



# Reconceptualising Employers' Role in the UK's Post-16 Education and Skills System

An Initial Analysis

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Policy Brief

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**SKOPE**



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## About SKOPE

The Centre on Skills, Knowledge, and Organisational Performance (SKOPE) is based at the University of Oxford. As we navigate industrial transitions, social inequalities, technological advancements, environmental changes, and global economic shifts, SKOPE believes that transforming education and skills systems is key to building a fairer, greener, and more productive society.

Founded in 1998 through three rounds of funding from the Economic and Social Research Council (ESRC), SKOPE is a world-leading research centre at the University of Oxford and undertakes rigorous, interdisciplinary research at the intersection of education and training, skills, employment, and the economy. Our cutting-edge research examines how the evolving dynamics of skills supply and demand shape productivity, economic growth, and social justice in today's labour market. This shows that to tackle today's biggest challenges, from climate transition to labour market disruption to AI, we must rethink and reform how education and skills systems are designed, governed, and delivered.

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## Executive summary

This working policy brief sets out a proposal for reconceptualising the role of employers in England's post-16 education and skills system. It is informed by over two decades of research at Oxford University's Centre on Skills, Knowledge, and Organisational Performance ([SKOPE](#)), and is based on a consultative process, drawing on input and perspectives from a SKOPE Employer Roundtable held on 29 July 2025. The roundtable brought together employer representatives from a wide range of sectors, including the eight growth-driving sectors highlighted in the [UK's Modern Industrial Strategy \(2025\)](#), and government officials from the Department for Education (DfE), Skills England, and the Department for Business and Trade (DBT), to discuss a renewed vision for employers within the skills system. This was supplemented by thirty-one in-depth interviews with individual employers and industry stakeholders, as well as a subsequent workshop with government officials from DfE, Skills England, DBT, HM Treasury, Department for Work and Pensions (DWP) and Department for Environment, Food and Rural Affairs (DEFRA).

England, and the UK more broadly, is facing widespread skills gaps, shortages, and mismatches driven by a long-standing disjuncture between employer skill demand and both training provision supply and uptake, which is becoming increasingly acute with rapid technological and industrial change. These challenges emphasise an urgent need to establish a more active and engaged role for employers within England's skills system.

Our research suggests that such a shift in employers' role will bring better alignment between post-16 education and training provision and employer needs, enhance productivity, and foster the innovation and workforce transformation needed to drive up opportunity, growth, and economic security within the context of these challenges. Such a shift in employers' role is vital for employers as it enables them to achieve improved outcomes for securing the skilled workforce needed to compete and grow. To achieve these goals, this paper proposes **two overarching strategic objectives**:

- 1. Reframe the policy discourse on the role of employers in England's skills system fundamentally, to move from an employer-led focus to an employer-engaged approach**
- 2. Develop a clear and operationalisable articulation of specific roles of employers within England's skills system**

This paper also makes **four key recommendations** to achieve these strategic objectives and thereby **renew the role of employers**, and transition to an **employer-engaged system**:

- 1. Employers should view the skills agenda as a strategic priority that should be owned by their senior executive leaders.**
- 2. Employers should engage in place-based approaches to the design and delivery of skills systems, including contributing to action to increase porosity, collaboration, and coordination between education and skills training stakeholders.**
- 3. Employers should be involved in the ongoing redesign of jobs and occupations, with a focus on aligning working approaches and career structures with the long-term needs of their sector, providing ‘good work’, and developing appropriate practices and structures that make best use of employees’ skills.**
- 4. Employers should engage in both sector-level and cross-sectoral occupational discussions with government and skills system experts, to ensure a coherent and coordinated approach to skills foresighting and workforce planning.**

This policy brief consists of four sections and an Annex. It will first present the case for change, highlighting the urgency and importance of shifting the role of employers in England’s post-16 education and skills system, along with the key skills challenges and success factors emphasised at the Employer Roundtable and in the employer interviews. Second, it will propose two strategic objectives for reconceptualising the role of employers in England’s skills system and four recommendations. It will then showcase the return on investment (ROI) in workforce training and upskilling in the case of the manufacturing sector in order to illustrate one industry example of the economic case for change. This paper does not intend to set out a comprehensive plan for realising the renewed vision for the role of employers that it proposes. However, in the final section, we propose some tangible next steps for helping to deliver on the paper’s recommendations and SKOPE is keen to continue to support discussions and programmes of work to develop a practical pathway to achieving these strategic objectives. Finally, the Annex presents an analysis of employer interviews regarding key employer skill priorities.

We gratefully acknowledge the employers and government officials who have generously shared their time, experiences and insights during the development of this work. Their contribution has been invaluable in shaping the analysis and recommendations proposed here.

## I. The case for change

Research by SKOPE into the UK's post-16 education and training system has consistently highlighted the urgent need to rethink and re-envision the role of employers (James Relly & Robson, 2022; Keep, 2020; Robson, 2025). Despite the strong policy rhetoric around an 'employer-led' system and policy emphasis on the importance of 'skills for jobs', SKOPE research shows that, in practice, the relationship between employers and the skills system is one-sided and unbalanced, and employers' rights, roles, and responsibilities have never been clearly established (Gleeson & Keep, 2004; Keep, 2012, 2020). England, therefore, continues to struggle to adequately respond to the shifting economic landscape and to technological changes, with the outcome being persistent skills gaps (Robson et al., 2024, 2025). These challenges, coupled with demographic, environmental and geopolitical changes, will continue to disrupt the labour market and impact the jobs that exist and the skills needed to do these jobs. This is happening at an accelerating pace, according to the National Foundation for Educational Research's final report on how job and skill requirements are likely to change in future and how the education and skills system, as well as employers, need to respond (Bocock et al., 2025). Urgent system-wide action is therefore required.

Employers in the UK are highly diverse in their scale and capacity, operating across different sectors, regions and labour markets. Particularly, small and medium-sized enterprises (SMEs) make up at least 99% employers and play a central role in local and regional economies (DBT, 2025), while a smaller number of large employers account for a significant share of employment. Employers operate across different sizes, capacities, sectors, skills needs, regulatory environments, education and training space, and ways of engagement that have led to both the challenges and opportunities for successful and meaningful employment within the skills system.

Recent policy narratives have had the effect of positioning employers as skills 'consumers', with assumed consumer rights to education and training provision that addresses skills demands and gaps (DBT et al., 2025; DfE, 2021). However, policy over the last two decades has failed to articulate in a meaningful way how to harness employer responsibilities for engaging in or shaping the education and training system (Keep, 2020; Robson, 2025) that can provide them with the skilled labour that they need. This dynamic has resulted in poorly defined roles, different practices across regions and sectors, recurring skills mismatches, shortages, and gaps, and challenges around workforce readiness and weak labour market outcomes. Furthermore, the 'messy' reality of local skills ecosystems means that nationally-driven skills policy must always go through a process of translation and interpretation if it is to have a meaningful impact at the local level, but this requires more system capacity than is

frequently available to support local foresighting and articulation of skills needs (James Relly & Robson, 2022).

Research by SKOPE shows that employers across six industries acknowledge a reluctance to take a more active role in shaping the education and training system, pointing to structural barriers that limit their ability to act and invest (Robson et al., 2025). These include policy churn, the complex and fragmented qualification system, and the absence of effective engagement structures, all of which are highlighted as exacerbating existing challenges. SMEs particularly emphasise difficulty in both accessing and engaging with education and training provision, often feeling excluded from policy discussions and provision development processes, and unable to contribute to skills foresighting activities.

Input and perspectives from employers at the July 2025 SKOPE Employer Roundtable, combined with thirty-one follow-up interviews with employers, have helped to consolidate our understanding of the key success factors and what employers are looking for to create a more resilient, sustainable, and adaptive skills system. At the roundtable, employers highlighted the following success factors, including (but not limited to):

- The importance of collaboration is embedded in a shared purpose, with a greater focus on place.
- A need for system simplification, with greater flexibility and adaptability.
- A need for employers to scope their skill requirements more effectively and link those to education and training market provision.
- Information on skill demand and the education and training system scoping is needed at different levels (e.g. cross-sector, sector-specific and geographical).
- The role of primes in leading skills investment, and driving this across their SME supply chains, and the need for government intervention to enable SMEs outside supply chains to invest in skills.

As part of SKOPE's ongoing engagement with employers, thirty-one interviews have been conducted in an attempt to draw out further insights regarding the key skill challenges facing businesses across the eight priority sectors specified in the Industrial Strategy, along with those of other key industries. Below are the key insights drawn from the interviews, which further elaborate on the need for change from the perspective of employers. More detailed insights from the employer interviews can be found in the Annex but the headline points include:

- Greater clarity on roles and responsibilities between industry and government in the skills system;

- The need for greater employer coordination within sectors for the collective provision of skills;
- The importance of senior leadership involvement in skills investment governance;
- Better employer access to knowledge exchange and upskilling provision in advanced technology areas specifically from higher education institutions;
- Mechanisms need to be put in place in order to enable training provision to become rapidly responsive to technologically-driven skill change;
- The importance of the government in distinguishing differences in the skills challenges based on firm size and in developing an approach to engagement and data collection, additionally focused on SMEs.

Addressing these challenges and success factors requires a fundamental reconceptualisation of employers' role, moving away from a conception of employers as skills consumers towards an approach that requires employers to take a more active role in education and training provision, job design, human resource development, and strategic workforce planning (Robson, 2023), including a role in driving and coordinating skills demand at both regional and national level (Robson, 2025). This policy brief develops these insights further to propose a more tangible vision for a renewed employer role within England's skills system, including the wider policy and system prerequisites on which this depends.

## II. A renewed vision for the role of employers in England's skills system

Two strategic objectives for reconceptualising the role of employers in England's skills system

### **1. We need to fundamentally reframe the policy discourse on the role of employers in England's skills system, to move from an employer-led focus to an employer-engaged approach**

England's current skills policy narrative positions employers as skills consumers within England's post-16 education and skills system, and has encouraged a recruitment culture that expects job-ready candidates as opposed to a culture focused on longer-term investment in workforce development underpinned by ongoing investment in education and training.

This has hampered the agility of the skills system and its ability to cope with challenges, changes, and uncertainty, leading to profound structural challenges for maintaining alignment between post-16 education and training and wider labour market needs.

To establish a more resilient, productive and competitive economy, we need to move beyond a linear one-way conception of skills supply-and-demand and dependency on employer voluntarism, to reposition employers as active system stakeholders, with responsibilities for ensuring skills system success.

This includes shifting the language used to discuss the role of employers in education and training to put overt emphasis on employer "engagement" and employer "responsibilities".

### **2. We need a clear and operationalisable articulation of specific employer responsibilities within England's skills system**

Repositioning the role of employers demands greater government support for increased employer coordination. It also requires government coordination, intervention, and incentives to enable such changes. This can only be achieved via a clear and operationalisable articulation of specific employer responsibilities within the skills system.

These responsibilities need to recognise the importance of employer engagement in key areas such as qualification development and review, occupational standard setting, assessment, supporting work-based learning, broader workforce development

(including financial commitments to ongoing education and training of staff), the development and public promotion of career pathways, and short-, medium and long-term sector-specific skills foresighting.

Employer responsibilities must also be clarified in relation to different employer types and sizes, and the wider responsibilities of individuals, government (national and local), and education and training providers, noting particularly the important emerging role of Skills England in the skills system. Government must also ensure an enabling framework for these responsibilities, with appropriate incentives and coordination structures.

## Four recommendations to renew the role of employers in the skills system

### **1. Employers should view the skills agenda as a strategic priority that should be owned by their senior executive leaders.**

To navigate economic uncertainty, technological changes, and demographic shifts appropriately, workforce development, skills planning, and engagement in education and training should not be viewed as a purely operational issue managed solely as a Human Resources response to a skills shortage or disruption. SKOPE's research into best employer practice highlights the importance of employers treating skills system engagement as a strategic priority, and proactively taking on responsibilities to help ensure skills system success (Robson et al., 2021).

This requires an organisational culture that positions the skills agenda as a core responsibility of senior executive leaders as part of a process that drives a whole-company approach to engagement with education and training. Discussions at SKOPE's Employer Roundtable endorsed this, highlighting lifelong learning strategies as a key ambition for a renewed role for employers with the recognition that employers share in the responsibility for driving this cultural shift. The NFER's Skills Imperative 2035 report equally emphasises this, including a specific recommendation to ensure that Human Resources and management practices enable employers and line managers to accurately assess, utilise and develop their workers' existing skills (Bocock et al., 2025, p. 40).

Making this change requires:

- Employers to champion and institutionalise a culture of skills and lifelong learning through explicit and proactive senior executive leadership.
- Employers to integrate the use of the Growth and Skills Levy (GSL) and Lifelong Learning Entitlement (LLE) and, where applicable in devolved authorities, the Adult Skills Fund (ASF) into both internal workforce planning and individual career planning.

- Corporate governance to incorporate skills investment as a broad, cross-departmental Key Performance Indicator across operational functions for talent development and training.
- Leaders to engage in Continuing Professional Development (CPD) activities to ensure they understand the complexities of the skills system and what active engagement looks like and means for their respective organisations.
- Employers to proactively promote pathways into their industry to learners of all ages, working with educational institutions and community organisations to widen awareness of opportunities and practical steps learners can take to realise these.
- Government support and recognition for skills leadership within business, including exploration of how government can align industrial policy and incentives to reward long-term workforce investment.

**2. Employers should engage in place-based approaches to the design and delivery of skills systems, including contributing to action to increase porosity, collaboration, and coordination between education and skills training stakeholders.**

England's education and skills system has struggled with fragmented responsibilities and a marketised approach that focuses on competition rather than coordination. In order to ensure effective and sustained coordination, policy approaches to education and training and economic growth are placing a greater focus on place, including within the government's Post-16 Education and Skills White Paper (DfE, 2025). The OECD similarly emphasises the need for strong employer engagement at a place-based level, to ensure 'real-time place-specific labour market needs' are met (OECD, 2025, p. 37).

A place-based approach enables the skills system to be more responsive to local and regional strengths, skills needs, economic dynamics, and industrial priorities. It also enables more diverse, heterogeneous, and tailored approaches for different types of employers to collaborate with post-16 education and training providers and stakeholders at local and regional, as well as national, levels.

This is essential for establishing the long-term relationships that are required to ensure and maintain a shared understanding of the needs and capabilities of different stakeholders (e.g. particular learner and community needs, local employer needs and capabilities, regional priorities for driving growth and opportunity) and co-develop approaches that improve system coordination. In order to achieve this, it is crucial to increase the 'porosity' of information, ideas, working practices, and staff between businesses, education and training institutions, and wider skills system and community stakeholders.

This was the strongest area of consensus at SKOPE's Employer Roundtable, as illustrated by the following citations depicting key ambitions and success factors for a renewed role for employers in England's skills system:

*'Cluster around local strengths → with business needs driving skills'.*

*'Focused collaboration – e.g., on a sector need or regional need + then coalescing around that + investing with confidence; driven by national and local government (confidence in pipelines) → which is the best depends on the sector'.*

*'More porosity – opening up to learners to promote sector opportunities, not turning people off by rejections for work experience'.*

Achieving this vision for place-based engagement and increased 'porosity' between stakeholders requires:

- A policy framework, and associated funding and incentive schemes, which support and enable regional/local networks and longer-term partnerships that serve productivity/economic development goals – for example, Skills England supporting more local clusters of SMEs.
- Larger employers playing a convening role within local systems to facilitate the planning and coordination of action to achieve shared goals to drive growth and opportunity.
- Employers proactively driving a stronger culture of dual professionalism and other ways of working that immerse industry and education staff in both industry and education environments, including shadowing and co-location.
- Government investment in the capacity-building of leaders from different stakeholder groups, including CPD on how skills systems function and operate, and on how to develop and sustain long-term partnerships and collaborations at both local and national levels.
- Deeper exploration of how government can:
  - incentivise employers to engage more actively with the design and delivery of the skills system, giving attention to the diversity of employer needs/types, and new ways for employers to engage beyond traditional routes such as apprenticeships. This needs to draw on learning from recent reforms, e.g. barriers to offering work experience and placements illuminated by the introduction of T Levels placements. It could also involve employer involvement in the development of short and modular courses eligible under the GSL and LLE;
  - measure employers' engagement in order to be able to give recognition to the breadth of employer engagement that this vision proposes.

**3. Employers should be involved in the ongoing redesign of jobs and occupations, with a focus on aligning working approaches and career structures with the long-term needs of their sector, providing ‘good work’, and developing appropriate practices and structures that make best use of employees’ skills.**

Where issues with skills alignment are raised, policy approaches tend to focus on reforms to skills supply with the focus being on the need to make education and training provision more responsive to employer skill requirements. However, our research has shown that demand-side interventions are also critical in ensuring a resilient skills system and a robust economy (Robson, 2023).

Skills misalignment often arises from changes to working practices. For instance, this can result from a misalignment stemming from technological advancements or from responses to the impacts of climate change. Such changes often necessitate job, role, and occupational redesign as well as the supply of different skills.

Employers must take a lead in this redesign process to ensure working approaches and career structures are aligned with changes in work, that appropriate, purposeful, and attractive career pathways are maintained and supported. For instance, the use of skills passports could ensure that new skills are used in a way that maximises the potential for enhanced productivity.

Achieving this vision requires:

- Identification of the data and information required for occupational redesign with clearly defined work streams for stakeholders involved in capturing, sharing, and aggregating this information.
- Clarity on the triggers for creating new qualifications and standards as well as undertaking significant reviews of existing ones. This would require transparency regarding the decision-making powers of employers vs. Skills England or central government departments within the design process.
- A convening mechanism for employers to engage in occupational redesign work alongside skills foresighting activities and the development of skills passports, in tandem with the work of Skills England and a regulatory framework that will support and drive the activity.
- Analysis and guidance on how employers in different industries can make good use of emerging skills in organisational practices.

**4. Employers should engage in both sector-level and cross-sectoral occupational discussions with government and skills system experts in order to ensure a coherent and coordinated approach to skills foresighting and workforce planning.**

The current policy focus has leaned towards relying on employers to lead on articulating their emerging skills needs. This has led to a wide range of challenges, including issues related to limited representation of different employer perspectives, particularly SMEs, resource-intensive foresighting activities, and too great a focus on short-term needs and skills linked with specific jobs.

This has contributed to the proliferation of overly focused standards and a confusing and fragmented education and training system. Competition between companies and a fear of poaching – or a ‘skills bunfight’, as one employer at SKOPE’s Employer Roundtable described multi-industry competition for parallel skills – have exacerbated a focus on overly specific job-related skills needs rather than on wider sector skills needs.

Employers must move beyond narrow competition for talent and siloed skills foresighting and workforce planning to engagement in sector-wide workforce planning. However, this requires a nationally coordinated mechanism that brings together government cutting across multiple departments and bodies (including DfE, DWP, DBT, DSIT, and Skills England), employers, and skills system experts, to collaboratively develop a strategic approach to skills foresighting and workforce planning, as well as local coordination to respond to real-time and place-specific labour market needs. This vision was endorsed at SKOPE’s roundtable, identifying ‘co-creation between local employers and other authorities, e.g. to upskill in a key sector’ as a success factor. SKOPE’s recent research also highlights an innovative sector-level collaboration in Wales, where cybersecurity companies and one FE college jointly developed masterclasses, working together to share rather than “stealing each other’s people” with a shared vision to build a stronger skilled workforce (Robson et al, 2025).

These collaborative strategies need to take into account short-, medium-, and long-term sector and cross-sector needs, along with national, regional and local economic dynamics. This would include questions such as the current tension between larger employers with the capacity to convene vs the needs of SMEs who are not in a prime-led supply chain, which was one employer-suggested recommendation highlighted at SKOPE’s Employer Roundtable.

Such an approach would require:

- A convening mechanism to bring together the key stakeholders in a collaborative manner that moves the relationship between government and employers beyond one of lobbying to one of collaboration.
- Active and ongoing sector-level review of career structures and occupation design alongside review of short, medium and long-term skills needs.

- An emphasis on the importance of non-governmental and non-employer skills experts, e.g. researchers, as potential convenors to provide a non-politicised space for supporting appropriate skills planning work.
- Companies, depending on their needs and capacities, co-investing in building a shared training and skills infrastructure.
- Government policy structures that support joint and collective investment in sectoral skills infrastructure, and embed sector-level workforce foresight into funding strategies.

### III. The potential for impact

The need to reform the skills system assumes immediate importance over the remainder of the current Parliament (2026 – 2029) following the government’s 2025 Autumn Budget, since it is widely anticipated that bond investors on UK gilt markets will be expecting increased national economic growth and labour productivity to begin to be realised going forward. As a consequence, we feel that such conditions create a pressing challenge for the government to take decisive and comprehensive action in supporting business in order to raise the level of skill investment that can help to facilitate new technology adoption and increase work competency in the round.

Our modelling of the return on investment (ROI) in workforce training and upskilling, which we refer to as ‘skill ROI’, over the course of the remainder of the Parliament shows that there is the potential for significant economic upside should enhanced work competency levels materialise in IS-8 sectors, if not more broadly across the wider economy. As just one example, in the case of the manufacturing sector, the maximum potential for manufacturing Gross Value Added (GVA) growth between 2026 and 2029 could be as high as £60 billion in the event that 100% of the manufacturing workforce with existing employer-identified skill gaps were to upskill their capabilities. Whilst we recognise that this figure may not be practically achievable, since it would require 100% upskilling across all manufacturing industries, it does highlight the scale of the economic growth opportunity before government and industry should appropriate policy adjustments be pursued. However, our analysis also shows that the upskilling of even 10% of the workforce could yield as much as £6 billion in additional UK manufacturing GVA within the timescales being discussed. Indeed, we estimate a range of upskilling-growth scenarios yielding between £6 billion and £60 billion in manufacturing GVA growth during this period, depending on the level of workforce upskilling realised in the UK manufacturing sector alone.

Our approach was to analyse the:

1. Potential realisable manufacturing GVA growth to 2040 if larger-scale manufacturing sector workforce upskilling is enabled;
2. Potential missed manufacturing GVA growth to 2040 if larger-scale manufacturing sector workforce upskilling is not enabled and in which the status quo is followed as marked by piecemeal efforts by individual firms.

Using data from the Employer Skills Survey (ESS) and the Annual Business Survey (ABS), we run a simple time-series linear regression model based on the assumption that proficiency in required modes of production is needed for forward growth in manufacturing GVA, where:

1. Employers deem certain employees to be fully proficient in the required modes of production used by the firm, as indicated in employer responses in the ESS;
2. Employers deem other employees to have skill gaps, whereby they are assessed as not being fully proficient in those modes of production, as also indicated in employer responses reported in the ESS.

We estimate the upskilled vs un-upskilled employee share of manufacturing GVA to 2040 in which varying proportions of employees deemed by their employers as being unproficient in their jobs become upskilled, thereby becoming fully proficient in those roles. In this particular analysis, those proportions are set at 10%, 25%, 50%, 75% and 100% of the manufacturing sector workforce, which would be needed to upskill in order to unlock the estimated increase in sector GVA growth. These proportions form a series of scenarios in which employees identified by their employers as being presently unproficient would become fully proficient employees through the process of upskilling, thereby attaining a similar level of proficiency and therefore possessing similar capability levels to those employees already deemed by their employers as being fully proficient.

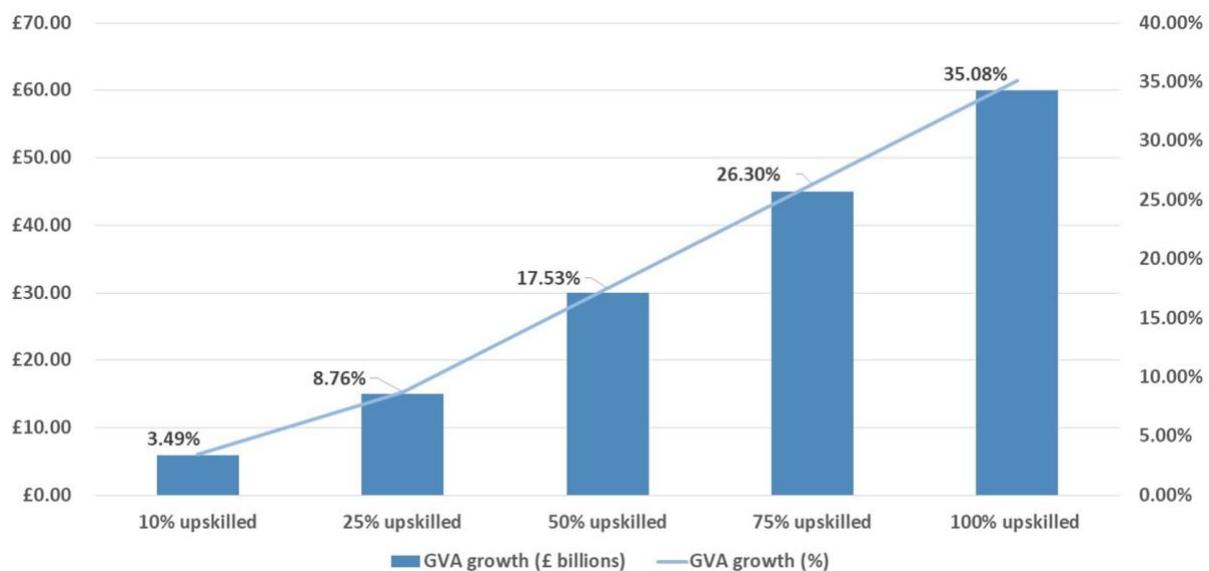
Based on the logic set out above, we estimate the ‘size of the prize’ that both business and government could stand to capture by upskilling scenario through the establishment of a more systematically coordinated approach to skill investment. Our provisional estimates show that by enabling manufacturing workforce upskilling, from 2026 onward, significant economic growth could be unlocked during the remainder of the current Parliament and beyond to 2040, depending upon the proportion of the manufacturing workforce with employer-identified skill gaps that is upskilled, as shown below:

**Table 1: Predicted UK manufacturing sector GVA growth by percentage of manufacturing workforce upskilling**

Predicted UK manufacturing sector GVA growth by percentage of manufacturing workforce upskilling										
	10% upskilled		25% upskilled		50% upskilled		75% upskilled		100% upskilled	
Year	£ billions	% growth	£ billions	% growth						
2026	£1.478	+0.86%	£3.696	+2.16%	£7.392	+4.33%	£11.088	+6.49%	£14.784	+8.66%
2027	£1.491	+0.87%	£3.728	+2.184%	£7.457	+4.36%	£11.186	+6.55%	£14.915	+8.73%
2028	£1.504	+0.88%	£3.761	+2.20%	£7.522	+4.40%	£11.284	+6.60%	£15.045	+8.81%
2029	£1.517	+0.88%	£3.793	+2.22%	£7.586	+4.44%	£11.379	+6.66%	£15.173	+8.88%
Total manufacturing GVA growth potentially achieved over the remainder of the current Parliament by upskilling scenario	£5.99	3.49%	£14.98	8.76%	£29.96	17.53%	£44.94	26.30%	£59.92	35.08%
2030	£1.529	+0.89%	£3.824	+2.24%	£7.649	+4.48%	£11.747	+6.72%	£15.299	+8.96%
2040	£1.648	+0.96%	£4.120	+2.41%	£8.241	+4.82%	£12.362	+7.24%	£16.482	+9.65%

As can be seen in Table 1, the relationship between enhanced skills and capability amongst the existing manufacturing workforce and sector-based economic growth is very clear. The return on increased skill investment for even a smaller sub-set of 10% of this sector's workforce alone could yield sector GVA growth of nearly 1% or approximately £1.5 billion per year. Upskilling of 25% of the manufacturing sector workforce could yield sector growth of over 2% or between £3.5 billion and £4 billion per year. Indeed, a more robust strategy in which a larger proportion of the respective workforces of different IS-8 and other sectors are upskilled could stand to unlock far more significant revenue generation not only for the sectors in question but also the Exchequer. In contrast, inaction on skill investment of this kind would mean the forgoing of those economic benefits based on continued missed GVA growth.

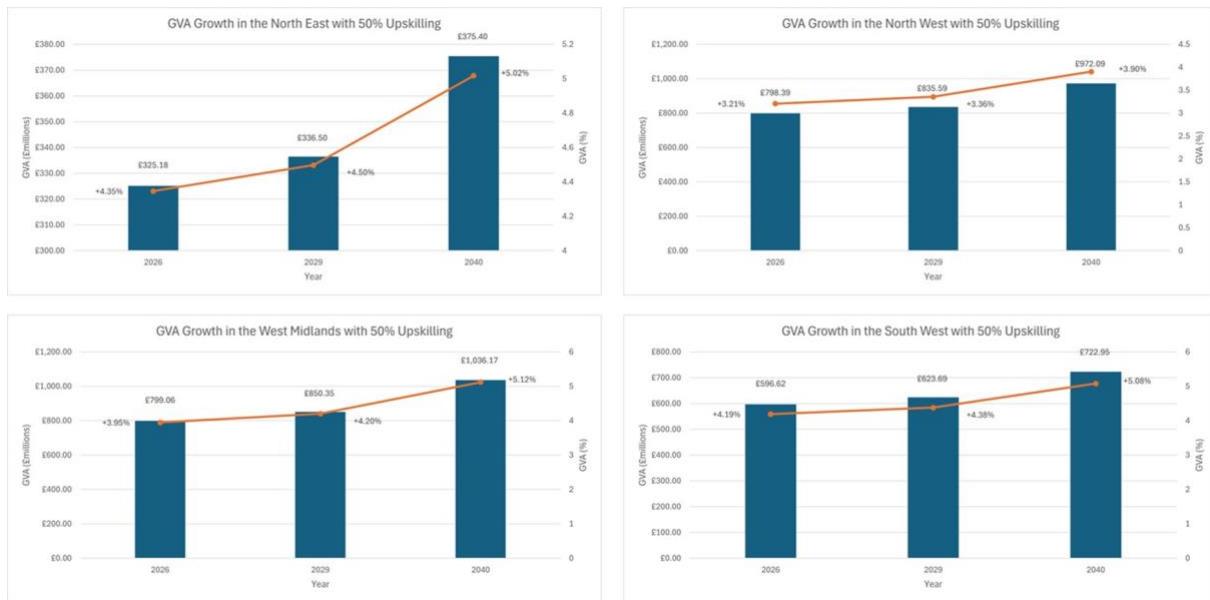
**Figure 1: Total manufacturing GVA growth potentially achieved from the platform's scaling and over the remainder of the current Parliament (2026 – 2029) by upskilling scenario**



We also specifically examine the upside potential of skill ROI over the course of the remainder of the Parliament. As shown in Figure 1, growth during this period in the manufacturing sector alone could yield between approximately 3.5% up to nearly 9% sector GVA growth with the upskilling of only 10% to 25% of that sector's existing workforce. Strikingly should an upskilling scenario of 25% of the manufacturing workforce be achieved, we estimate that this could generate as much as £15 billion in added sector GVA between 2026 and 2029. When viewed over a multi-year period, the economic benefits to addressing the nation's enduring skill challenges, as identified in ESS data by employers themselves, therefore becomes a very compelling proposition for industry and government alike to wish to decisively tackle through a coordinated

approach to skill investment through which skill investment at these levels might be achieved.

**Figure 2: Regional predicted manufacturing sector GVA growth based on 50% manufacturing workforce upskilling to 2040**



The potential positive impact of upskilling on regional sector GVA growth tells an equally compelling story. We estimate skill ROI across England's primary manufacturing regions, including the North East, North West, West Midlands and South West. As shown in Figure 2, an upskilling scenario of 50% of the existing manufacturing workforce could stand to yield as much as 3% to 5% annual manufacturing sector GVA growth within each of the specified regions above, thereby delivering significant added GVA reaching into the hundreds of millions of pounds within each region.

The initial skill ROI analysis presented here is clearly limited in scope, since it focuses only on the potential for ROI derived from upskilling specifically the manufacturing workforce. Nonetheless, it is possible to foresee from this current piece of work the elements needed for having a far greater economic impact should the coordinated policy approach being proposed in this paper be implemented. In particular, this initial analysis provides tentative quantitative evidence to suggest that the greater the investment in workforce skills, the greater both sector and regional GVA growth is likely to be. In extending that conclusion further, even greater returns to wider national economic growth are likely to be realised with the introduction of more robust skill investment initiatives not only within specific sectors but also across additional sectors.

## IV. Next steps

Building on the discussion at the Employer Roundtable in July 2025 and a subsequent workshop meeting with government officials across multiple government departments working on related policy work, SKOPE proposes to progress the following priority areas of work. The following is not intended to offer a comprehensive plan for delivering on the recommendations and objectives put forward by this paper but instead proposes key areas of tangible work to begin to progress this agenda. SKOPE is also keen to support further discussions and programmes of work to develop a practical pathway for renewing the role of employers in collaboration with employers, policy actors, providers and other stakeholders.

### **1. Evaluating the impact of Local Skills Improvement Plans (LSIPs) for embedding collaborative employer partnerships**

This policy brief has highlighted the importance of place-based approaches for improving coordination between education and training provision and both in terms of employment opportunities and ongoing development within the workforce to develop the skilled workforce required to meet current and future labour market needs. This requires collaboration across a wide set of actors but more clarity is needed on:

- the specific relationships that this requires;
- how to develop and embed these relationships successfully.

SKOPE therefore proposes to research these questions by evaluating the current impact and future potential of LSIPs in supporting the development of wider collaborative networks, including identifying wider incentives/conditions of success that amplify more direct LSIP impacts, e.g. in relation to devolution.

### **2. Pilot Skills CPD Course**

The government's plans for skills and the Industrial Strategy call for the devolution of elements of national funding and oversight to allow for more place-based and sectorally-focused tailoring of priorities and interventions. Approaches to developing and delivering place-based, coherent, collaborative, and coordinated skills systems will therefore necessarily require a much wider range of individuals to be equipped with the skills, knowledge and understanding to make skills policy work. This would centre on developing an ability to deliver a complex set of 'missions', including an understanding of:

- industrial strategy and wider economic development;
- approaches for supporting employment and labour market progression;
- social inclusion and social mobility agendas.

In order to enable employers and stakeholders to take more direct strategic ownership of skill investment, we propose to develop and evaluate a short CPD course for senior executive leaders, policy actors and provider leaders to be piloted in conjunction with

Oxford's Local Policy Lab<sup>1</sup>. This would enable participants to develop a foundational understanding of the key issues involved via online lectures and seminars and to combine such remote instruction with an in-person element focused on networking, peer learning and the strengthening of local relationships. Topics could include:

- The complexity of the education and skills system, examining it from the micro-, meso-, and macro-levels with a focus on the key stakeholders involved, including learners, employers, education and training providers and policy actors;
- How the system got to where it is now, and what this history reveals about why previous approaches have not delivered as intended;
- How 'skills' and 'work' are framed differently across sectors compared with local, regional, and national priorities for strategic development;
- What can be learned from other systems, drawing on comparative evidence and case studies;
- The return on investing in education and training and the spillover effects, including case studies of innovative employer engagement practices;
- Competition law – including highlighting areas where this is mistakenly considered to be a barrier to collaboration.

SKOPE's evaluation of this course would also:

- support deeper exploration of how to clarify the roles of different employer engagement mechanisms in communicating skills-related information and guidance to employers;
- create opportunities to deepen our understanding of the organisational challenges and cultures that prevent employers from implementing skills leadership strategically and practically.

### **3. Comparative analysis of successful models of employer engagement**

Employers and policy colleagues alike raised questions about what 'successful employer engagement' looks like in other countries, and what policy framework and conditions made that possible. We propose a focused comparative analysis of international models of employer engagement with two aims:

- 1) What do alternative successful employer engagement models look like?
- 2) What policy and governance frameworks and structures enable these models to work conceptually and in practice?

Based on this analysis, SKOPE proposes to identify the common principles and features that emerge as key for successful employer engagement in order to formulate specific recommendations for developing England's approach to employer engagement.

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<sup>1</sup> See more details of the Local Policy Lab: <https://www.ox.ac.uk/research/engage-with-us/policy-makers/local-policy-lab>

#### **4. Understanding how employer engagement can work for different types of employers**

Discussions at the Employer Roundtable and the follow-on cross-government department workshop both highlighted the risk of treating employer engagement as a homogenous activity, given substantial employer variation in size, capacity, missions and organisational structures – not least the fact that SMEs account for at least 99% of the overall population in each of the main industry sectors (DBT, 2025). SKOPE is therefore keen to support a programme of work focused on identifying what meaningful engagement looks like for different types of employers, and the implications of this for a policy framework that could be tailored to support their engagement with the skills agenda. This work would focus on questions such as the following:

- 1) How granular should our segmentation of different employer types be in order to enable tailored approaches to employer engagement whilst guarding against system complexity risks?
- 2) What policy structures already exist to support employer engagement and with which government departments? How well do these currently work and are there opportunities to improve their alignment and in so doing, clarify the employer engagement remits of different government departments?
- 3) What roles do trade bodies and other intermediaries/sector-level forums play? Where does this work well and are there opportunities to amplify effective practice?

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## Annex: Detailed analysis from employer interviews

As part of SKOPE's ongoing engagement with employers, thirty-one interviews have been conducted in an attempt to draw out insights regarding the key skill challenges facing businesses across the eight priority sectors specified in the Industrial Strategy, known as the IS-8, along with those of other key industries. Below are a number of points that employers have emphasised during these interviews. Respondent feedback has been anonymised with each individual being identified as 'Interviewee #' and their organisation of employment abstracted to the sector-level in order to further preserve their anonymity but to also provide some degree of contextual information through which to frame the view being expressed. Given the amount of information collected via employer interviews thus far, what follows is very much a work in progress and will be expanded upon further going forward. However, it provides a sense of the richness of insight that can be derived from in-depth employer interviews, which can be used to drill down into broader insights gathered in group sessions such as SKOPE's Employer Roundtable held in July 2025. Some highlights from the interviews include:

### **1. Views on the ideal relationship between industry and government in the skills system.**

1.1 Interviewee 1 (from a life sciences sector organisation) set out how the relationship between industry and government should ideally work in their view, with respect to the framing of skill demand and training supply. Interviewee 1 argued that the State should be responsible for the streamlining of education and training provision on the supply-side, whilst industry should be responsible for improving the availability and quality of information regarding its demand for skills. It was also recognised that there was an important role for intermediaries to play in helping to manage what was deemed to be a heterogeneous skills system. The main point being made was that given the range of education and training provision available and the extent of the heterogeneity of options available meant that there was a need for government and/or intermediaries to simplify and rationalise marketplace. Employers then had a responsibility to be clear about what they needed to get out of that provision.

### **2. The need for greater employer coordination**

2.1 In interviews with employers, the prospective value of collective and longer-term initiatives to skill investment governance was underlined, particularly by representatives from advanced manufacturing sector organisations. Interviewee 2 (from an advanced manufacturing sector organisation) highlighted a collective initiative within their particular industry focused on increasing awareness for the

long-term future and that the initiative had been established stemming from a recognition that firms within the industry were facing the same challenges.

2.2 Interviewee 3 (from an advanced manufacturing sector organisation) highlighted that increasing costs mean that organising training provision within individual firms, even for large employers, is unlikely to be viable for much longer. Although Interviewee 3 was conscious of considerations regarding anti-competitive behaviour, it was hoped that the government's Industrial Strategy might force a conversation that employers need to collaborate. It was argued that training provision both within the firm's own particular advanced manufacturing industry and across the wider sector is unlikely to be substantially different in nature for many roles and competencies, which should help to enable such collaboration on training to take place across many areas. Interviewee 3 emphasised that previously there had been concerns within their particular advanced manufacturing industry that movement towards a collective approach to training provision could lead to the poaching of personnel by other firms. However, in light of the growing severity of the increasing cost pressures being faced in maintaining training provision on a strictly firm-by-firm basis within the industry, it made sense to take a more collaborative approach. For instance, it was suggested that the same providers could be used with the same training content being developed and shared across industry firms. Such an approach would be instead of each firm individually having its own individualised and often bespoke training provision arrangements, which frequently resulted in replicated effort and cost amongst firms from the same industry. Finally, it was expressed that cross-training in which personnel within the same industry and across different kindred industries but preparing for similar roles might be similarly beneficial. In this way, personnel from different companies could be sent on the same training courses, enabling participants to learn from other industrial contexts, thereby promoting multi-skilling. Yet there was pessimism that the government would help to facilitate such a collective and coordinated solution, despite the potential benefits for decreasing the cost of provision and enhancing cross-industry skill transferability as well as multi-skilled workforce capabilities.

2.3 The unsustainability of the extensive firm-based training provision currently assumed by some advanced manufacturing sector organisations was similarly stressed by Interviewee 4 (from an advanced manufacturing sector organisation). It was felt that the paucity of education and training provision and talent development in the UK had resulted in a situation in which their firm had had to internalise education and training costs that in other countries might be met by or otherwise subsidised by the State. This challenge was now deemed to be a significant competitive disadvantage for their organisation, which is a UK affiliate operating within a global production network. In this case, the parent corporation was directly comparing this UK affiliate to other

national affiliate sites in other locations globally with the UK affiliate being viewed unfavourably in relation to talent and training availability compared to other national production sites within the wider global network.

2.4 Interviewee 1 (from a life sciences sector organisation) also emphasised the importance of UK affiliates in the life sciences sector to be able to clearly demonstrate to parent corporations the added value of what the UK educational and training system could directly offer in supporting headcount planning. Again, in this case as well, it was stressed that UK affiliates were regularly being evaluated by parent corporations for the viability and sustainability of their talent offering. The implication being that parent corporations could transfer production away from the UK to other overseas affiliates in their global production network and that talent and skills were a consideration in the decision-making process regarding resourcing and site allocation.

2.5 From a slightly different perspective, Interviewee 5 (from a professional and business services sector organisation) similarly echoed the impact of skill gaps and talent gaps for professional and business services sector firms. It was highlighted that the problem was so severe that many firms in the sector were regularly operating with partial teams, whereby managers who might seek to staff a team with a total of 5 employees were in practice running with only three employees because of the unavailability of suitably trained and skilled labour to plug those holes. As a consequence of such situations, productivity and even operational viability were being placed at risk.

2.6 Interviewee 6 (from a professional and business services sector organisation) and Interviewee 7 (from a professional and business services sector organisation) respectively highlighted how large firms in particularly high value-added industries were in a better position to overcome risks stemming from market failures concerning workforce skill development by maintaining extensive internal training and upskilling programmes aimed at rectifying the skill and competency gaps of both apprentice and graduate entrants. The implication was that such extensive programmes were used to compensate and correct for the educational and training deficiencies inherent in the UK system. However, because of the market position of such large and high-value added firms, such extensive internal provisioning is presently both desirable and sustainable in meeting the demand of such firms for both top talent and entry-level work readiness.

### **3. The importance of senior leadership involvement in skills investment governance**

3.1 In interviews with employers, the importance of ensuring that senior executives and managers are engaged in decision-making on skill investment and inter-firm governance on skill investment within industries was stressed. For instance, Interviewee 2 (from an advanced manufacturing sector organisation) noted that it was key to have the right people engaged with skills-related decision-making who have the right level of managerial seniority and the right level of oversight within their organisation. Interviewee 2 provided the example of a collective initiative amongst industry organisations in which the injection of senior executive involvement in its governance had transformed outcomes. It was noted that this particular initiative had not achieved its intended impact over time because it had been felt that there hadn't been the right people around the table. For instance, representation at meetings had been largely made up of people in more junior roles who frequently had responsibility for a particular enterprise site as opposed to a broader operational function within the wider organisation. However, more senior representatives from the participating firms who had a broader outlook and more work experience had assumed a leadership and convening role more recently in this particular initiative. As a result, much more impact had been realised following the introduction of senior-level involvement.

#### **4. Employer access to higher education provision and knowledge exchange**

4.1 Interviewee 8 (from an advanced manufacturing sector organisation) similarly voiced the need stated by Interviewee 1 for the government to intervene in training supply. However, in this case, it was specifically suggested that the government rationalise employer access to academic course provision delivered by Higher Education Providers (HEPs). There was frustration expressed that UK universities possessed much of the technology-based knowhow that their organisation needed to upskill and update the training of highly skilled personnel as opposed to Further Education Providers (FEPs). However, this knowhow was usually inaccessible to corporate buyers or it was delivered at a very high price point. For both reasons, their organisation had been procuring the relevant training from providers based overseas. It was felt that the government needed to do something proactive in order to unlock UK university-based technology and STEM knowledge for UK business upskilling needs.

4.2 Interviewee 3 (from an advanced manufacturing sector organisation) also highlighted that their teams would benefit greatly from training links and knowledge exchange links with HEPs in particular but that these relationships were difficult for their organisation to forge.

4.3 Interviewee 9 (from a large clean energy sector organisation) highlighted significant skill gaps in STEM-focussed and R&D competencies in their organisation, which it was felt could be met by local and regional HEPs. However, it was felt that such links were not easily made. As a result, their organisation was relying on talent from overseas to fill key gaps, which was felt to be unsustainable.

## **5. Training provision needed to be much more responsive to changing skill demand**

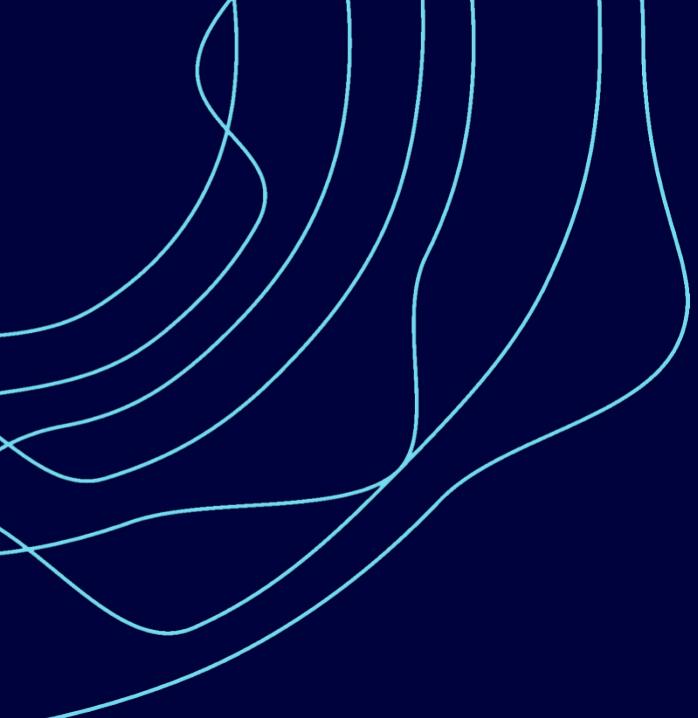
5.1 Interviewee 1 (from a life sciences sector organisation) said that their organisation's priority was on short courses but that such provision needed to be able to rapidly adjust to changes in employer requirements. It was suggested that there needed to be a system in place to be able to enable this.

5.2 A similar point was echoed by Interviewee 10 (from a large advanced manufacturing organisation), Interviewee 11 (from a large advanced manufacturing organisation) and Interviewee 12 (from a large advanced manufacturing organisation) in which each interviewee was seeking a way for provision, particularly in relation to the newly announced Apprenticeship Units to be directly shaped by employer demand as part of an ongoing process.

## **6. The importance of the government to distinguish between the skills challenges facing firms in relation to business size and in developing a proactive approach to collecting that information.**

6.1 Interviewee 8 (from an advanced manufacturing sector organisation) stated that it was important for the government to not only seek the views of large industry employers but also engage with smaller businesses in order to better understand different scales of operation. It was pointed out that it was easy for the government to fall into the trap of only engaging with large employers and asking only those firms about what their skills challenges are. It was further emphasised that the government should have an inclusive approach focused on gathering a broad range of opinions.

6.2 Interviewee 13 (from a construction sector organisation) similarly commented that industry engagement with government is usually dominated by the largest employers but that their needs require a very different approach to SMEs, which are the employers that collectively train most of the learners and employ most people. It was stated that the large employers had the capacity and resources available to make representations to government regarding their organisation's skills and policy priorities but that this dynamic necessarily skewed the conversation away from employer skill and training needs in the round for the vast majority of the economy and towards the largest corporations.



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