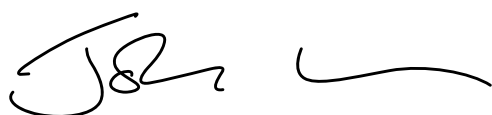
The third challenge is the impact of automation, AI, and technology. This means that what we consider to be core education has shifted significantly. Digital literacy, especially for adults who are not 'digital natives', is now as essential as numeracy and language skills. Another impact of automation and AI is a growing demand for higher-level skills – not necessarily at degree level – but certainly at A-level, the soon to be 'T-level' qualifications, and higher apprenticeships.

Finally, the fourth challenge is improving social justice, with better access to adult education a vital way for our society to remain fair.

If we are to meet these challenges, we will meet them through investing in people, or not at all. This report puts forward important recommendations to deliver this, including:

- Better careers advice for employees throughout their careers combined with improved access to in-work training and development.
- A new 'passporting' tool as part of the National Retraining Scheme to help ensure informal training and skills are recognised in future employment.
- Expansion of the National Retraining Partnership to encompass all departments with a stake in the labour market, such as BEIS, MHCLG, and DCMS.
- Greater transparency on the Apprenticeship Levy to improve understanding of how apprenticeships can be used at all stages of somebody's career.
- Funding for level 2 and 3 qualifications through the National Retraining Scheme.

Thank you to the CBI education and skills team for bringing together these findings and evidence.



John Cope

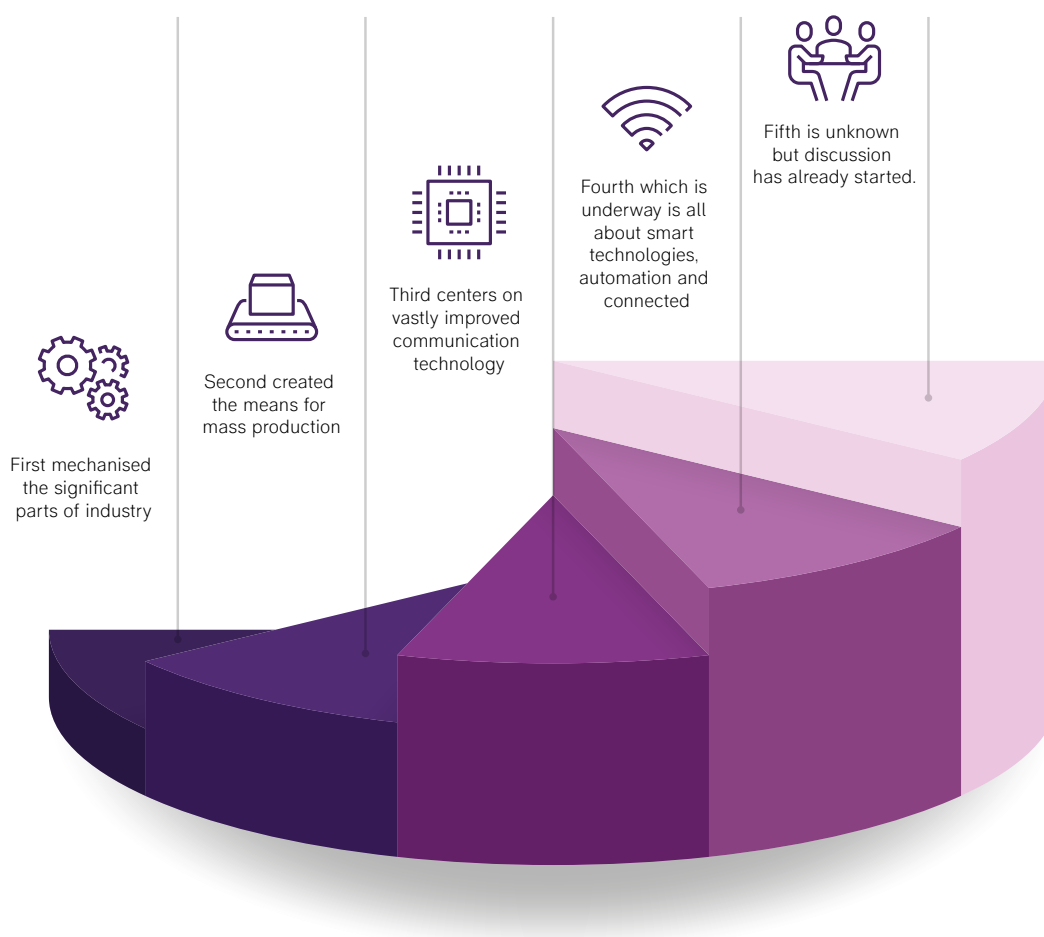
Head of Education & Skills, CBI



Situation report: The Changing Global Economy

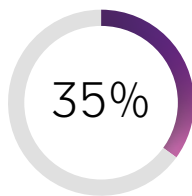
The 4th Industrial Revolution is accelerating the pace of change

The Fourth Industrial Revolution is characterised by a range of new technologies that are fusing the physical, digital and biological worlds, impacting all disciplines, economies and industries, and even challenging ideas about what it means to be human.¹ Put simply, technology is changing the world of work and disrupting almost every industry across the globe² and change is already happening.





This will have a profound impact on jobs, but the impact is more nuanced, impacting sector and employers differently. Estimates of up to 30% of jobs could be affected by automation or AI by 2030.³ IBM's Chair, CEO and President, Ginni Rometty, has gone as far as predicting that AI will change 100% of jobs in the next five to ten years.⁴ The OECD also prediction that all jobs will be affected by automation in some way, however, they say that only 7% of jobs will be fully automated.⁵ Dividing the proportions further, McKinsey say that 60% of occupations that have at least 30% of tasks that could be automated.⁶



35% UK current jobs at risk of automation over the next two decades (Frey and Osborne)⁷



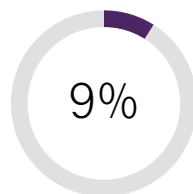
7.2M

7.2M Number of jobs that could be created as a result of AI over the next 20 years; 7 million could be displaced (PwC)



15M

15M Number of jobs that could be lost in the UK by 2035 (Bank of England)



9% Global jobs at risk of being fully automated - but nearly ALL will be impacted when looking at the task content of individual jobs (OECD)



7.4%

The ONS has analysed the jobs of 20 million people in England in 2017 and has found that **7.4%** are at high risk of automation (when its probability of automation is above 70%)⁸

Change also creates opportunity. The World Economic Forum accepts that 75 million jobs could be displaced worldwide through automation between 2018 and 2022, but as many as 133 million new roles could be created.⁹

"Interestingly, from our point of view, the automation is what has enabled us to hire so many people. Without it, there would not be anybody working for Ocado. We have increased the levels of automation each year and increased the number of members of staff each year. I would say we have a very positive outlook, as you would probably expect. The automation is allowing us to deliver a higher quality product efficiently and sustainably, which is therefore enabling us to hire more people.

"There are some tasks that existed for people to do when Ocado started that people no longer do, or largely no longer do, but those tasks were dismal tasks. They were boring, certainly repetitive and potentially mildly dangerous because of the continual repetition of the same movement. I am not aware of anyone in Ocado's history ever having complained that we took one of those tasks away and gave it to a machine."

Mark Richardson, Chief Operating Officer, Ocado, giving evidence to the BEIS Select Committee, 3 April 2019.¹⁰

If we are to meet these challenges, we will need do so by investing in people or not at all. The investment needed should not be underestimated particularly to prepare millions of currently low skilled adults for the new future of work who are expected to be most exposed to the risks of automation.¹¹ The Social Mobility Commission argues the scale of change needed: "has not been seen since Britain introduced the Open University Post-World War II to upskill its workforce for a modern era."¹²

As adult learning is declining at precisely the wrong time

In 2018 the Learning and Work Institute recorded its lowest adult participation rate in its twenty years of tracking at 37%.¹³ Combined with the Social Mobility Commission data finding that founds 49% of the poorest adults have received no training since leaving school, compared to 20% of the richest.¹⁴ This is compounded by one in three people with degrees have taken part in training at work in the past three months, compared with fewer than one in 10 people with no qualifications.¹⁵ With employment rates the highest since records began in 1971,¹⁶ large cohorts of the low-skilled and median-skilled individuals are likely to be in work, some for many decades, many of whom could benefit from upskilling, retraining and development.

A 'missing middle' is a gap in the UK's skills armoury

The latest CBI Education and Skills report, *Educating for the Modern World*, found that 79% employers expect to increase the number of high-skilled roles in the next 3 to 5 years. However, two-thirds (66%) believe there will be a lack of people to fill the roles. There is also a persisting skills gap between students who achieved 5 good GCSEs and an academic level 3 (equivalent to A-Level and T-Level), who tend to achieve level 6 or higher by age 25, and those who did not achieve 5 GCSEs, who typically reached level 3 at best.¹⁷ This is exacerbated by the hourglass effect in the middle where attainment of qualifications between these levels are considerably lower.

The Department for Education found that only 4% of 25-year-olds hold qualifications at Levels 4 and 5 (equivalent to foundation degrees) as their highest achievement, compared to nearly 30 per cent for Level 6.¹⁸ The Government recently announced steps to address this gap by developing new quality mark Higher Technical qualifications along with access to student finance.¹⁹



What are employers doing today

Businesses investment in training is holding steady

Any good employer will recognise the importance of investing in people, so it is no surprise that most (82%) training expenditure is funded by employers.²⁰ It's estimated that they spend £44.2bn annually in training for staff.²¹ However, at the same time, it's important to acknowledge that real term employer spending remains lower than pre-financial crisis levels, despite recovering slightly in 2015.²²

The trend is slowly reversing and by 2017 overall training expenditure had increased in real terms by 1% since 2015, from £43.6bn to £44.2bn, equivalent of roughly £1,530 per employee every year. Whilst this equates to a 2% decrease per employee since 2015, considering in part the record high employment levels, the investment has remained relatively stable.²³

The CBI's latest education and skills survey gives reason for optimism with four in five employers planning to maintain or increase their investment in training in the year ahead, with two-thirds of firms planning to retrain employees to take up new roles. Importantly, over half of those businesses identified new technologies or new services driving the need to retrain.²⁴

The Department for Education's 2017 employer skills survey backs the CBI's research, with two-thirds of employers (67%) said they had increased their training activity or spending on training programmes. This survey also finds the proportion of staff trained over the past 12 is nearly two-thirds meaning the number of employees trained increased from 17.4 million in 2015 to 17.9 million in 2017.²⁵

Clarity on the terminology

Upskilling is a refresh, revisit, or development of skills through continuous learning and training programmes. It allows an individual to keep up-to-date with technological and business developments, such as new compliance policies or working conditions.

Retraining is the process of learning a new vocation or skillset, so that an individual can adapt new responsibilities, a new role, or a new job or career altogether.

** Not all training and development neatly fits into either in a binary sense, and there will be plenty of learning experiences where individuals mix elements retraining and upskilling.*

Some firms are using the Apprenticeship Levy as an opportunity to help with both upskilling and retraining

Apprenticeships have, for centuries, offered a prestigious and important route into employment. However, they have also taken on a new role and a third of employers to use apprenticeships to retrain and upskill their workforce,²⁶ in part driven by the introduction of the Apprenticeship Levy. While the decline in apprenticeship starts since the Levy was introduced cannot be ignored, the impetus it has given to a new set of high-quality training opportunities for people already in the work should be welcomed. Alongside the opportunity to gain a package of functional and workplace skills, these opportunities also offer a progression route into a new job, or onto a higher-level apprenticeship, including at degree level.

Case Study: Northern Gas Networks

Northern Gas Network are an energy company that cover an area that stretches from northern Cumbria to the North East and much of Yorkshire, with 37,000km of gas pipes. They employ 2,000 people, including around 800 contractors.

Upskilling is a fundamental part of the business development and training strategy. Prior to the introduction of the Apprenticeship Levy, upskilling was funded by their old operational training budget, which has now merged alongside their apprenticeship spend.

"Upskilling and training would happen whether the Levy existed or not – the training budget would remain. This is because of the variety of technical qualifications and standards required, but also a cultural part of the business."

Apprenticeship coordinator

When the apprenticeship levy was introduced, they started to look at how their apprenticeship offer could provide new opportunities for colleagues who had spent long periods at the business to take an apprenticeship. They also looked to use apprenticeships as a way of offering retraining routes from people outside of the business, attracting them into roles that do not have the glamour of other engineering roles, such as car manufacturing or aerospace. The funding and support offered one employee to move from a career in the police force to NGN.

"After a 7-year recruitment freeze because of police budget cuts, I ended up leaving University for fulltime work. Several years later, I decided I wanted to get into the gas industry and applied for the apprenticeship I'm now on."

Gas engineer apprentice



Case Study: Post Office

The Post Office is the UK's largest retail network and the largest financial services chain in the UK operating in mail, financial, government services, and telecoms.

When the Apprenticeship Levy was introduced, the business saw the opportunity to expand their apprenticeship programmes to upskill and retrain, alongside the typical entry-level opportunities. Apprenticeships are now actively being offered as development opportunities to colleagues at all ages and stages of their careers within the business. These have brought new career options for some colleagues that have been in the businesses for 10-15 years, allowing them to progress up the ladder or even move across and learn a new role. In other ways, level 2 and 3 apprenticeships have opened the opportunity for some colleagues to obtain a nationally recognised qualification, which they perhaps didn't attain at school.

Apprenticeship take-up in Walsall branch

Three members of the Walsall Post Office Branch team have taken the opportunity to enrol onto apprenticeships to improve their customer service skills and gain a nationally recognised qualification in the process.

One Customer Service Consultant, who had been with the Post Office for 15 years, completed a 12-month Customer Service level 2 apprenticeship. He said:

"What attracted me to the apprenticeship was that I could improve the service I give to customers in our branch and, although it's early days, I can already see how it's going to have a positive impact on our customers.

As there are a few of us in branch completing an apprenticeship, we are all here to support and encourage each other along the way. Apprenticeships are different from many other training courses because the focus is on the application of the skills in your day job, rather than just learning theory and then not really knowing how to apply it."

Another colleague who is a Business Development Manager at the branch enrolled onto the Retail Manager level 4 apprenticeship when he was looking through apprenticeship opportunities at the company. He said:

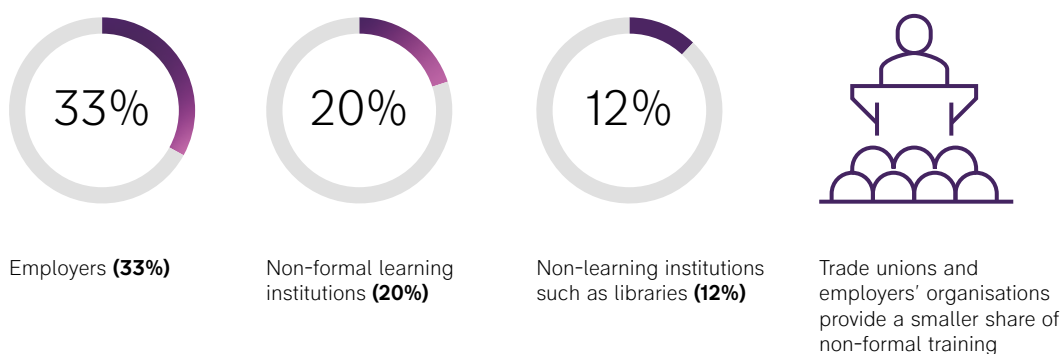
He said: "I'm passionate about continual development and looking at new, innovative ways to approach business issues so when I saw the apprenticeship opportunities available, I thought it would be a great way to develop my skills and behaviours and keep up to date with the latest industry learnings."

The world in which we live in is constantly changing and so are customers' expectations, so we need to adapt to stay relevant. The Retail Manager apprenticeship will help me to do just that and I look forward to sharing my learnings with the teams I work with."

Informal training remains a favoured approach for many firms

Qualifications that learners gain through formal education, for example school, college and university, are essential to employment, but rarely provide the complete package of skills needed for the workplace environment. With only one in ten workers in the UK currently studying for a nationally recognised qualification,²⁷ informal training makes up the bulk of training, contrary to the usual frontloading of the UK education system.

The OECD calculated largest share of non-formal learning is provided by employers in-house.²⁸



Complementing informal training are the skills learnt on-the-job through the variety of tasks, processes, and challenges presented in everyday working life. McKinsey found that staff consider on-the-job opportunities to be top for both their efficiency and relevance.²⁹ Accumulated together, informal training and on-the-job experience build the three pillars of being 'work ready'³⁰: knowledge, skills, and character that become more and more important over the span of a career, even if they aren't easily demonstrated through a qualification or certificate.

Case Study: Ricoh

Ricoh are a global technology provider with 20 UK offices. In recent years the business has moved towards IT services and consulting, rather than just printer providers.

The new direction has changed the role of the traditional printer engineer, although the evolution of the technology has already changed significantly in the past fifteen to twenty years. The machines are now more advanced, computerised and intelligent. Some communicate with Japan about the problem, before engineers are on site.

Despite these changes, engineers are still incredibly important service and crucially, have been able to adapt their skills as the technology has changed. Many were trained in Higher National Diplomas in decades previous, but throughout their careers' have been on a constant learning process on the job, as well as various courses in basic connectivity and hardware courses.

Take the Internal app store courses which provide the digital skills needed to operate the new internal software. Digital capabilities vastly differ across the business and when the app was introduced, some colleagues expressed apprehension to learning and even nervousness about being able to adapt. Ricoh developed a blended approach to learning, combining user friendly online sessions and classroom content, which has proved helpful in enticing upskilling and removing the stigma attached to returning to the classroom. It also meant that colleagues were able to access the parts of the training they needed more flexibly depending on their ability.

Flexibility is key to informal training

Changes to the world of work often happen quickly and it is important that employers can adapt training to current meet current skills demands. One of challenges of the apprenticeship system, is that the process of creating new standards can take months, or even years, to develop and eventually get approved by the Institute for Apprenticeships (IfA). The 2019 CBI report, *Getting Apprenticeships Right*, highlighted this and called for the standards process to be more efficient.³¹ Furthermore, by the time the learner has completed the qualification, which is at least a year of study, the content may be out of date.

Employers also see limitations working with some universities to deliver upskilling and retraining opportunities, due to the length in courses and the cost implications.³² In a joint statement, the CBI and Universities UK said it is important that universities grow flexible and shorter courses to offer more flexible ways of learning.³³

Employers thus use informal training to develop the exact content they need to provide their workforce with the skills they need, or indeed build on what they already have. The latter is particularly pertinent because many learners may already have the experience and technical skills that can be easily transferred into a similar or new role being created, without the need for a completely new qualification.



Case Study: Nissan

Nissan's 2GW lithium-ion battery plant became the first gigawatt battery plant in the UK when it opened in 2013. Situated next to Nissan's largest automotive plant in Europe, 300 people work around the clock to manufacture the 40KW batteries for Nissan's electric vehicles.

As a first of its kind plant in the UK, the skills required for the manufacturing of cutting-edge battery technology were sparse across the UK, and indeed Europe. Nissan took the decision to look internally and offered opportunities for upskilling and retraining to develop a core team to launch and operate the plant. The majority of those within the original team for the battery plant were existing Nissan employees, who had previously worked with internal combustion engines and had limited knowledge on electric vehicle production.

Manufacturing of batteries requires knowledge around chemical processing, which few of the workforce had. In fact, reflecting on the retraining process one employee has since commented: "most of us had not done any chemistry since school." Nevertheless, they had taken on the challenge of retraining in an area which requires deep knowledge of battery chemistry, raw state work with chemical, and learning a completely new manufacturing process.

Retraining for battery manufacturing is not a short process and involves multiple courses; including electrical safety, battery assembly, robot programming, advanced toolmaking qualifications and training for precision cutting. These courses are a few examples of what was required in this process, which includes both on and off job training. For those who stepped forward for this opportunity, it was an intense period of relearning, particularly as they were retraining after decades focusing on specific areas of automotive manufacturing.

The original team who supported Nissan in its launch of the battery plant had an average age of 35. This opportunity bought forward fantastic examples of a workforce seeking out new challenges. One employee, aged 50, had served 25 years within the paint and body departments but took on the 9-month challenge of retaining to become a Quality Assurance Engineer. Two other colleagues with over 40 years employment with Nissan between them, retrained to become Maintenance Supervisors – a process that takes around 2.5 years.

Upskilling and retraining is a process that can take 6 months to over 2 years, but it provides huge rewards when undertaken. The process undertaken by Nissan's battery plant, demonstrates that it is a route open to all employees no matter their age or experience. Since starting this process in 2013, the battery plant now has over 300 employees in its service, the majority of whom still come from Nissan's automotive plant. Nissan has since sold the plant to Envision Group.

Case Study: McDonalds

In response to changing customer expectations and trends, with its franchisees, McDonald's has invested in its restaurant estate to utilise technological innovation in the kitchen and dining areas. This is most visible with the introduction of self-order screens, but the changes go throughout the restaurants to support in delivering an easier and more efficient experience for its customers and employees. In line with the introduction of new technologies, roles in the restaurants have evolved and new roles been created. This has meant new learning and development opportunities designed to complement changes in the kitchen and dining areas.

For example, in the kitchen, McDonald's has introduced training for an Operations Technical Person (OTP). In addition to their day-to-day role, the OTP is trained to take on more technical tasks such as maintaining or repairing IT equipment, meaning problems are resolved quicker and on-site. Another example is the new Customer Experience Leader who specialises in supporting customers to use the new self-order screens or table service offering. Training content is delivered online and blended with face-to-face learning on leadership and emotional intelligence; further leadership skills development and coaching is done on the job. Beyond technical skills, all staff are being offered flexible training to be comfortable carrying out different roles around the restaurant.

E-learning tools are rising in popularity

Technology is beginning to provide new tools for employers to deliver training and in 2017 half of employers (51%) said offering they were offering online training or e-learning.³⁴ This trend continues to grow, and a 2019 LinkedIn report found that 59% of talent developers spend more of their budget on online learning than they did three years ago.³⁵

This is an efficient way of delivering flexible content to refresh or update skills, but it can also be used to supply resources that compliment technical training. Of course, there are limitations to online platforms, and they come with their own training challenges, particularly for employees who struggle with basic digital skills. However, if they are implemented with the appropriate support and guidance, they can be attractive and flexible tools to grow learner participation across the entire businesses and boost productivity. In addition, these platforms have the potential to capture the training courses and modules an individual has taken through their career, effectively creating a digital passport to map their skills.



Case Study: Electrolux

The company largely use their own provision, a combination practical learning through active involvement in continuous improvement activities, e-learning, work shadowing, secondments and job swaps, as well as traditional classroom training, so they can design the modules around the skills and competencies they need. With most of their manufacturing based in Europe, the UK function is mainly focused on sales, marketing and distribution. The company put high value on the training of staff and training is mandatory for their workforce. They encourage for self-development, as well as to offer opportunities to develop into new roles in other parts of the business.

The training is designed to be flexible and attractive to those who have different learning styles, and an e-learning platform helps with the facilitation of this. The portal offers a raft of different courses along with podcasts and webinars to entice employees into the learning process and directing them to the possibilities within the company. More comprehensive courses are also segmented and cut into individual training pieces, so learners can access the portions suitable to them, rather than going through the whole course, and with the time and flexibility that works for them.

Case Study: Osborne

Osborne are a developer, a builder, civil engineering and a property maintenance business. As a company, their overriding objective is to become a learning organisation. Their aim is to create a culture of learning across the business. One of the ways they are approaching this is by developing a new framework of learning called 'Your Personal Value Proposition'. It's an approach to enable their people to feel more empowered and accountable in how they access learning to be successful and the best they can be.

The framework outlines a comprehensive suite of digital and face to face learning opportunities, that will be available to all staff, allowing them to see where and how they can develop. It also builds flexibility into the wider corporate strategy, so the learning offer is fluid and able to evolve with the business plans.

Part of this work has seen them develop and launch a Learning Management System. An online portal that enables access to learning, any time and remotely on any mobile device. The aim is to create awareness and education on the variety of ways people can learn, by providing diverse content and opportunities, ensuring all their people have an accessible entry point. Some of the features include:

- Development for basic digital skills through eLearning
- Content that not only supports the various levels of the business, but also bespoke to business units
- Opportunities to get just in time learning out quickly – which supports their Safety, Health and Environment strategy
- Podcasts, videos and bite size content
- Resources for guidance and support
- A social platform extending learning in an informal way

“The system is by no means a solution to training needs but is a useful tool to drive universal learning and a more adaptable way to design content that will attract those who previously through more formal ways.”

There is an emphasis on engaging those who perhaps in the past haven't used learning to develop beyond the technical skills needed for their role. For example, an individual may have the appropriate technical qualifications for the job, which are important, but may not have had the opportunity develop or broaden behavioural skills, such as judgement, decision making, communication skills, coaching. The learning available is designed to entice their people into learning through accessible content at the point of need, rather than pitched as another formalised course in the classroom.

Phase 2

The second phase looks to take this a step further by providing career pathing technology that can accurately track the required skills for a role and individual development needs, aligning learning accordingly. The advantage for individuals means even more transparency on how they can forge their careers within the business, creating personalised development pathways to support their aspirations.

Employer needs are changing

Firms are increasingly looking for broader skills and attributes to complement technical skills

The CBI's latest education and skills survey found that 45% of CBI members that took part in our education and skills survey rank 'work readiness' as the most important factor they look for when recruiting rather than qualification, with 44% employers feel that young people leaving school, college or university are not 'work ready'.³⁶ There is a lot more to education than just making young people and adults 'work ready'. Part of being prepared for the modern world is being prepared for the modern workplace.

These kinds of skills are often labelled 'soft-skills', 'employability skills' or 'life-skills', but the CBI's recent report on work readiness³⁷ demonstrated these are essential skills, calling for greater consensus around the three pillars of work readiness - character, knowledge, and skills:

CHARACTER



KNOWLEDGE

SKILLS



These same pillars are also applicable to the skillsets of those already in work as people with well-rounded set of skills are more likely to be able to adapt if digitalisation transforms their job content or everyday activities.³⁸

The importance of these essential skills is clear. Characteristics such as resilience, communication, and problem-solving are rated as highly important when recruiting, with nearly two thirds rating these in their top three priorities. Almost two-fifths of employers struggle to recruit people with high levels of as communication and problem-solving skills.³⁹ The Department for Education's employer survey also finds evidence that supports that importance of character, with 'manage one's own feelings' and 'handle the feelings of others', contributing to more than four in ten skills gaps. Indeed, two-thirds of all skills gaps relate to what can broadly be categorised as 'self-management skills'.⁴⁰

Looking beyond the UK, the World Economic Forum found 'human' skills such as creativity, originality, initiative, critical thinking, persuasion, and negotiation will retain or increase their value in the work place, as will attention to detail, resilience, flexibility and complex problem-solving.⁴¹



Case Study: Asda

As a major employer covering all parts of the UK, Asda see the value in developing quality training for their colleagues. To help colleagues build the skills their role demands, Asda constantly assess the best ways to invest in colleagues. This is about enabling colleagues to achieve their personal best, by appropriately training them with learning that is relevant to their needs, whilst helping them build their skills for the future of work.

Operating in a highly competitive retail market with disruption from both discounters and online growth, the company are naturally looking to continuously improve their offer for their customers. This includes adopting new technology in stores and distribution centres. Anybody going into a supermarket will have noted the growth of automated check-outs. More generally, colleagues are increasingly expected to use tech and devices for everyday tasks such as stock management and service around the stores. One challenge lies with digital confidence and competence amongst employees, and the focus is on encouraging learning amongst colleagues to explore and build new digital skills. This is exacerbated by the fact that the company have 5 generations of colleagues, all at varying skill levels.

But beyond new technical skills, Asda are also looking to grow broader skills amongst colleagues, such as adaptability, resilience and collaborative aptitudes. Whilst these can be harder to teach, these skills are vital for the future of the sector and build more agility as the business changes. One way they have done this for managers, is to develop a network of academies which provide training through both practical and classroom learning, whilst incorporating a greater blend of learning technology. In a practical sense, this allows colleagues to become more experienced at delivering team 'huddles', managing complexity and ultimately builds stronger leadership capability. Taking the successes from this approach into the colleague training offer is a current area of focus.

Digital skills are in increasing demand

A recent CBI report, *Delivering Skills for the New Economy*, found the UK is a tipping point for digital skills. Demand already outstrips supply, with over two thirds of businesses (67%) of businesses reporting unfilled digital skills needs in 2019. The need for advanced digital skills, such as data analytics, are set to markedly grow across the UK economy, with 58% businesses looking for significantly more advanced digital skills in the next five years. Encouragingly 93% of business are already acting to address their digital skills needs and nearly quarters of businesses expecting to invest more in training on digital technologies in the next 12 months than they did in the past year.⁴²



Businesses will need a range of digital skills across their organisation. The type and levels of skills will be a bespoke set of both basic and advanced digital skills according to the role, as well as sector-specific knowledge. For example, digital skills are most in demand at the university graduate level, but this is closely followed by digital skills at the middle-management level. For larger firms, digital skills at the C-suite level became even more important with 53% of businesses ranking it as a priority.

A new era of partnership between government, employers is required

Employers have a unique relationship with their employees and can use this to support, guide and provide learning opportunities.

Developing and growing quality training programmes has huge benefits in terms of staff retention, satisfaction, and overall productivity, and educational attainment is the single most important driver of productivity differences around the UK.⁴³

Beyond this, learning and development must ensure employees are aware of the opportunities training offers. In partnership with McKinsey the CBI recently undertook a project to better understand the habits of a good employer. The report, Great Job, listed 'development' as one of the seven most effective habits, finding evidence people are more likely to drive their own development when their employer is clear about the range of development options on offer.⁴⁴

Peer support and management guidance, alongside good resources and courses material, support development, with the ultimate driver of change however resulting from a training and development culture that permeates at all levels of the business.

"The management culture in the business is horizontal, empowering workers to make changes with their career path. Self-development is openly available within the business."

HR Manager of medium-sized manufacturer

Take the challenge of growing digital skills which will take more than simply training and recruiting, particularly given these are skill-sets in demand at all levels of the business. By demonstrating that learning is a process that even those at senior levels of the business will need to engage with can be a powerful way to strip the stigma of adult learning and is an important barrier to overcome.

Case Study: Aviva

The mid-life-MOT has been designed to support Aviva's growing population of over-45s. Mid-life employees are the companies fastest growing population, but the company recognise the huge wealth of skill and experience that they carry, whilst also recognising it is a population often experiencing challenge. The focus here is not asking staff to work "until they drop", more to challenge the fear that age can be a barrier to opportunity. Aviva want to ensure that the rewards of a fulfilling working life are there for everyone – regardless of our age.

The service is designed to cover three key aspects: wealth, work and wellbeing. Part of the work offer includes a freely available portal for all learning and development needs and there the company has a policy that encourages those needing time-off for training or study to be able to request time off. There are many routes to developing skills and career, and various tools to support our development, such as:

- 'Grow' learning career and learning portal offering free skills-based learning. Lynda.com also provides external learning content.
- 'Tap into talent' is Aviva's vehicle for short-term job moves of 3 months and under. Vacancies are advertised within the site for a broad range of short-term roles.
- 'Skills Share' is accessed via 'Tap into Talent' where colleagues can support others in pieces of work.
- Encouraging apprenticeship opportunities for all ages
- 'Hot Jobs' advertising opportunities across the business across the business
- Mentoring and coaching

The mid-life-MOT does not aim to be a panacea to training, health, wellbeing overnight, but the hope is that it will help employees feel more fulfilled at work in the latter part of their careers and access support where they need it. There has been a big demand for accessing the tool for career development and early metrics are showing increased staff satisfaction and appreciation for Aviva as an employer. They hope that the tool will shift the dial and that these positive metrics will continue when they properly assess the impact over the next 2-3 years and beyond.

Government policy can influence behaviour change, such as using the National Retraining Partnership, which brings together government, business, and trade unions.

One hundred years ago, the Government of the day commissioned the Ministry of Reconstruction to create an adult education committee. The committee, made up of business, trades unions, academia, and key figures in adult education, published a report arguing that a population educated throughout life was vital for the future of the country.

The committee back in 1919 laid the foundations for “permanent national necessity, an inseparable aspect of citizenship, and therefore should be both universal and lifelong” and it “should be spread uniformly and systematically over the whole community”. Those same principles are as important today, as they were then. The Workers’ Education Association (WEA) launched a centenary commission this year to commemorate the report and reignite the debate.

The Government of today has made steps to remodel previous efforts by launching the National Retraining Partnership back in 2017. The Partnership brought together the Confederation of British Industry (CBI), Trades Union of Congress (TUC), and the Department of Education to ensure the UK is able to tackle the challenges to the changing world of work, including creating a National Retraining Scheme.



The National Retraining Partnership can play a coordination role on retraining and upskilling policy

'National Retraining Scheme' (NRS) – is what the government are currently developing to support people adapt to the changing world of work by offering support, guidance and training to adapt to the changing world of work or find new employment.

National Retraining Partnership (NRP) – The Partnership is the decision-making group who set the strategic direction for the design of the National Retraining Scheme. It consists of senior representatives from the Government, business, and trade unions. The Partnership meet on a periodic basis and strategically guides the Department of Education as it designs the retraining scheme.

The NRP can be at the heart of a national cultural shift towards lifelong learning by influencing and encouraging the benefits of learning as continuous journey for self-fulfilment and development, rather than a means to an end. The partnership approach is an opportunity to use expertise, reputation, and communication channels of the group and their stakeholders to encourage the benefits of learning at all levels. The success of the partnership will rest on the shift in the behaviour of people, as well as employers and the government offering the resources, time, funding, and support needed.

Build a national retraining scheme to act as a safety net, but also a passporting tool for qualifications

By improving access to support, guidance, and training, the National Retraining Scheme has the potential to both build resilience in people facing displacement from their job in the future, as well acting as a safety net before someone becomes displaced. Despite its name it should be able to support both those needing both upskilling and retraining.

The priority for the scheme should be driving engagement with individuals who have previously faced barriers to learning by breaking social barriers and stigma associated with learning and building support mechanisms that ensure they complete a successful training route. The launch of “Get Help to Retrain” in July 2019 was a welcome development but the scheme should not be limited to this service. In the next stages of development, it is vital that employers engage to ensure it compliments their own upskilling and retraining practices and provides an appropriate service for their employees.

International Case Study: Republic of Ireland

The Programme for Employability, Inclusion and Learning (PEIL) 2014-2020 in Ireland is co-funded by the Government of Ireland and the European Social Fund with a special allocation from the Youth Employment Initiative focused on activation of the unemployed, social and labour market inclusion, education and youth employment. The key priorities aim at:

- Promoting the attainment of sustainable and quality employment through relevant upskilling measures and supporting labour mobility
- Promoting Social Inclusion and combating discrimination in the labour market
- Investing in Education, Training and Lifelong Learning with a view to upskilling and re-skilling the labour force
- Youth Employment Initiative
- Technical Assistance

One part of this work has been around breaking the social barriers to learning, such as embarrassment in taking ‘basic’ skills courses, by developing a service allows a learner to call, text, or use their website to request help with reading, writing and numeracy skills. The learner can study online independently, work with a tutor on the phone, or learn at a local Education and Training Board centre. The website has information on all these services as well as contact details for all adult literacy services in Ireland.

'Passporting' skills and qualifications

Learners need trusted platforms delivered by employers, sector bodies, and government to accredit informal learning and training. The previous chapter demonstrated examples of businesses upskilling, retraining, and personal development, but efforts are fragmented, with the opportunities available largely dependent on what the individuals' employer or sector offers. OpenLearn demonstrates how the Open University has developed new kinds of certification by awarding digital badges to some of their courses. There are also sector models, such as CITBs, which are largely designed to create unified approach to qualifications, but the National Retraining Scheme should look to support passporting, allowing people to log the training, qualifications, and skills gained through their careers. This should be integrated into the support offered by National Retraining Scheme advisers who can provide additional guidance on identifying existing skills and points towards to opportunities to improving gaps in their skillset.

Case Study: Construction Industry Training Board

An online database which allows employers to search records of employees to check skills and manage their training needs. The scale of this is huge, recording millions of individual training achievements by our construction workforce. One of the key benefits is that there will be less duplication of training, as employers can rely on the training a new employee has gained elsewhere. Although the system has faced early teething problems, with CITB admitting it wasn't working as it should be, the design principle is one to aspire to.

Case Study: Open University

OpenLearn is a free learning platform, delivered by The Open University as part of its Royal Charter commitment to support the wellbeing of the community. It includes nearly 1000 courses on OpenLearn on a wide range of topics, all of which are currently free to study, reaching over 6m learners a year. All OpenLearn courses come with a statement of participation, however, some also award badges to demonstrate interest in a subject, evidence of professional development or a commitment to studies. Badged courses are highly engaging and cover a range of core subjects and professional competencies essential for the modern workplace. The Badge and Statement of participation are downloadable from your OpenLearn Profile and can be shared on social media and displayed in LinkedIn or other eportfolio platforms to show employers.

Challenges and recommendations

Instilling a culture of lifelong learning amongst business

Employee expectations

Beyond creating training opportunities, employers must also make efforts to engage employees into the learning and provide support where necessary. Over a half of businesses list increasing learner engagement is the top challenge for their teams in 2019; yet talent developers only spend a small amount of time (15%) marketing learning opportunities to employees.⁴⁵

At the same time, employees have high expectations with three quarters of employees expect their employer to offer them opportunities to develop.⁴⁶ The Edelman 2019 Trust Barometer found 59% of employees worry about job losses and not having the training and skills necessary to get a good paying job. In addition, 55% are concerned that automation and/or other innovations are taking your job away.⁴⁷ The CBI report, Great Job, also found that businesses that develop their staff's strengths have been found to reduce employee turnover by up to 72%.⁴⁸

Shifting the culture within

A huge challenge for employers will be to go beyond training and development and bringing about a cultural shift towards lifelong learning as commonplace and part of an employer's workforce planning. This shift will not be easy - learning can be a daunting experience for some people. Indeed, nearly two out of five (38%) non-learners say that nothing is preventing them from learning, indicating that it's not something they have considered or that they feel would be of value for them.⁴⁹

Recommendations

- Offer careers advice to all employees at regular check points throughout their careers
- Improve the clarity on internal development routes, and default towards opening all new vacancies to internal applicants
- Improve awareness and accessibility of training and development opportunities

Lack of transparency over the Apprenticeship Levy budget is causing instability in the system

Traditionally, apprenticeships were an entry point into the workplace offering the opportunity to learn and work at the same time. But the success of apprenticeship programmes has seen them go beyond this a become viable upskilling and retraining options. The recent growth of high-level and degree apprenticeships⁵⁰ has put an immense pressure on the Apprenticeship Levy, with funding projections showing it will could be overspent in the coming few years⁵¹ calling into question whether the current Levy is sustainable. The strains are beginning to show with the proportion of apprenticeship starts among people from disadvantaged areas beginning to fall, though this may also be partly because of the growth in starts at level 3 and above.⁵²

Recommendation

- The Government should be transparent about the Apprenticeship Levy budget to help develop a shared understanding of how the Levy can meet employer skills needs at all stages of person's career.

Apprenticeships are not always the best way to upskill or retrain

The design of an apprenticeship does not suit everyone and has limitations in its their ability to upskill or retrain somebody, including the length of programmes, which need be at least a year in length, do not always fit the employer or the learners needs. Higher-level apprenticeships can also take several years to complete. This means informal and internally provision is often more appropriate, providing a greater return on investment for the employer.

Furthermore, some learners may only require upskilling the gaps in their skillset, rather than an entirely new qualification. Retraining somebody using an apprenticeship may duplicate much of the functional and technical skills they have built over years of employment.

Informal training is difficult to 'passport' and measure quality

Employers using informal training improves the diversity of training opportunities beyond what is delivered by traditional institutions such as universities, colleges, and providers. However, wide variety of courses, modules, and training delivered across the business community creates a complicated map of provision that can be confusing for both learners and employers alike. This particularly holds true when training does not carry a qualification or certificate –18% of employees in training in 2017 were trained towards a nationally recognised qualification, down from 20% in 2015 and continuing a downward trend seen since 2011.⁵³ This makes it harder for individuals considering changing career or a moving into another job to demonstrate or 'passport' their package skills and for the recruiting employer.

Recommendation

- Develop a nationally recognised skills 'passporting' tool as part of the National Retraining Scheme to help ensure informal training and skills are recognised in future employment.

Policy development must go beyond the development of a retraining scheme

Since its creation in 2017, the National Retraining Partnership took the decision to focus on developing a retraining scheme for people most in need of support, particularly if changes to their job are demanding new skills, or if automation is replacing their core function. This is hugely important and is the right step to take, but the Partnership should also look at broader upskilling and retraining policy and how it fits into the wider skills picture. The need to consider the whole post-18 education offer was acknowledged through the establishment of the Post-18 Augar Review.

The CBI welcomed the Department for Work and Pensions joining the Partnership alongside existing partners - the Treasury and Department for Education. Currently missing from the Partnership, however, are business facing departments, such as the business department, or those with a key interest in the issue of retraining, such as DCMS who oversee digital skills policy. These departments should be represented on the Partnership, as combined with the CBI and the TUC, this group has the potentially to become a cross-government, employer, and employee partnership that can coordinate the UK's response to the fourth industrial revolution.

By making this change, the Partnership would become the central policy forum for upskilling and retraining policy across government department. The addition of the business department would allow the Partnership to better work with the business community and ensure the policy environment supports employers in developing their own learning and development programmes that incorporate upskilling, retraining, and lifelong learning.

Skills policy is disjointed and frequently changes

Compounding the variety of training on offer, change at a national level causes fragmentation. Indeed, government responsibility for skills policy itself has jumped between Government departments - the Department for Business, Innovation, and Skills (which itself has now been reorganised), the Department for Education, while digital skills has awkwardly sat in the Department for Digital, Culture, Media, & Sport. Alongside this, the Department for Business, Industrial Strategy and Energy include skills as a core element of the Industrial Strategy. Each department are seeking to answer the similar questions on lifelong learning but can often lack the cohesion and stability needed.

Recommendations

- The Government ensure all parts of the Government are pulling in the same direction by expanding the National Retraining Partnership to encompass all departments with a stake in the labour market, such as BEIS, MHCLG, and DCMS.
- The National Retraining Partnership should develop a new lifelong learning strategy to join up government policy and support upskilling and retraining.



Funding for adult education

Spending on adult education faced cuts in the last parliament and continues to stagnate, meaning that without further funding there will be real term reductions in the next few years.⁵⁴ It is also increasingly moving away from central government, such as the responsibility for the adult education budget which is to be devolved to the Greater London Authority and the mayoral combined authorities in 2019– 20. This will be a good way for local areas to identify and respond to skills as they change, however, this could also create divisions between areas with mayoral deals and typically more affluent, and those that don't. It is also important that government end the neglect of our further education sector and recognise the important role colleges will need to play in providing the skills base needed for the future.

Recommendation

- Ensure funding for level 2 and 3 qualifications through the National Retraining Scheme is protected and enhanced following the Post-18 education review.



Full recommendations and calls to action

Business

- Offer careers advice to all employees at regular check points throughout their careers
- Improve the clarity on internal development routes, and default towards opening all new vacancies to internal applicants
- Improve awareness and accessibility of training and development opportunities

Government

- Develop a nationally recognised skills 'passporting' tool as part of the National Retraining Scheme to help ensure informal training and skills are recognised in future employment.
- Ensure all parts of the Government are aligned expanding the National Retraining Partnership to encompass all departments with a stake in the labour market, such as BEIS, MHCLG, and DCMS.
- The National Retraining Partnership should develop a new lifelong learning strategy to join up government policy and support upskilling and retraining.
- Be transparent about the Apprenticeship Levy budget to help develop a shared understanding of how the Levy can meet employer skills needs at all stages of somebody's career.
- Ensure funding for level 2 and 3 qualifications through the National Retraining Scheme is protected and enhanced following the Post-18 education review.



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Produced by Nicholas Trower and the **People and Skills** team
To share your views on this topic or ask us a question, contact:



Nicholas Trower
Senior Policy Adviser
nicholas.trower@cbi.org.uk