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**Pertemps
Network** 

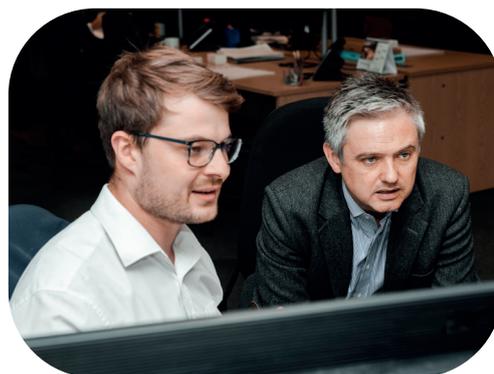


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**Pertemps Network Group
Workforce of the Future Report**

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1. Foreword

1.1 Lord Walney, Chair of the Purpose Business Coalition, Crossbench Peer and Former Labour MP.

In times of economic uncertainty, the strength of a nation lies not only in its resources but in its ability to come together as a unified force to overcome challenges. The economic landscape of the United Kingdom has always been marked by resilient businesses and the dedication of its employers. As a former Member of Parliament and now a Peer in the House of Lords, I have closely witnessed the ebb and flow of economic tides.

Today, the United Kingdom faces a set of economic challenges that are as complex as they are daunting. The reverberations of global events have sent ripples through our markets, testing the mettle of businesses both large and small. From supply chain disruptions to shifting consumer behaviours, the hurdles are vast and diverse. The COVID-19 pandemic – in particular – showcased the vulnerability of our economic systems and the need for adaptive strategies to ensure stability and growth.

Amidst these challenges, the Pertemps Network Group and its esteemed partners are stepping forward to create a platform of discourse and collaboration to prepare themselves, the economy and local communities for the workforce of the future.

The Group's rich legacy of providing workforce solutions and its diverse network of partners bring together a wealth of expertise and experience. This collaboration, particularly in the context of discussing pressing economic challenges and formulating pragmatic solutions, is not just commendable – it is vital.

The UK's economic recovery hinges on private enterprise, policy innovation, and collective action. The roundtable conversations led by Pertemps have the potential to shape policies that will empower businesses, support employers, and create an environment conducive to future-proofed sustainable economic growth. As policymakers grapple with the intricacies of decision-making, insights from the frontline of business operations across a range of sectors are invaluable.

When businesses and policymakers collaborate, the outcomes are not only more informed but also more resonant with on-the-ground realities. Solutions as a bi-product of such discussions have the potential to ease current challenges, stimulate job creation, and steer the UK towards a more stable and prosperous fiscal future.



Foreword

1.2 Carmen Watson, Chair of Pertemps Network Group.

When we launched our first Levelling Up Impact Report, I made a commitment. I promised that the report would not be the end of our long-standing efforts to break down barriers to work. We would take what we had learned, reach out to other organisations, and do whatever we could to share best practice and affect change where it was needed.

As a business, Pertemps continues to successfully fulfil roles for our clients, but we are not immune to the challenges of the world where skills shortages will continue until there is radical change and support. This is why we set up these roundtable events – to identify how we

can share the voice of business in forums where action can begin to tackle the fundamental issues.

We want to support growing business in each region of the UK with the key skills and talents that will allow them to innovate and produce in line with their own business growth. Being a catalyst for change, we will ensure the voice of business is heard in the right quarters to take steps forward and stimulate vital change in removing barriers to work.

People should be able to go for whatever career they want, irrespective of background, identity, or personal circumstances and that is an ethos we are proud to have always pursued at Pertemps. It is one we share with The Purpose Coalition and many other organisations.

The roundtables organised on the back of the Impact Report brought together broad expertise from the private and public sectors, including Training Providers and Universities, to identify common challenges, like the skills gap, making the most of technology advances and mobilising those sectors of the population who are inactive in the workforce.

A key theme running through all our Levelling Up work has been collaboration. We must work together, with other businesses, education establishments, funders, and policymakers, for workable and effective solutions to the challenges in the labour market.

We need to be coaching for the workplace of the future, upskilling and reskilling existing workers while ensuring schools and universities are equipping the next generation with the skills needed in the business world.

There is much to do but by working together, sharing ideas, and having the conversation with policymakers and those who can directly influence the recruitment landscape, we can collectively drive for real change.

I thank all participants to date for their valuable input and welcome any new contributors who may wish to come on board.

2. Addressing the need for action

Organisations across the UK are grappling with a complex set of economic challenges. Despite expectations of avoiding a recession this year, the country's economic outlook remains challenging¹.

In the aftermath of the pandemic, businesses and employers are adjusting to changes in work patterns, economic uncertainties, and an increasingly tight labour market, all of which are embedding stagnant productivity. To effectively address the challenges, it's crucial to develop well-informed strategies in collaboration with industry leaders who are actively engaged in the field.

The recent energy price shock as a result of Russia invading Ukraine has disrupted the pandemic recovery, leading to a growth projection of 0.4 per cent in 2023 and just 1 per cent in 2024². Coupled with historically tight labour markets, this shock has driven inflation to unprecedented levels in recent times.

Pertemps Network Group and its group of strategic partners has played a significant role in response to these challenges – leveraging its business relationships and wealth of expertise with some of the most vulnerable job seekers. It has brought together major employers to discuss these challenges and work together to find solutions for the future workforce and for employers themselves.

Despite the challenges, there has been a Government narrative shift towards sectors that drive high

productivity, like advanced manufacturing, life sciences, and clean energy. However, addressing the UK's productivity – and wider structural economic issues – goes beyond just rhetoric. It requires a comprehensive approach that is built on effective skills provision, education, and cutting-edge research in collaboration with local businesses and employers across the country.

The challenges in the UK's labour market call for policy interventions focused on promoting health and wellbeing, offering quality apprenticeships, and providing effective career counselling. Unfortunately, these efforts have taken a back seat due to the challenges posed by the pandemic and the rising cost-of-living.

Navigating these complex dynamics and boosting productivity involves a concentration on skills development and embracing innovative practices. Achieving a balance between maintaining the quality of public services and ensuring financial stability requires both local and national governments to lean on the experts in each field, taking advantage of the wealth of private and public sector expertise when introducing policy agendas. By taking a renewed and comprehensive approach to tackle these challenges, the UK can reinvigorate its economic landscape, fostering resilience, stability, and lasting prosperity.

Over 2023, Pertemps Network Group has hosted a series of roundtable discussions focused on how businesses can better connect their opportunities with talent, find and develop the right skills for these roles, and increase engagement of colleagues while building towards the future.

The sessions were co-hosted by Carmen Watson of Pertemps Network Group and Lord Walney of the Purpose Coalition. Attendees at the session represented a wide range of leading private sector employers and public sector bodies across the Midlands region, Scotland and the rest of the UK.

The report goes on to explore themes that have come out at these sessions – looking at the wider background, evidence gathered from the roundtable sessions and recommendations to policymakers on how to harness the power of business for positive change.

¹UK Team IMF European Department, United Kingdom's Long-Run Prosperity Hinges on Ambitious Reforms, International Monetary Fund, July 2023.

²''

2.1 Promoting resilience and a proactive response to economic shocks

2.1.1 Context

Tackling inflation is vital for ensuring stability and growth across all sectors. The Bank of England has appropriately taken steps to tighten monetary policy, including a recent 5 per cent base rise in interest rates³, along with fiscal measures from policymakers to counteract inflation.

Overall, despite inflation peaking at over 10 per cent at the end of 2022, the country has begun to experience a slow but steady decline in inflation – down to 6.8 per cent in July 2023⁴.

Food inflation – particularly impacting service and hospitality sector employers, as well as the poorest consumers – has been consistently higher than overall core inflation. In July 2023, food prices were still rising across the country by 13.4 per cent⁵.

Particularly crippling for businesses and employers across the country has been energy price inflation.

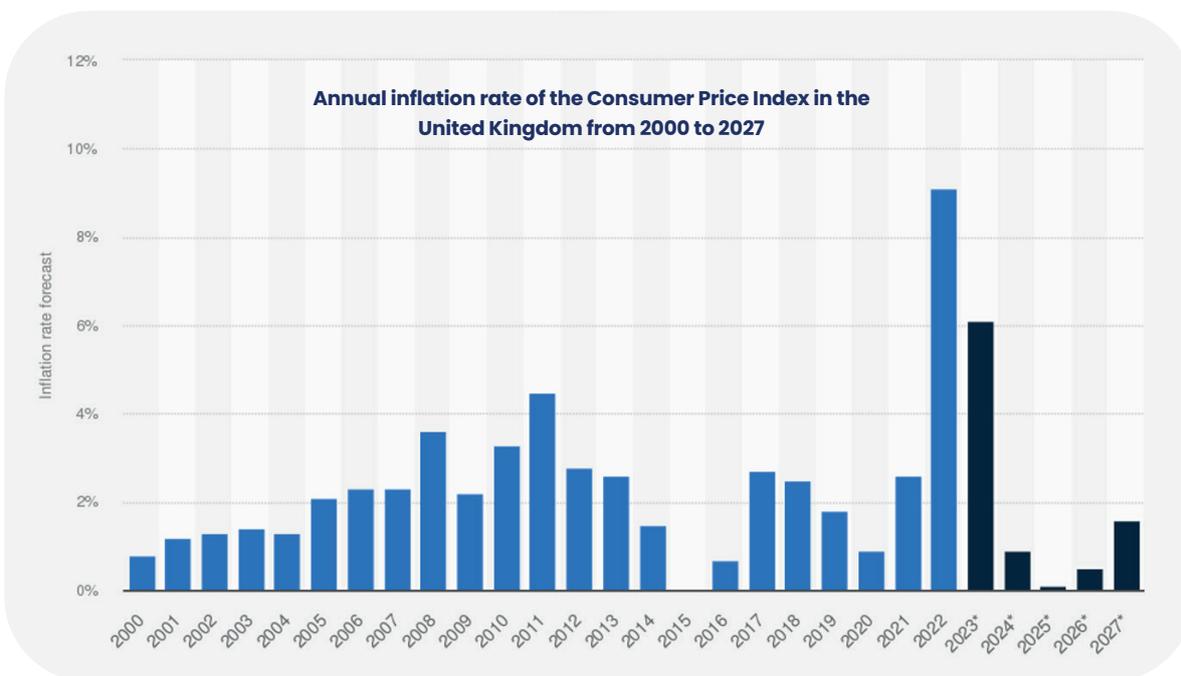
The ‘Energy Price Guarantee’, introduced by the Government in September 2022, has been effective in bringing energy prices down in recent months. Despite this, overall inflation for electricity and gas in the UK was the highest out of any country in the G7 as late

as March 2023⁶, after peaking at 59 per cent in October 2022⁷.

This had an extremely detrimental effect on businesses, and many are still struggling to recover. On average, businesses experienced a 124 per cent increase in gas prices and a 63 per cent increase in electricity prices between Q3 of 2021 and Q3 of 2022⁸.

Businesses are also grappling with a change in immigration patterns since the Brexit referendum in 2016. Despite net migration continuing to rise in recent years, where migrants are coming to the UK from – and their skills – is impacting organisations on the ground.

The consequence of Brexit, and the significant decrease in migration from the EU, is that migrants arriving to work in the UK are now typically more highly qualified. In 2022, more than seven out of ten of those who came to work in the UK since January 2021 held a degree or equivalent, with the biggest rise in migrant working population by sector experienced in ‘Information and Communication’ since 2016. EU nationals also tend to work longer hours, with each EU national working an average of six per cent more hours than their UK counterparts. This trend is driving the gap in skills experienced in more technical and service-based industries.



Sources Office for Budget Responsibility; Office for National Statistics (UK) – March 2023

³Bank of England, Bank Rate Increase to 5% – June 2023, Bank of England, June 2023. ⁴Brigid Fancis-Devine, Rising cost of living in the UK, House of Commons Library, August 2023. ⁵Retail Insight Network, UK Food Inflation declines to 11.5% in August 2023, Retail Insight Network News, August 2023. ⁶Sumit Dey-Chowdhury et al., Food and energy price inflation UK 2023, ONS, May 2023. ⁷Trading Economics, United Kingdom Energy Inflation, Trading Economics, 2023. ⁸Department for Business, Energy & Industrial Strategy, Quarterly Energy Prices: December 2022. ⁹CIPD, Migrant Workers and Skills Shortages in the UK, Survey report May 2023. ¹⁰⁻¹²***



2.1.2 Evidence

Adding complexity to these challenges is the ongoing cost-of-living crisis which was evidenced frequently by businesses. This crisis has disproportionately affected employees with limited disposable income and those from lower socio-economic backgrounds. Employers expressed concern over the financial burden of commuting to and from work, posing additional hurdles in recruiting candidates for in-person roles. This dynamic also presented a challenge for employers, forcing them to balance the need to nurture talent with embracing technology-driven solutions.

It was found that SMEs – often central to regional economies – were particularly vulnerable to economic shocks, which has hindered their recruitment efforts and exacerbated the gap in skills between regional communities and the UK's larger cities.

Brexit is another economic shock that employers highlighted. This shift in the workforce has led employers to urge the need for engagement between organisations and underrepresented groups within the labour market, particularly in areas characterised by poor social mobility.

The COVID-19 pandemic has also severely affected many sectors, including hospitality, with employees reconsidering their career choices due to industry-inherent uncertainties. The rise of remote work – the option for some workers in suitable industries to work from home or out of the office – has significantly reduced income for the food and beverages sector long-term with this only now beginning to return to pre-pandemic levels.

Employers highlighted that the pandemic and other economic shocks have led to a concerning rise in the number of individuals aged 25 and under who are categorised as not in employment, education, or training (NEET).

Another significant topic of discussion revolved around the need for urgent reforms within the benefits system. Questions were raised over how the current system impacts recruitment, with a consensus that it presents challenges for both job seekers and employers.

In the context of the banking and finance sectors, mandatory credit checks for job applicants was identified as a major recruitment obstacle.

2.1.3 Recommendations

In order to address the need for increased productivity and growth, and today's rapidly changing economic landscape, it is essential for the state to play a proactive role. This should include fostering resilience in key sectors and preparing for potential economic shocks, and limiting the spike in inflation we have experienced in recent times. Policymakers should consider the following recommendations:

1. Diversify sectoral strategies

Encourage diversification within key sectors to reduce over-reliance on a single source of income or supply chain. Policymakers should incentivise companies to explore new markets and product lines within their sectors. Diversification mitigates the impact of economic shocks by spreading risks.

Encouraging businesses to expand their offerings or enter new markets not only enhances sectoral resilience but also contributes to economic growth. To achieve this, the Government could create tax incentives and grants for businesses engaged in diversification efforts. It could also establish sector-specific committees to provide guidance and support to businesses exploring diversification.

2. Foster public-private partnerships

Local and central Government should explore fostering collaboration between public and private sectors to jointly address industry-specific challenges and opportunities. Policymakers could establish a dedicated agency responsible for fostering these partnerships, with a focus on key sectors. It could encourage joint research and

development initiatives, technology sharing, and risk-sharing agreements. This could include developing a framework for transparent collaboration and providing incentives such as tax credits for participating businesses.

3. Implement early warning systems

Policymakers should explore the development of early warning systems that can detect potential economic shocks and provide timely information to key sectors. These systems can help sectors prepare and respond proactively to emerging challenges, allowing businesses to get ahead of potential oncoming financial crises – and improving the overall resilience of sectors across the country.

Early warning systems can include indicators like market trends, supply chain disruptions, and global economic conditions. Policymakers should work with industry experts to identify relevant indicators for each key sector and establish a centralised monitoring platform that disseminates information to sector stakeholders.

4. Strengthen supply chain resilience

Policymakers should recognise the importance of resilient supply chains in maintaining sectoral stability. Central Government should support efforts to diversify and strengthen supply chains, reducing vulnerabilities to disruptions. It should encourage businesses within key sectors to assess and enhance their supply chain resilience and invest in dual sourcing, and risk mitigation strategies.

“Policymakers should explore the development of early warning systems that can detect potential economic shocks and provide timely information to key sectors.”

2.2 Adapting to the post-pandemic workplace shift

2.2.1 Context

Across a wide range of industries there has now become a new 'norm' amongst many employees and applicants for flexible working. Flexible working can mean different things from the obvious hybrid working model of home and the office. For others it may be the equivalent hours of 5 days condensed into a 4 day week or choice of hours during the working day.

It has now become expected amongst employees and applicants across a range of industries that for at least part of the week they can choose to work from home.

Two-thirds of the time, this expectation is currently being met by employers⁹. There is however a proportion of demand currently being unmet for a myriad of reasons, which is narrowing an already tight labour market.

In an attempt to address the situation, the Government introduced its 'Flexible Working Bill' – receiving Royal Assent in July 2023¹⁰. Workers will have the right to request flexible working from day one of a new job, with employers required to consider any requests and provide a reason before rejection.

However, before the proposed changes came officially into law, an estimated 49 per cent of employers were completely unaware of them. For some employers – in retail, service, and engineering sectors for example – employees working from home is simply not possible, and as such the legislation would actually empower employees to spark an uncomfortable conversation with employers.

This dynamic is already having an impact. An estimated six per cent of employees who changed jobs in 2022 did so due to a lack of flexibility in working options¹¹. In sectors where flexible working is inherently unavailable – advanced manufacturing for example – this shift is having a big impact on what was already a small talent pool. In the manufacturing sector, 80 per cent of employers say they are struggling to find people with the right skills to fill their job openings¹².

2.2.2 Evidence

Businesses discussed how the pandemic has ushered in a transformation in working patterns, with younger generations increasingly favouring blended work arrangements. However, it was noted that this shift isn't universally feasible across all industries, leading to reduced interest and participation from younger individuals in sectors where hybrid working options are limited. Consequently, a significant number of employers have reported witnessing a substantial decline of up to

50 per cent in their talent pool, especially those unable to provide flexible hybrid practices.

Generational disparities further compound these challenges. It was noted that many young employees and potential applicants – especially in terms of homeownership ambitions – have seen their dreams stifled. This has hindered aptitude to progression opportunities as well as employers' recruitment efforts, particularly for managerial positions.

Businesses recognised that the older workforce experienced a less demanding pace of life during the COVID-19 pandemic. Some are taking steps to make workplaces more flexible by promoting these types of practices.

After a 37 per cent reduction in its lowest skilled workforce, one organisation pivoted its focus towards older workers and introduced targeted training initiatives to enhance their IT skills and familiarity with systems. This effort produced overwhelmingly positive outcomes for the organisation, with these workers demonstrating remarkable commitment.

The concept of 'side-hustles' – an additional revenue stream that takes place outside of employees working hours – has gained significant momentum in recent years, representing an opportunity for people to explore their entrepreneurial passions as well as bolstering their financial resilience. A number of organisations said they had encountered this in different ways and were unsure of how to deal with the situation.

It was discussed that employees who engage in side-hustles often experience increased job satisfaction, as it enables them to pursue their passions and interests outside of their primary employment – increasing wellbeing and productivity. It was also discussed however, that depending on either the primary employment or the secondary one, issues can also arise and consideration may have to be given to health and safety factors and potentially performance management if the side-hustle starts to become the priority. Clear policies and management will be key to ensuring both the employee and the employer have the commitment needed to meet their objectives.

On a positive note, it was also stated that many side-hustles involve entrepreneurial activities, which can help employees develop valuable skills like problem-solving, financial management, and marketing. These skills can ultimately benefit the employer by creating a more innovative and adaptable workforce.

⁹CIPD, Flexible and Hybrid Working Practices in 2023, Chartered Institute of Personal and Development, May 2023.

¹⁰Kevin Hollinrake MP et al., Millions to Benefit from New Flexible Working Arrangements, Government Press Release, July 2023.

¹¹CIPD, Flexible and Hybrid Working Practices in 2023, Chartered Institute of Personal and Development, May 2023.

¹²British Chambers et al., Business Barometer Report, The Open University Business Barometer, June 2022.

2.2.3 Recommendations

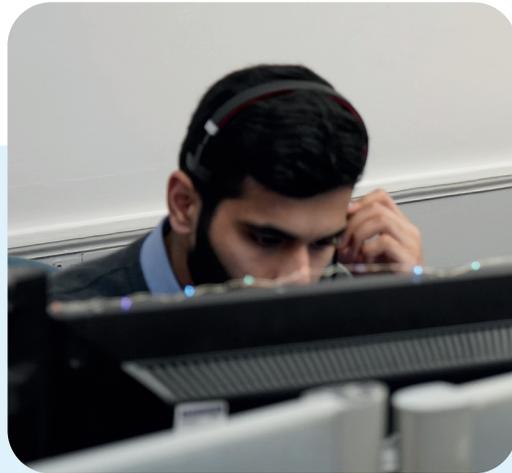
1. Flexible Working

The Government should look to support those businesses who choose to offer flexible working arrangements but should equally be cognisant of those firms who are not in a position to do so due to the nature of their work e.g. manual labour.

Government should be flexible in their approach to new policy/legislation to ensure it reflects the size, scope and nature of the myriad of organisations who struggle with the 'one size fits all' approach.

2. Clear business practice

For all organisations, irrespective of size, it is recommended that clear policies and consistent management will be key to ensuring both the employee and the employer have the commitment needed to meet their objectives.



3. Government-sponsored 'Flexible Working Toolkits' for relevant industry bodies

Policymakers should look to support businesses across all sectors in adapting to flexible and remote working, where appropriate, through tailored Toolkits for different industries - collaborating with relevant industry bodies on the design and distribution.

Collaborative engagement with industry stakeholders is crucial to understanding sectoral nuances in the adoption of flexible and remote working. Policymakers should encourage creative solutions within sector constraints by industry bodies in the creation of the Toolkits.

"Collaborative engagement with industry stakeholders is crucial to understanding sectoral nuances in the adoption of flexible and remote working."



Pertemps
Network
the face of...

2.3 Investing in the workforce of the future

2.3.1 Context

Employers – particularly in less prosperous areas of the country – are finding it increasingly difficult to find the people with the right skills and aptitude to fill and succeed in roles; 66 per cent of large UK businesses are struggling to recruit employees with the skills they need¹³.

This is the result of a number of intersecting factors that are affecting the whole economy, coming together at an unfortunate time to acutely impact employers and businesses that are crucial to the bedrock of communities up and down the country.

Brexit is undoubtedly impacting the gap in skills. The UK leaving the European Union caused a number of European workers to return home, leaving behind a labour shortage in key sectors like hospitality, corporate support services and healthcare¹⁴.

The pandemic, as mentioned previously, has acutely impacted industries where flexible working is not readily available in terms of employee expectations and the attraction of talent. Many businesses and employers across all sectors also faced financial challenges over this time, therefore focusing less resources on learning and development in an effort to get by. It is estimated that 20 per cent of the workforce in the UK will be characterised as ‘significantly underskilled’ for their jobs by 2030, amounting to roughly 6.5 million people¹⁵.



The COVID-19 pandemic also forced people to work more heavily with technology. This highlighted a worrying gap between those with digital skills and those without. Due to a lack of access to the internet and electronic devices – particularly for poorer younger people – it made it more difficult for those from a lower socio-economic background to develop the digital skills necessary¹⁶.

The COVID-19 pandemic – and change in working patterns – has made the digital divide significantly more acute at a time when businesses across the world are looking to increase their digitalisation. Workers who therefore lack these digital skills are being left behind – 58 per cent of workers say that lacking digital skills has affected them negatively in the workplace¹⁷.

The lack of resources from employees for learning and development schemes has been reflected in the lack of digital training – roughly three in five workers say their employer has never provided them with training to improve their technological skills¹⁸.

With the introduction and expected increased use of digitisation skills – including artificial intelligence – in workplaces, this worrying trend is only likely to increase moving forward.

2.3.2 Evidence

Organisations on the ground identified the skills gap as a significant and current challenge to operations. Pinpointing these specific challenges has laid the groundwork for constructive discussions around potential solutions.

The emerging workforce, in particular, was noted by businesses as being behind in crucial ‘soft’ skills such as communication, teamwork, empathy, risk-taking, and loyalty. These skills tend to be unevenly distributed across society, often influenced by learned behaviours and socio-economic backgrounds.

While employers acknowledged that many roles can impart the necessary technical skills it’s the shortage of soft skills, now deemed to be essential skills, that poses the primary hurdle for individuals seeking meaningful and long-lasting employment. This challenge perpetuates the skills gap across various industries.

¹³Oxford Learning College, Skills Gap Statistics UK 2023, Oxford Learning College News, 2023. ¹⁴Madeleine Sumpton et al., How is the End of Free Movement Affecting the Low-wage Labour Force in the UK?, The Migration Observatory, August 2022. ¹⁵Oxford Learning College, Skills Gap Statistics UK 2023, Oxford Learning College News, 2023. ¹⁶WorldSkills UK, Disconnected: Exploring the Digital Skills Gap, WorldSkills UK, Engineuity, Learning and Work Institute, 2021.

Looking forward, educational emphasis on artificial intelligence (AI) was also consistently raised as an issue, especially concerning the ageing skilled population that is currently crucial to the economy. There is a growing need for additional apprenticeships and skills-building programmes outside of traditional academia focused on future skills.

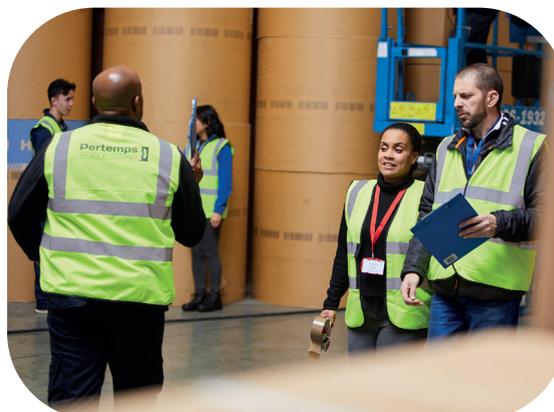
Apprenticeships were also identified as a way to invest in the workforce of the future. However, a substantial number of potential opportunities remain untapped due to limitations in the scope and reach of the Apprenticeship Levy.

Traditional perceptions of apprenticeships, primarily for younger entrants, were identified as another barrier for older generations and experienced professionals seeking to reskill for new roles or sectors. Organisations and policymakers should consider renaming apprenticeship schemes to more inclusive terminology, like 'Funded Training'.

There is also a pressing need for more effective collaboration between education providers, young individuals, and local employers. Employers could significantly increase their engagement with schools and colleges in their regions, playing a pivotal role in closing the skills gap. While this often necessitates support from local or national governments, organisations equipped with the necessary resources are open and are investing in exploring these promising collaborative opportunities.

In certain sectors, organisations have identified collaboration as a strategic advantage, particularly in regions with a high volume of construction projects. Here, partnerships with other organisations have proven significant in meeting the surging demand for skilled workers.

“Partnerships with other organisations have proven significant in meeting the surging demand for skilled workers.”



While collaboration – often associated with engaging young people in the workforce – holds significant potential, there is an emerging opportunity for partnerships aimed at individuals over 50 with substantial experience seeking a return to work. In the West Midlands alone, approximately 100,000 individuals fit this category.

Businesses argued that a shortage of resources and incentives – notably impacting small and medium-sized enterprises (SMEs) – has led to a scarcity of employers willing to provide work placements and practical experience opportunities. The resource-intensive nature of successful work placements, coupled with the cost-of-living crisis, has left many employers unable to offer such programmes.

The recent increase in the minimum wage has also prompted several employers to either suspend or reduce their recruitment efforts and graduate schemes. As a result, employers continuing to recruit have found themselves increasingly reliant on groups characterised by higher turnover rates. To address this challenge, employers have explored the implementation of a 'soft' skills training programme for their lowest-paid and most challenging-to-retain staff as a potential short-term solution. This initiative significantly enhances the offerings available to these employees, improving retention rates, and upskilling lower-skilled workers.

On bridging the skills gap between the oldest and youngest generations in the workplace, reverse mentoring emerged as a critical practice. Seasoned older workers can share their invaluable expertise, while their younger counterparts contribute their wealth of digital knowledge and skills.

2.3.3 Recommendations

To address the current skills gap, policymakers should explore actions to bring inactive individuals – particularly young people – back into the workforce. It is crucial to implement flexible and dynamic strategies that also encourage business-to-business engagement. Here are a number of recommendations aimed at achieving this goal:

1. Flexible training, apprenticeship, and degree apprenticeship programmes with business collaboration

Policymakers should explore developing flexible training, apprenticeship, and degree apprenticeship programmes to support life-long learning, in line with much needed apprenticeship levy reform, that involves collaboration between government agencies, training providers, universities, and businesses. Businesses should be encouraged to sub-contract training programmes to other organisations to cater to diverse skills and interests.

Collaborative training and apprenticeship programmes allow businesses to play an active role in shaping the skills of future employees. Subcontracting training to specialised providers can ensure that the programmes remain adaptable and up-to-date with industry needs.

The involvement of universities, especially in the provision of digital skills and artificial intelligence usage, is critical. Universities are at the forefront of knowledge production and co-production with businesses to help build the skills of the future. Policymakers could increase the number of Knowledge Transfer Partnerships for these vital innovation and research collaborations across higher education.

2. Personalised career counselling with business collaboration

Local and national governments should establish career counselling services that include collaboration with local businesses. DWP has a pivotal role to play here in providing enhanced support services to the work seekers and organisations. Businesses can provide insights into current job market demands, offer internships, work placements or mentorship programmes, as well as supporting career guidance initiatives. The career counselling offering should also be strengthened within the National Curriculum, supported by local organisations working in collaboration with schools and colleges.

Engaging businesses in career counselling ensures that individuals receive guidance that aligns with current industry trends and job opportunities. It also encourages businesses to take an active role in nurturing future talent.

3. Youth-focused entrepreneurship programmes with business mentoring

Policymakers should invest in entrepreneurship programmes geared towards young individuals, with a focus on business mentoring and partnerships. The private sector should be encouraged to mentor and collaborate with young entrepreneurs. This could include work experience programmes for young people looking to improve their experience and enhance certain skills, while also supplementing business needs. The pay could be reflective of current apprenticeship pay, benefiting both businesses and young people looking for work experience and transferable skills.

Business mentoring and partnerships can be valuable resources for young entrepreneurs. Government-supported programmes can facilitate these connections and promote subcontracting relationships between established businesses and startups.

4. Encourage volunteering and community engagement with business involvement

Promote volunteering and community engagement programmes in collaboration with businesses. Encourage businesses to subcontract community engagement initiatives and recognise volunteer work in their hiring processes.

By subcontracting community engagement initiatives to businesses, local and national governments can leverage corporate social responsibility efforts and promote greater involvement of inactive individuals in community activities – potentially leading to employment opportunities.

5. Improve career pathways in key sectors through a more flexible Levy

In certain sectors where the skills shortage is most acute, policymakers could explore making Apprenticeship Levy funds available for an improved colleague offering. This could come in tailored development pathways through which development and progression opportunities could be made available, making certain industries and sectors more desirable.

The funds could also be used to ensure career development opportunities in identified sectors are open and desirable to people of all backgrounds.

Productivity level (GDP per hour) Index where Q4 2007 level = 100



2.4 Fostering long-term economic resilience

2.4.1 Context

The country is suffering from underlying structural hurdles. Poor productivity growth has been a feature of the UK economy since the 2008 financial crisis, only becoming further entrenched as a result of the pandemic. Pre-2008, UK productivity grew by around 2 per cent a year – from the second quarter of 2022 to the second quarter of 2023, productivity has only grown by 0.1 per cent¹⁹. This is in part fuelled by the significant shift in working patterns post-pandemic.

2.4.2 Evidence

While local organisations play a vital role in grassroots-level change, businesses agreed that addressing the increasing and evolving challenges necessitates a stable and innovative regulatory framework. Effective communication and proactive responses from both local and national governments are pivotal in bridging the UK's economic and labour market hurdles.

Both public and private sector partners noted the importance of collaboration between employers and specialist organisations when recruiting underrepresented and disadvantaged groups. This collaborative approach boosts inclusion within the recruitment process. It was also widely agreed that the government should play a more proactive role in this area, particularly in managing the transition period between the end of benefits and the completion of probation periods, which often leaves vulnerable individuals in a state of uncertainty.

Organisations also noted a range of challenges related to the evolving nature of jobs – including a hike in wages. Many small and medium-sized enterprises (SMEs) are struggling to recruit suitable candidates, particularly for low-paid and low-skilled roles. The recruitment and retention landscape has experienced significant changes – including a hike in wages for entry level employees new into the role – presenting a contemporary challenge.

2.4.3 Recommendations

1 Expand the scope of capital grants

Instead of narrowly concentrating on job creation metrics, central Government should consider broadening the criteria for capital grants. This expansion should encompass investments in technology, process optimisation, and innovative practices that directly contribute to driving productivity growth. This could include automation technologies, digitalisation, and other efficiency-enhancing measures.

2 Invest in upskilling and career progression

Recognising the changing landscape of employment due to automation, it is imperative to invest in upskilling and career progression for the existing workforce. Capital grants should be made available to organisations that undertake initiatives aimed at training and developing their employees, preparing them for evolving roles in a competitive global market.

Policymakers should also encourage a culture of lifelong learning by providing incentives for individuals to continually upgrade their skills. Tax incentives, grants, and subsidies can be used to support ongoing education and training, enabling workers to stay relevant in a rapidly changing job market.

3 Facilitate public-private partnerships

Encourage partnerships between government agencies, educational institutions, and private enterprises to create targeted training programmes. These programmes should focus on equipping individuals with the skills required for emerging industries and technologies. Such partnerships can ensure that workforce development efforts align with the needs of the private sector, fostering adaptability and resilience.

4 Support research and innovation

Allocate resources to fund research and development projects that have the potential to revolutionise industries and boost productivity. Encourage collaboration between academia, research institutions, and private companies to accelerate innovation. This could encompass not only AI but also other emerging technologies and innovative practices.

5 Incentivise sustainability

Consider incorporating sustainability goals into capital grant criteria. Encourage businesses to adopt environmentally friendly practices and technologies, which not only benefit the environment but also enhance productivity and foster long-term resilience.

These should be weighted in favour of SMEs, considering the pressures so many are under to reduce Scope 3 emissions within their supply chains.

3. Summary of recommendations

2.1 Promoting resilience and a proactive response to economic shocks

2.1.3 Recommendations

1. Diversify sectoral strategies
2. Foster public-private partnerships
3. Implement early warning systems
4. Strengthen supply chain resilience

2.2 Adapting to the post-pandemic workplace shift

2.2.3 Recommendations

1. Flexible working
2. Clear business practice
3. Government sponsored flexible working toolkits for relevant industry bodies

2.3 Investing in the workforce of the future

2.3.3 Recommendations

1. Flexible training, apprenticeship, and degree apprenticeship programmes with business collaboration
2. Personalised career counselling with business collaboration
3. Youth-focused entrepreneurship programmes with business mentoring
4. Encourage volunteering and community engagement with business involvement
5. Improve career pathways in key sectors through a more flexible Levy

2.4 Fostering long-term economic resilience

2.4.3 Recommendations

1. Expand the scope of capital grants
2. Invest in upskilling and career progression
3. Facilitate public-private partnerships
4. Support research and innovation
5. Incentivise sustainability



4. A view from the roundtables

A selection of quotes from the series of roundtables which gives a sense of the contributions from a range of organisations and sectors.

Economic challenges

On the topic of cost-saving in the face of acute socio economic pressures, an industrial gas supplier noted that businesses need to think long-term about the costs associated with onboarding and training new staff compared to improving the circumstances of current employees.

When discussing the costs associated with an increased colleague offering, one recruitment agency talked about their SME clients expressing that they are simply unable to recruit anyone, especially for lower paid and lower-skilled roles, due to cost pressures impacting the employee value proposition.

One leading employer stressed the need for government to engage businesses early, when considering policy changes. These early discussions would prevent unintended consequences i.e. major business disruption leading to loss of business and/or jobs.

A regional business council member talked about high growth clusters, organisations with high growth potential and asked us to consider how we could power-up both of these types of business, suggesting hiring consortiums might be one such option.

Addressing the Skills Gap

Focusing on the lack of upskilling opportunities as a link between retention issues and the skills gap, an aviation services organisation outlined the need for increased re-skilling support from the Government.

A local authority leader highlighted the nature of the current apprenticeship system and its limitations, which is contributing to the UK's low productivity. It was noted that to address the rising levels of NEETs across Britain, apprenticeships will be critical in boosting candidates behaviors, knowledge, and experiences.

Upon discussing where education fits into the skills gap debate, an insurance company outlined the gap found between employment and skills as a result of the younger generation's education. The company is seeking to address this by collaborating with educational providers and young people directly to bridge the gap.

Post-pandemic workplace cultural shift

“ Focusing on the learning and development offering across the private sector, a logistics company reported the importance of mentorship and the current lack of focus on mentorship for managerial roles. Two-way mentoring between younger and older workres is key as both groups have inherent advantages that can be shared with the other.

“ When discussing the transformation of employee expectations and behaviour since the COVID-19 pandemic, a car insurance provider outlined the limitations in the youngest generation now entering the workforce - citing a lack of overall soft skills due to the pandemic. The term 'soft skills' needs updating as it

diminishes their importance, these skills are now critical skills across sectors - with more technical skills specific to roles able to be developed through training.

“ Touching on the sector-specific challenges when offering hybrid and remote working, a software development company explained that their inability to offer hybrid working has decreased its possible talent pool by 50%.

“ One insurance leader commented on the importance of rebuilding trust with employees, through coaching and employee engagement. It was felt that this is crucial to cement workplace relationships.

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