

FACTSHEET

REBOOTING LIFELONG LEARNING FOR A SKILLED WORKFORCE

Skills shortages will cost the UK £120 billion by 2030ⁱ. At least 80% of the 2030 workforce is already in employmentⁱⁱ, which means that responsibility for upskilling the future labour market rests largely with employers. Yet the amount that employers spend on workplace training has fallen by 28% over the last two decadesⁱⁱⁱ.

This factsheet pulls together key statistics to draw a picture of employer investment in lifelong learning, setting out what is happening right now and what will happen if businesses do not reboot their approaches to lifelong learning now.

Introduction

Even before the COVID-19 pandemic, the UK was facing a skills crisis.

90% of workers will need some form of reskilling by 2030^{iv}.

Post-pandemic, we are also now experiencing the tightest labour market in history. There are 1.2 million job vacancies^v, of which nearly 25% are skills shortage vacancies^{vi}, and the economically active population (i.e., the number of people employed or looking for work) has shrunk by half a million compared to 2019^{vii}. There are simply not enough people with the right skills for the jobs that are available.

Without concerted efforts from government and business, the skills gap will only get bigger. By 2030, there will be a shortfall of 2.5 million highly skilled workers and an oversupply of 8.1 million people with intermediate or low skills^{viii}.

The current level of investment

Despite the mounting skills crisis, the amount employers are spending on upskilling their workforce is decreasing: training spend per employee has fallen 28% in real terms since 2005, from £2139 to £1530^x. Investment by many businesses is limited to statutory requirements like health and safety^x.

The amount UK employers spend on training per employee is less than half the EU average^{xi}

At the same time, Government spending on adult learning has also declined – there was a 47% drop in the decade to 2019^{xii}.

The drop in investment has not impacted everyone equally

Many of the same groups facing barriers to employment are also less likely to receive training at work:



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- 49% of adults from low socio-economic backgrounds have received no training since leaving school compared to 20% from the top group^{xiii}.
- Employees qualified to degree level are three times more likely to receive training than those with no qualifications^{xiv}.
- Older workers are more than twice as likely to have received no training compared to their younger counterparts (27% of those aged 45+ versus 13% of 18-24 year olds)^{xv}.

The lack of training perpetuates the cycle of disadvantage:

Just 12% of those earning less than £20k per year report that they had been promoted in their current organisation, compared with 45% of those earning £40k and above^{xvi}.

The barriers to upskilling

61% of employers currently believe that they have a skills shortage in their organisation^{xvii}.

Yet two-fifths of employers have not funded or arranged training for any of their employees over the previous 12 months^{xviii}.

Reasons for not investing are numerous and varied, but include:

- **The unclear return on investment.** There is a risk that the employee will leave before delivering sufficient productivity gains to cover the cost of their training^{xix}.
- **Difficulty accessing the right provision.** Employers often find it difficult to identify the right training provider in their geographical area^{xx}.
- **Lack of flexibility in provision.** The increase in people working part-time, flexibly and/or with caring/other non-work

responsibilities means that greater flexibility in provision is needed^{xxi}.

- **The lack of clarity about the skills gap.** Employers may be uncertain about the gap between current capabilities and skills that the business requires, and therefore are unsure what training to invest in^{xxii}.
- **The cost of training.** This includes the salary for internal trainers or fees to external trainers, the opportunity cost of losing labour for the duration of training, and the expense of managing and administering training^{xxiii}.
- **The absence of need.** For 70% of employers not providing training, the main reason for not doing so was staff being considered fully proficient^{xxiv}.

Is the tide beginning to turn?

There are early signs that the tight labour market is encouraging employers to look to their current workforce rather than new recruits to plug skills gaps.

41% of employers plan to respond to recruitment and retention difficulties by upskilling existing staff^{xxv}.

63% of Learning & Development professionals say that their CEO has become an active champion of workplace learning^{xxvi}.

This shift in focus from recruitment to upskilling may be indicative of a recognition that investing in existing employees is more cost-effective than recruiting, or it may be symptomatic of the struggle businesses face recruiting for the skills that they want, so they need to invest in their people instead.

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The value of investing in upskilling your workforce

The skills gap is already wide and it is increasing. But even if the broader UK workforce were equipped with the skills your organisation will need in the future, there would still be tremendous value for your business in investing in your people.

- **Increased productivity.** Effective reskilling brings a productivity uplift of 6-12%^{xxvii}.
- **Greater staff retention.** 8% of UK workers have handed in their notice due to being denied a training request^{xxviii}. This figure may increase due to the cost-of-living crisis, with 54% of employees considering moving to a new role with better pay^{xxix}.
- **Improved staff wellbeing.** Participating in a part-time work-related course can yield wellbeing benefits to the learner equivalent to £1,584 of income annually^{xxx}.

- **More attractive to jobseekers.** 52% of millennials say that opportunities for career progression make an organisation an attractive employer^{xxxi}.

What next?

1. Read our [briefing](#) on the Challenges and Opportunities of Lifelong Learning (member only).
2. Find out more about the Role of Essential Skills in Recruitment and Lifelong Learning by downloading our [factsheet](#) (member only).
3. [Register](#) your interest in our skills work to be kept informed of developments.
4. If you are not yet a member, [join BITC](#) to access our network and support.

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- find out more about our [Employment & Skills](#) work
- [learn more about our advisory services](#)
- [join us for one of our upcoming events.](#)



Talk to one of our expert team today to learn how membership of BITC can help you take your responsible business journey further and drive lasting global change.

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- ⁱ Learning & Work Institute, [Local Skills Deficits and Spare Capacity](#), 2019
- ⁱⁱ Industrial Strategy Council, [UK Skills Mismatch in 2030](#), 2019
- ⁱⁱⁱ Learning & Work Institute, [Raising the bar: increasing employer investment in skills](#), 2022
- ^{iv} CBI, [Learning for life: funding a world-class adult education system](#), 2020
- ^v Institute for Employment Studies, [Labour Market Statistics](#), October 2022
- ^{vi} Edge Foundation, [Skills shortages in the UK economy](#), 2021
- ^{vii} Institute for Employment Studies, [Labour Market Statistics](#), October 2022
- ^{viii} Learning & Work Institute, [Local Skills Deficits and Spare Capacity](#),
- ^{ix} Learning & Work Institute, [Raising the bar: increasing employer investment in skills](#), 2022
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- ^{xi} Learning & Work Institute, [Raising the bar: increasing employer investment in skills](#), 2022
- ^{xii} Edge Foundation, [Skills shortages in the UK economy](#), 2022
- ^{xiii} Social Mobility Commission, [Adult Skills Gap](#), 2018
- ^{xiv} Learning & Work Institute, [Raising the bar: increasing employer investment in skills](#), 2022
- ^{xv} CIPD, [Over-skilled and underused: investigating the untapped potential of UK skills](#), 2018
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- ^{xvii} The Edge Foundation, [Skills shortages in the UK economy](#), 2022
- ^{xviii} Government Social Research, [Employer Skills Survey 2019: Training and Workforce Development](#), November 2020
- ^{xix} Industrial Strategy Council, [Rising to the UK's Skills Challenges](#), 2020
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- ^{xxii} McKinsey, [The economic case for reskilling](#), 2020
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- ^{xxv} CIPD, [Labour Market Outlook](#), Summer 2022
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- ^{xxvii} McKinsey, [The economic case for reskilling](#), 2020
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- ^{xxix} HireVue, [Candidate Experience Report](#), 2022
- ^{xxx} Department for Business, Innovation & Strategy, [Valuing adult learning](#), 2012
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