

Skills are key to our boosting the economy but we continue to ignore at our peril

A constant theme of this column of the last few months has focused on skills and people and I make no apology for that given it is probably the most important issue facing our economy. Unfortunately, it is still not being taken seriously enough by politicians and policymakers within the UK Government or the devolved administrations with significant knock-on effects for the economy and the labour market.

We know that vacancy rates remain high across the UK with more than 40% of employers finding it difficult to fill jobs. Yet, at the same time, 35% of workers feel they do not have the skills necessary to undertake their current role, never mind the jobs of the future.

Given this, it is no surprise that productivity rates remain shockingly low within the UK and that the economy is stagnating rather than growing.

More importantly, with studies showing that as many as one out of every two jobs will need new skills due to digitalisation and automation, those economies that embrace change and invest in their people will achieve greater competitiveness over the next decade.

Some have argued that this focus on delivering skills cannot be delivered at a national level and that instead, the focus should be on regional or local approaches where employers can work with providers to address the challenges of the future of the workplace.

That was the theme of the inaugural OECD Local Skills Week earlier this year which brought together over 1,000 participants from 98 countries to discuss a range of issues related to the current skills agenda.

With a range of topics being discussed in depth, there are lessons from the forum for UK policymakers, especially those working at a local level across the nation.

Not surprisingly, many of those attending the event reiterated that skills and talent could and should be increasingly seen as the critical factor for the competitiveness of cities and regions, especially as the best companies are still investing in places where the talent is.

More importantly, with key trends such as the transition to net zero and increased digitisation driving competitiveness and innovation in many sectors, there is a need to develop programmes that will upskill workers with the competencies needed to deal with the requirements of not only new industries but the changes that will be made to existing industry as a result.

With the levelling up agenda still being, for now, a key part of the UK's Government's agenda, the upskilling of workers at a local level is also key to achieving improved economic performance. This is especially the case within more deprived communities which may have adults with lower skills than more prosperous areas.

With research showing that only around 20% of adults with low skills participate in adult learning as compared to 60% for adults with high skills, it is critical to develop local skills policies that reach this first group to help create a more skilled and educated workforce for the future that can boost prosperity in the poorest parts of the UK.

Another key issue is the development of feedback loops between education and industry to guide future training. Sadly, the

university sector in the UK is not as good as it thinks it is at achieving this and employers are constantly complaining that higher education institutions do not react quickly enough to the rapid rate of change of skills demanded by business, especially in technology-based sector.

To deal with this, especially in advancing learning within the workplace, there must be the development of stronger partnerships between employers, learning and training providers, local government and social partners especially as evidence shows that these are critical to balancing supply and demand of skilled workers. In addition, peer learning amongst employers can also help businesses to share knowledge, identify best practices and test innovative solutions.

Finally, if the successful development of skills within the economy is to be fully realised, then this must be bottom up and not top down, utilising the motivation of local actors and more importantly, being responsible to their specific needs. And in the spirit of “no competition in collaboration”, localities need to learn from best practice elsewhere, adopting and adapting successful initiatives to improve skills development in their area.

Therefore, the development of skills remains one of the key competitive tools in a fast-changing global economy. However, if any city or region in the UK is to take full advantage of this, then there needs to be a far more considered approach to future skills and, more importantly, the development of detailed skills strategy that reflects the needs of local employers.

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