

# PEOPLE

Businesses are finding it increasingly difficult to recruit, retain and develop people.

## WHERE ARE WE NOW?

**The share of the UK's workforce currently in employment is very high by historic standards. But, this has left businesses with a shrinking pool of available skills.**

Seventy-one per cent of small and medium-sized businesses are experiencing recruitment difficulties.<sup>5</sup> More than half of businesses say that it takes more than three months to fill skilled and professional roles.<sup>6</sup>

The consequence for businesses is that they do not have access to the people that they need to develop and grow.

Businesses are also concerned that this tight labour market could be exacerbated by future restrictions on EU migrant workers.

Two out of every three people working in the UK today will still be in the workforce come 2040.<sup>7</sup> Yet in England, the cut in the adult education budget and the focus of spending on whole qualifications has contributed to a decrease in adult learning.

Instability in the training system and an overly restrictive Apprenticeship Levy have also created barriers for businesses seeking to improve efficiency by investing in training. According to the OECD, the annual incidence of job-related training in the UK among all adults is 49 per cent – compared to 58 per cent in Denmark<sup>8</sup>.

## WHERE DO WE NEED TO BE?

- **Incentivising and supporting employers to provide access to high-quality, job-related training – at all skill levels.**
- **Achieving parity of esteem and funding for technical, vocational and academic routes to employment.**
- **Recruiting and retaining migrant workers – at all skills levels – via a simple, fast, flexible and affordable immigration system from 2021.**
- **Leveraging flexibility, diversity and inclusivity as a means to productivity, innovation and access in the workplace.**

People are the most important part of any business. Businesses need access to people – when and where they need them.

Businesses also need a simple, stable and coherent skills system that encourages them to invest in training.

If the UK's labour force was as productive as other G7 countries, our economy would be £338 billion bigger than it is today.<sup>9</sup>

Undoubtedly, realising this potential would be transformational for communities right across the UK. >

# 71%

of SMEs are experiencing recruitment difficulties.

# 51%

of businesses attempting to recruit higher skilled positions say it took more than three months.

# 49%

The annual incidence of job-related training in the UK among all adults.

<sup>5</sup>BCC Quarterly Recruitment Outlook Q2 2019. <sup>6</sup>BCC workforce survey 2019. <sup>7</sup>Union Learn Training Trends in Britain June 2019. <sup>8</sup>OECD 2019. <sup>9</sup>Based on latest available ONS data: UK versus G7 output per worker productivity gap of 16.6 per cent.

## PEOPLE CONTINUED

Education and skills policy is decentralised within the UK, with the devolved nations (and to a lesser extent the devolved regions of England) setting priorities and allocating funding.

The UK government's remit is largely limited to England, but increases in education and skills funding in England would lead to changes in available resources to Scotland, Wales and Northern Ireland through the Barnett Formula.

### HOW DO WE GET THERE?

#### Priority actions for the next UK government

- Increase funding for apprenticeships to ensure SMEs can access training, at all skill levels, in their local area.
- Ensure businesses have access to relevant apprenticeship qualifications and reform the Apprenticeship Levy in England to allow businesses to use all forms of accredited training.
- Raise the base rate of funding for further education among 16 to 18 year olds in England, commit long-term funding for T Levels and increase flexibility and financial support for businesses delivering high-quality T Level work placements.
- Increase the budget for adult education in England to fully fund economically valuable entry-level courses.
- Set out a long-term strategy and funding for lifelong learning, enabling people to upskill, retrain and adapt to technological changes in the workplace.
- Deliver career advice services for all ages and incentivise schools to promote vocational and technical routes.
- Reform and simplify family policies to reduce complexity and help businesses manage the costs, without compromising the support provided.
- Help bridge the gap between parental leave and children starting school by simplifying access to childcare funding and providing a flexible and universal childcare entitlement.
- Fund workplace adaptations to help employers retain and support employees experiencing ill health.

#### On net-zero emissions

- Fund the upskilling and reskilling of employees impacted by changes to supply chains.
- Ensure the education and skills system prepares people for work in a net-zero emissions economy.

#### On devolution

- Ensure clarity and transparency on skills devolution and future access to the UK Shared Prosperity Fund.
- Allow greater flexibility for communities to focus skills and training funding on local needs.