

Workplace Training and Development Commission

Progress Report – September 2020

Introduction

The publication of this Progress Report marks the half-way point in the Workplace Training and Development Commission's UK-wide Inquiry. It reflects the key themes, issues and opportunities raised in our discussions with chambers, member businesses and a wide range of external organisations and it draws upon the feedback received in our initial [Call for Evidence](#).

Many thanks to all those across England and the devolved nations who have already contributed time, expertise, evidence and ideas to the Commission's work. This report provides a further opportunity to feed in evidence and input to our emerging recommendations.

The Commission

In the Autumn of 2019, BCC launched a People Campaign to help businesses address skills shortages. The Workplace Training and Development Commission was first convened on 29 November to consider the question '*How can we achieve a world-class system for retraining and upskilling our workforce to take advantage of rapid changes in technology, working practices, and industrial and consumer trends?*'.

Our Inquiry is researching the barriers and opportunities for business investment in workplace training and development, for adults over the age of 25, and at all skill levels. The focus is on maximising opportunities and sharing best practice. We want to understand the extent to which businesses are actively planning to address skills shortages - and adapt to changes in technology and automation - and how employers can be better incentivised and supported to invest more in people development.

Our [Commissioners](#) are influential thinkers and leaders in their field and in the skills arena, and have given up their time to help develop this range of objective policy solutions over the medium- and long-term.

The Coronavirus Pandemic, Employment and Workplace Training

In March 2020, the Commission's work was put temporarily on hold as the Coronavirus Pandemic struck the UK economy and the Chamber Network focussed its efforts on providing emergency support to businesses.

BCC research reveals the devastating impact of Covid -19 on business. The vast majority of firms have experienced a severe reduction in trade, cashflow and confidence. Some sectors have been forced to cease operations for prolonged periods. Other firms face the ongoing risk of local lockdowns that jeopardise their recovery. While the Coronavirus job Retention Scheme and other Government interventions have helped to protect jobs and livelihoods, there have been many job losses and businesses predict significantly more redundancies as schemes are tapered and withdrawn over the next few months.

Facing increased uncertainty over the duration of the pandemic, an economy in recession, reduced revenues and worsening cashflow, employers will, now more than ever, need to find the required focus and investment to upskill and reskill the workforce for the challenges that lie ahead.

As the level of unemployment rises, research conducted by Indeed reveals significant challenges for job seekers, particularly low skilled workers in the sectors hardest hit by the pandemic.

Although much of the evidence highlighted in this Progress Report was identified prior to the Coronavirus pandemic, the Commission believes the current economic crisis strengthens the case for our emerging recommendations and the need for a renewed emphasis on boosting adult skills in the workplace.

Addressing Skills Shortages

The Commission found that in the years leading up to the Coronavirus pandemic, businesses of all sizes and sectors were finding it increasingly difficult to access the skilled people they needed. In 2019, BCC research revealed that across the country, around 3 in 4 businesses were struggling to fill job vacancies.

Low levels of productivity, increased automation and an ageing workforce will continue to present significant challenges for businesses. The introduction of a new points-based immigration system from January 2021 will increase recruitment and employment costs for firms unable to fill job vacancies from the local labour market and add to the difficulties they face in accessing skills.

To remain competitive in a global business environment, employers will need to prioritise and invest in upskilling and reskilling people at all levels in the workforce. However, BCC research reveals that business investment in training and development has declined steadily over recent years and in 2019 firms were investing less in than in 2014. Research by BCC and Indeed earlier this year, revealed that while more people were seeking jobs that included training, the proportion of jobs relating to staff training and development was in decline.

Firms, particularly where their operations, staff numbers and cash reserves have been negatively impacted by the Coronavirus pandemic, must be better supported to identify, articulate, plan for and invest in workforce-wide skills development. Individuals will need to continuously upskill and

reskill for different roles as the workplace evolves. The policy imperative must now be to refocus our skills system to meet these needs.

As well as highlighting examples of best practice, the Commission heard evidence of the need for greater flexibility in the skills system to enable employers to more easily access the training relevant to the needs of their people.

What do businesses want?

- **Skilled People:** Employers want to support the development of adults in the workplace to ensure people are effective in the job role and can contribute to the success of the business.
- **Flexibility:** Employers want access to high quality, flexible and cost-effective training and development - available on-line, in the classroom and in the workplace.
- **Influence:** When an employer is contributing to the cost of an individual's training, the employer wants to have some influence on the content, delivery and quality to ensure it meets the needs of the business.

What are the identified solutions?

1 More focus on the needs of adult learners and less emphasis on full qualifications

Employers fully support the Government's ambition to increase the quality and quantity of vocational skills in the workplace. However, the emphasis in the system on funding full qualifications for adult learners can discourage both employers and employees from investing in training.

While apprenticeships are highly valued by many employers, and can help to resolve skills shortages, they are not the solution to all workplace training and development needs. There needs to be more focus on meeting the needs of all adults in work. This may require less emphasis on qualifications and more priority being given to ensuring all employees have regular access to flexible, bite-size units of learning relevant to their current and future job role.

The emphasis on quality is crucial to maintaining employer trust in apprenticeship standards, but a more flexible and modular approach to learning would allow people whose role spans several functions (a common scenario in SMEs) to gain access to chunks of IFATE accredited learning that improve their skills and productivity across a broader range of workplace activities.

This change of mindset towards shorter and more agile learning will result in more adults receiving more training to become more productive. However, while employers will measure the quality and impact of training through improvements in the employee's on-the-job performance, individuals need a different way of recording their bespoke training, modular learning and achievements, to support career progression. For example, an online 'skills passport' for all employees could meet this

need while also providing collective data on the volume of training activity taking place in local areas and across the country.

2 New ways of funding training

Businesses and individuals should be supported and incentivised to invest in skills development.

- **Tax Incentives:** To encourage greater investment in workforce development across all sizes and sectors, the Annual Investment Allowance should be extended to cover investment in human capital.
- **Employment Costs:** The cumulative cost burden of employment weighs down on a firm's ability to invest; it should be reduced to free up resources for people development.
- **Apprenticeship Levy:** The apprenticeship levy has increased overall funding for apprenticeships but, at the same time, has displaced general training budgets and contributed to lower levels of overall training activity in many larger firms. It should evolve into a broader and more flexible training levy to ensure firms can invest in other more flexible forms of skills development alongside formal apprenticeship standards. The government should ensure additional apprenticeship funding is available to maintain access to apprenticeships for SMEs.
- **Other workplace training:** Commissioners heard best practice evidence where demand for more bespoke training provision was being met in the devolved nations. A model similar to Scotland's Flexible Workforce Development Fund, for example, with a fast and light touch application process, could support thousands more employees across England to access training contextualised to the needs of the business and to quickly apply their new skills to the workplace.
- **Sector-based models:** Commissioners heard how some sector-based funding models had been successful in driving-up employer engagement in the co-design of courses, and greater levels of investment and training activity among businesses.
- **Individual Initiative:** Individuals must be encouraged to increase their personal investment in refreshing, updating and extending their skillset to remain relevant in a changing workplace. The re-introduction of a Personal Learning Account, for example, together with appropriate controls, could enable employees to take the initiative in developing their own learning. Higher levels of government investment in the overall budget for adult education is essential to facilitate lifelong learning and enable individuals, particularly lower skilled individuals, to move to more sustainable careers.

3 Help to Identify, Articulate and Plan for Business Skills Needs.

Many SMEs lack the HR skills and business transformation resources to properly identify, articulate and plan for existing and future workforce development needs. Access to funded business support should be available to help firms develop their own internal people management and people development skills. All SMEs should have access to impartial advice and support to adopt new innovative processes, conduct a workplace training needs analysis and identify relevant, high quality provision. There should be access to best practice for the SME sector on workplace training and development, including expectations around usage.

4 Place-Based Skills Planning and Delivery

A greater level of trust, confidence and coordination between employers, training providers and other local economic stakeholders is needed. Skills and broader economic strategies must be aligned with business growth aspirations and based on solid research and data. Employers need a stronger voice in shaping the skills system to ensure business can develop its workforce and that people's careers can progress in quality, sustainable jobs. Rooted in local business communities, Chambers of Commerce are ideally placed to support employers in articulating their needs and aspirations.

Your Views

We welcome your thoughts on our progress to date, your examples of best practice and other solutions for the Commission to explore as we work towards our final report to be published in the Autumn. Please contact j.gratton@britishchambers.org.uk by 16 October 2020.