

## Post-pandemic economic growth: UK labour markets

Business, Energy, and Industrial Strategy Committee Inquiry

### Ufi VocTech Trust Response

July 2022

#### Executive Summary

1. The core function of the UK labour market is to provide the skilled people necessary for the success of the UK economy. Economic growth and increases in productivity are central to improving the lives of everyone in the UK.
2. UK growth has been strong in recent years because of growth in the total size of the UK labour market and despite flatlining productivity. As a result of changes to immigration and the Covid-19 pandemic, the UK now has a smaller pool of labour<sup>i</sup>. Therefore, addressing productivity is the only way to secure post-pandemic growth.
3. The answer to the UK's productivity crisis can be found in addressing the UK's skills crisis. Effective reskilling can bring a productivity uplift of up to 12% and in the next decade 90 percent of the current labour market will need to update their skills to keep pace with changes in their jobs<sup>ii</sup>.
4. With at least 24% of current vacancies proving hard to fill because of skills shortages<sup>iii</sup>, and only 10% of people who left school at 16 intending to learn in the next three years we are already seeing the risks of not addressing the skills crisis<sup>iv</sup>. Parts of the UK are already falling behind, and if we do not act fast enough the whole of the UK will be left behind in an increasingly competitive world.
5. The good news is that we have the tools to make the UK more competitive, drive innovation in key sectors of the economy and provide people with the opportunity to learn throughout their lives in a way that makes sense to each person, place, and business. Digital technology is transforming how we acquire skills and prepare for the future of work, and by giving people the skills they need the UK can address its productivity crisis and support post-pandemic economic growth.
6. To make this change, the UK needs a comprehensive systems-based approach to skills that is based on a modular, flexible, and tech-enabled approach to learning. We need to adopt micro credentials, improve training incentives, and reduce the risks of reskilling, in particular for older workers.
7. Technology, like digital badges, digital bite sized learning, and personalised mobile learning offer a tried and tested method of delivering lifelong learning that is accessible and adaptable to the lives of people across the UK. We cannot expect people to learn everything they need in the first 18 years of their life. We need to shift our mode of thinking to one that accepts and encourages lifelong learning as the default and where technology is baked into the solutions that governments, educators and businesses reach for.
8. Across the UK, Ufi VocTech Trust has experience developing hundreds of different projects and ventures that use technology to give people the skills they need for work. We see daily how skills development is improving productivity and giving individuals and businesses the capacity to grow out of the pandemic and into a brighter future.

**Key points:**

**The UK needs to use technology to get the right skills in the right places** – This means supporting and funding digital infrastructure, addressing digital poverty and ensuring that qualified and well-equipped teachers exist across the UK. Technology can unlock training and work opportunities for those furthest from them. By including and supporting parts of the UK labour market who are furthest from the benefits of economic growth, we can address some of the most chronic skills shortages and biggest labour market inequities.

**Technology is changing the workplace and it should change how we prepare for work** - Technology is changing how we are recruited, how we reskill in work and how we interact with each other in the workplace. While it is important that regulations around workers' rights are strong, it is also important that those regulations do not inhibit well developed and deployed digital tools have the power to make the workplace more inclusive for those furthest from work and training. By giving learners agency over their own future, the right tech-based approach can reduce barriers to participation and make everyone more active participants in work.

**As we work for longer, technology can support how individuals and society adjust, future-proofing UK skills** –Retraining is essential for all workers, but in particular older workers and those who want to get into work. They often face the biggest risks when deciding to start retraining and have some of the most significant number of responsibilities outside of work. Flexible funding models and tools which empower individuals and employers to learn throughout their lives are essential. Technology can make training more accessible by reducing the financial, personal and time risks. We cannot learn all that we need in the first 18 years of our lives, we all need to retrain throughout our working lives.

## Recommendations

9. To open the labour market to everyone across the UK, but particularly those furthest from the labour market, we need to fully utilise the capacity of technology to transform how we develop skills for work, retrain individuals in work and help people reskill throughout their careers.

### Develop a framework for modular learning.

10. The Government should develop a lifelong framework for modular learning, which gives people and employers the capacity to adapt and focus their learning on the skills that will make the difference. Government can do this with new digital tools and micro credentials that are more relevant to individual pieces of learning, to learners themselves, and to employers. By including micro credentials throughout A-Levels, GCSEs, BTECs, T-levels and the rest of formal learning, employers would be better able to identify learner aptitude in particular skills and learners would be better able to understand the areas they need to develop further.

### Improve training and recruitment incentives for employers

11. Employers should be encouraged to engage learners furthest from traditional provision with recruitment and training incentives. Employers need to be encouraged to offer training opportunities to existing staff and provide training opportunities to staff who do not currently meet the job requirements. With a tight labour market, where supply of jobs vastly outstrips demand for them, employers need to become more generous in their approach to skills training.

### Technology can benefit workers and workplaces

12. When designing changes to employment law that relate to the use of technology, Government should consult with independent organisations with expertise in workplace technology and design rules that are to the benefit of employees and employers.

### Reduce the risk of re-skilling, in particular for older workers

13. Too many over-50s are excluded from training opportunities because of perceived and real risk or they are forced out of work by mitigatable circumstances. The Government needs to use learning technology and provide easy to access risk free and flexible financing. Government should also provide more funding for programmes in Local Authorities that support older workers with support and training that allows them to continue working while also caring for family members.

## **Introduction to Ufi VocTech Trust**

14. Ufi VocTech Trust is an independent charity. Our aim is to help improve vocational skills in the UK's workforce by funding digital solutions for vocational learning. We do this by providing funding and expertise to organisations developing and deploying tech for use in adult vocational education.
15. We are a charity which has provided over £24m to over 250 organisations and invested over £3m in ventures developing technology and digital tools for adult learners. In the last year, our funding has impacted over 1,000,000 learners in sectors across the entire breadth of the UK's economy.
16. We champion the power of technology to improve skills for work and deliver better outcomes for all. We act as a funding partner and advocate for innovators in skills development, looking to help people progress in the workplace. We want to see a fundamental shift in how individuals, employers, and UK society view, embrace and benefit from vocational skills development through digital innovation.
17. With the UK facing an unprecedented skills crisis, we know that technology has the capacity to improve how adults across the country get the skills they need now and for the future of work.

## Consultation Response

### *The state of play in the UK labour market post-Brexit and the impact of the covid-19 pandemic on recruitment, skills shortages, and the growth of the labour market*

18. At Ufi VocTech Trust we focus on supporting learners from parts of the economy that are furthest from traditional provision. The skills, training and recruitment needs of different parts of the economy vary enormously, and in many areas the UK has not succeeded in getting the right skills in the right places. Many sectors of the economy face shortages, as the ONS' statistics show<sup>1</sup>.
19. We believe that Government has a key role to play in creating the conditions for the adoption and deployment of digital tools which can help people get the skills they need for work and for employers to recruit – now and into the future. Below, we outline the types of approaches and solutions that are demonstrating the potential of tech to help solve the skills crisis and detail some actions for the Government to take.
20. Young people are entering the workforce at a time of rapid change and are often unable to access opportunities because of the geographies or economies where they grow up. Because skilled work is concentrated in certain areas, and opportunities are often located miles away from where people live, short of spending enormous amounts of money, virtual and remote opportunities present the only way to access the UK labour market.

#### **Case Study: Springpod<sup>2</sup>**

Springpod is a careers platform where students can experience the world of work and university before they apply. Students can find a virtual work experience or degree taster programme in their industry or subject of choice.

Working with companies like Airbus, PWC, Jaguar Land Rover and National Rail, over 350,000 young people have enrolled in Springpod's virtual work experience programmes and 90% of students who complete a programme feel confident about finding a job in the future.

The tech-based approach allows large and small businesses to overcome geographical barriers when looking for new talent. It allows students, for zero-cost, to experience work and develop relationships with future employers or universities. Students can complete multiple programmes of work experience, where previously they would have been unable to access any meaningful opportunities.

21. The story is repeated in sectors across the UK economy, in high-tech roles like cybersecurity and critically understaffed areas like the logistics sector. Ufi has supported projects in all these areas – and what our work shows is the power that adopting and deploying innovative technology can have in supporting those furthest from the labour market gain access to it and succeed.
22. The Government should encourage employers to take on people from more diverse backgrounds by using technology that allows their reach to extend further than before. While in-person opportunities will be better for some, they remain unimaginably far away for many. If businesses were incentivised to broaden their offer by taking on students virtually it would open new opportunities across the UK.

<sup>1</sup> ONS, *Living longer: caring in later working life*, March 2019, [link](#).

<sup>2</sup> Ufi VocTech Trust, *Ufi VocTech Directory – Springpod*, [link](#).

23. A significant factor in the ongoing skills crisis comes from the UK's inability to allow for those at the edges of the labour market to get in and thrive. Often, individuals who are leaving prison or care will fall through the gaps in provision and end underemployed or not taking training opportunities. We unnecessarily exclude or create burdensome barriers to skills development and work opportunities.

**Case Study: Thrive – Career Matters<sup>3</sup>**

Learners furthest from traditional provision and or work, are left unable to access all the benefits of the UK labour market. They are often least likely to reskill, least likely to benefit from new training or employment opportunities. Only 6% of care leavers aged 18–21 go to university and the national NEET figures for 19–21-year-old care leavers sit at 39% compared to a national average of 11%.<sup>4</sup>

Thrive offers guided support for care leavers via a skills platform, which offers personalised layers of support for learners. Thrive connects care leavers and employers to improve vocational outcomes and opportunities using virtual and tech-based platforms and training opportunities.

The project is levelling the playing field so that all young people entering work or seeking progression can have the same chances. By providing mentoring and using tech-based solutions the project is able improve confidence and open real pathways into work and transform the life chances of those least likely to engage productively in the labour market.

24. To make the UK labour market perform at its best, we should not be excluding from skills training and work opportunities significant numbers of people who can most benefit from getting into the UK labour market.
25. Government is already working with Career Matters, to open access among care and prison leavers, more effort should be placed into engaging those groups of learners in the broader skills system.
26. One of the most powerful ways to unlock opportunities to work and reskill, in areas where they are not initially obvious, is through digital badging. By using digital badges, or micro credentials, small bits of learning that is both formal and informal can be identified to learners. With learning becoming more obvious the routes of opportunity within a particular place are highlighted.

<sup>3</sup> Ufi VocTech Trust, *Ufi VocTech Directory – Thrive – Career Matters*, [link](#).

<sup>4</sup> Career Matters, *Thrive*, [link](#).

### **Case Study: Cities of Learning – The RSA<sup>5</sup>**

Access to opportunities is not evenly shared across the population, and our ability to engage in vocational learning is often related to prior experiences in school. Those least advantaged are least likely to benefit from important opportunities to build social, cultural and knowledge capital, as well as social and peer networks.

Cities of Learning creates new pathways into learning and employment by connecting formal, informal, and in-work learning opportunities that exist across cities via a system of digital open badges.

The project is continuing to develop a place-based model for vocational learning by creating large-scale, collaborative partnerships with employers, learning providers, city leaders, and commissioners of learning and work provision. This will be done initially in two pilot cities, Brighton and Plymouth and is now rolling out in Belfast, Bradford, and Cambridgeshire.

27. Jobs, traditional skills training, and people do not all exist in the right places, and technology can unlock training and work opportunities for those furthest from them. By including and supporting parts of the UK labour market who currently sit furthest from the benefits of economic growth, we can address some of the most chronic skills shortages and biggest labour market inequities
28. The Government should include more opportunities to gain micro credentials, which are more relevant to individual pieces of learning, to learners themselves and to employers. By including micro credentials throughout A-Level, GCSE, BTEC and T-Level study, employers would be better able to identify learner aptitude in particular skills and learners would be better able to understand the areas they need to develop further.

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<sup>5</sup> Ufi VocTech Trust, *Ufi VocTech Directory – Cities of Learning*, [link](#).

### **Artificial Intelligence (AI) and technology in the workplace**

30. Technology and AI are transforming workplaces and how we as workers engage with workplaces, particularly within the context of improving the skills within organisations. Technology and AI can support recruiters by making hiring more accessible and by allowing employees to apply with less effort. It can also support engagement in the workplace, by making places of work more inclusive to people from different backgrounds or with different learning needs. The Government should protect people from the harms of technology, but it is essential that they avoid the pitfalls of regulation that would inhibit good practice.

#### **Case Study: SonicJobs<sup>6</sup>**

SonicJobs service helps jobseekers, looking for employment in lower paying sectors like services and hospitality, recognise the skills that they have, find and apply for relevant high-quality jobs, and to develop new skills to improve their employability and career progression.

SonicJobs promotes over 500,000 adverts from across a range of different recruitment companies like CV Library, Reed, and Hays, and supports over 1,000,000 individuals in securing employment with employers that are rapidly changing the way they work, recruit, retain and develop their workforce.

Employers need high-quality candidates, and effective ways of attracting them in a mobile-first environment. SonicJobs has built a high-quality, innovative service for workers and employers, which allows job applications to be simplified while increasing the employability of candidates.

31. One of the most important lessons in applying technology in the workplace is to know where the limits of technology are. Employers deploying excessively rigorous or irrelevant tests when they are desperate for employees. Or employers using AI to monitor the working habits of their staff with detrimental impacts on employee welfare are all cases which should serve as a warning. However, employment law changes, which seek to eliminate these harmful practices should be mindful of how technology can be beneficial. When designing changes to employment law, Government should consult with independent organisations with expertise in workplace technology, like Ufi, to design rules that are to the benefit of employees and employers.
32. Technology can be used to make workplaces more inclusive, by reducing barriers to training, supporting people in developing key skills, or by addressing barriers to success like confidence and motivation. People with learning difficulties can often find themselves struggling in workplaces as they are not given the opportunity to develop key skills. Technology enabled learning opportunities, built around innovative models of engagement, can allow learners to address these barriers and make workplaces more inclusive.

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<sup>6</sup> Ufi VocTech Trust, *Ufi VocTech Trust Directory – SonicJobs*, [link](#).



### **Case Study: Digital Aspire – Digital Unite<sup>7</sup>**

The Digital Aspire project, focused on people with Learning Disabilities who can work but are unemployed and would like to find new roles by supporting learners to develop their digital skills and confidence.

Most workplaces now require a level of digital literacy, if only for completing administrative processes, and many are asking for wider IT skills. Those with learning difficulties face multiple challenges in being able to upskill to prosper in the new digital world. As well as providing routes into employment, the project created a ‘champions’ training model’ to empower people with learning difficulties to develop their soft skills and other specialist employment-led skills.

Digital Unite were able to create lasting change for the learners who used their programme. 83% of learners report increased digital skills and confidence and with the project impacting individuals across 150 organisations that are small, medium, and large<sup>8</sup>. Through the adoption of a tech-based approach to learning, skills and confidence have improved, in a way that would not have worked any other way.

33. Employers who successfully support learners who did not succeed in formal education often find enormous benefits from engaging groups of people they previously did not. Employers should be encouraged to engage learners furthest from traditional provision with recruitment and training incentives.
34. Technology is changing how we are recruited, how we reskill in work and how we interact with each other in the workplace. When developed and deployed well, digital tools have the power to also make the workplace more inclusive for those furthest from work and training. It can reduce barriers to participation and make everyone more active participants in work

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<sup>7</sup> Ufi VocTech Trust, *Ufi VocTech Trust Directory – Digital Aspire – Digital Unite*, [link](#).

<sup>8</sup> Ufi VocTech Trust, *Digital Aspire – Digital Unite Project Closure Report*, Jan 2022.

### ***The impact of an ageing population on the labour market***

35. As our working lives extend, we are going to need to reskill more to adapt to an even faster changing labour market and workplace. However, the earlier people leave formal education, the less likely they are to learn again, later in their lives. Only 10% of adults who left school at 16 intend to learn in the next three years and to prepare an aging workforce, we need to be reaching those learners who are currently furthest from the traditional forms of provision.
36. While there are numerous barriers that hold back older workers from learning new skills or staying in the workplace, the perceived and real risks retraining entails is a serious hurdle. Typical retraining and reskilling opportunities often require large lumps of time and money to be dedicated to a new career that might not pan out without the right support. Technology can serve to reduce the risks of retraining – either by making it smaller and modular or by making it more effective and profitable.

#### **Case Study: CAPSLOCK<sup>9</sup>**

Reskilling is often a timing consuming process – with significant risk at the end if employment opportunities are not secure. CAPSLOCK offers learners intensive bootcamp training for those wanting to start a career in cyber-security. The programme is delivered entirely within a collaborative digital learning environment that has been built to simulate real working scenarios.

CAPSLOCK focuses on removing barriers to reskilling in high demand sectors, enabling those looking to retrain to access quality work, without having to pay a penny until they've landed a high-paying job, reducing the risk incumbent on the individual.

CAPSLOCK has hundreds of learners who have graduated from their courses. On average, CAPSLOCK students have seen an average salary uplift of over £13,000 and have gone directly from their course to jobs in BT, the BBC, AWS and Dyson.<sup>10</sup> By taking a digital first approach, reducing learner risk and offering real financial incentives – older learners can take up reskilling opportunities later in their careers.

37. Going forward, the Government needs to ensure that they use digital learning technology and provide easy to access risk free financing if they intend for these bootcamps to be available to older learners who are often having to take the biggest risks in retraining.
38. Another significant barrier to learning for older workers is the obligation to care for younger and older relatives. These duties result in older learners leaving the workforce before they would otherwise have to and mean that the UK labour market suffers from significant numbers leaving when they're in the prime of their working life.

<sup>9</sup> Ufi VocTech Trust, *Ufi VocTech Directory - CAPSLOCK*, [link](#).

<sup>10</sup> CAPSLOCK, *Learner Outcomes*, [link](#).

### **Case Study: Mobilise<sup>11</sup>**

Mobilise is a digital platform and online community providing access to crucial care skills for the 13.5 million unpaid carers in the UK. Working with Local Authorities across the UK to help identify and provide support to unpaid carers in their communities; Mobilise harnesses carers collective knowledge, wisdom and expertise and empower them to thrive inside and outside of their caring responsibilities.

With one in five carers finding that they need to stop work to care for loved one, and over 50's being the most likely people to be carers with one in four women over 50 having a caring responsibility<sup>12</sup>, Mobilise's offer is crucial in helping people navigate the complexities and challenges of caring while also maintaining employment.

A tech-enabled approach to learning and support, focused on supporting people to stay in employment, is making it easier for over-50s to overcome the various challenges and contradictions that staying in work often presents.

39. Technology allows Mobilise to meet older learners where they want to learn – at home and with a wide range of support options. Government should provide more funding for programmes in Local Authorities that support older workers with support and training that meets them where they want to learn and allows them to continue working while also caring for family members.
40. Retraining is essential for older workers, but they often face the biggest risks to retrain and have some of the most significant number of responsibilities outside of work. Technology can support older workers by making training more accessible and less risky whilst also helping to make it easier to stay in work.

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<sup>11</sup> Ufi VocTech Trust, *Ufi VocTech Directory - Mobilise*, [link](#).

<sup>12</sup> Carers UK, *Facts and Figures*, [link](#)

## Key points:

### The UK needs to use technology to get the right skills in the right places

41. This means supporting and funding digital infrastructure, addressing digital poverty and providing the ensuring that qualified and well-equipped teachers exist across the UK. Technology can unlock training and work opportunities for those furthest from them. By including and supporting parts of the UK labour market who are furthest from the benefits of economic growth, we can address some of the most chronic skills shortages and biggest labour market inequities.

### Technology is changing the workplace and it should change how we prepare for work

42. Technology is changing how we are recruited, how we reskill in work and how we interact with each other in the workplace. While it is important that regulations around workers' rights are strong, it is important that those regulations do not inhibit well developed and deployed digital tools have the power to make the workplace more inclusive for those furthest from work and training. By giving learners agency over their own future, the right tech-based approach can reduce barriers to participation and make everyone more active participants in work.

### As we work for longer, technology can support how individuals and society adjust, future-proofing UK skills

43. Retraining is essential for all workers, but in particular older workers and those who want to get into work, who often face the biggest risks when deciding to start retraining and have some of the most significant number of responsibilities outside of work. Flexible funding models, and tools, which empower individuals and employers to learn throughout their lives is essential. Technology can make training more accessible by reducing the financial, personal and time risks. We cannot learn all that we need in the first 18 years of our lives, we all need to retrain throughout our working lives.

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#### *Endnotes from Executive Summary:*

<sup>i</sup> ONS, *Employment in the UK*, June 2022, [link](#)

<sup>ii</sup> McKinsey, *The economic case for reskilling in the UK*, November 2020, [link](#)

<sup>iii</sup> Department for Education, *Employer Skills Survey*, 2019, [link](#)

<sup>iv</sup> Learning and Work Institute, *Adult Participation in Learning*, 2021, [link](#)