

Resilience for Growth

Seetec's approach to delivering
economic and labour market
resilience

Foreword

The Chancellor must continue to prioritise economic stability and stimulate sustainable growth.

Recent economic data has shown that the economy has so far narrowly avoided recession, but the quest for growth remains the key economic challenge for the Government and how to arrest the current trend through fiscal events like the Spring Budget. The Chancellor has worked to provide further stability and reassure the markets, but a more fundamental rethink is required if the country is going to see a stronger trend of economic growth.

This cannot be done in isolation in Whitehall, it requires encouraging the entrepreneurial dynamism, political and business leadership, and values held in the regions to carry forward a new consensus on growth. The devolution agenda matters, not just in terms of giving communities greater autonomy to steer their local economy, but because, in a post-Brexit world, the regions collectively are an engine to unlock the true potential of our country to compete in an ever-competitive global market.

This pamphlet explores how the Government, working with the regions, can maximise economic growth, encourage people from disadvantaged communities to upskill and take advantage of the next wave of devolution to help withstand future economic shocks. Spreading prosperity more evenly across the country will help to build a more resilient economy, so that growth becomes the norm and inflation is kept under better control in the long run.

There are public policy challenges to overcome that will require Whitehall to rethink how it addresses regional economic inequalities. Speeding up the devolution of the labour market, skills and wider tax raising powers needs to be the focus of enhanced devolution deals.

Although there has been a modest decrease in economic inactivity, that has mostly been driven by 16-to-24-year-olds, there is more work to be done to encourage the over-50s to remain in work, and to help the long-term sick and working mothers to remain in, or return to, the workforce.

Moves to orientate England's skills system to be more employer-led over the last few years have been steps in the right direction to help boost productivity. A more skilled national workforce will help employers expand and pursue emerging opportunities, particularly in engineering, manufacturing and in the technological innovation space. This should be within the grasp of everyone in our society, no matter their background, so more must be done to engage with and encourage all communities to be part of the skills revolution.

The recommendations in this pamphlet aim to stimulate a wider conversation about how to build a more resilient economy, so that increased emphasis is directed towards helping more communities to be prosperous, with the regions acting as a well-oiled collective engine for growth. This way, the conditions for a model based on a high-skill, high-wage economy can be realised and the opportunity to benefit from it can be within the reach of more people.



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The state of the economy in 2023

Despite initial fears that the UK could suffer from a prolonged recession, 2023 started on a more positive note with statistics showing better than expected UK economic growth since November.¹ At present, the economy appears to have avoided a recession, although the Office for Budget Responsibility and the Bank of England still expect the UK economy to contract over the next six to nine months.

However, the economic picture has been mixed for a range of sectors that are key to delivering growth for the UK, whilst high inflation and the rising cost of living means many people continue to face a very real squeeze on their finances. And while annual GDP output is estimated to have grown by 4.1% in 2022,² which was the fastest growth amongst the G7, Britain is nonetheless expected to be the only G7 nation with GDP below its pre-pandemic level in 2023.

There are thankfully signs that the worst is over in terms of inflation, which the Bank of England has said it expects to fall sharply from the middle of this year, based on energy prices and the cost of imported goods rising at a slower pace, and less demand for goods and services in the UK³. Inflation has already started to drop slowly, falling to 10.5% in January. But a mounting concern this year will be the expected rise in unemployment, driven by a combination of high costs and weaker levels of consumer and business spending, which may force employers to take tough decisions about appropriate staffing levels. Forecasts for a sharp rise in joblessness come at a time when employers have already been struggling to find enough workers. Despite falling across 2022, the numbers of vacancies in the UK remain at historically high levels (1,161,000 between July-September 2022).

Unemployment is at the lowest level since the 1970s, one factor contributing to this has been economic inactivity – when working-age adults are neither in work

or looking for a job, particularly due to the rapid increase in people taking early retirement and rates of long-term sickness. Importantly, the Centre for Cities' recent analysis indicates that there are three million working-age people that are involuntarily inactive in the UK's largest urban areas alone, with a 'hidden' unemployment rate of at least 12.1%.⁴ We will explore issues around economic inactivity further in the next section of this pamphlet.

Several of the key sectors that Seetec supports through its business areas have significant challenges to overcome in order to deliver growth. The **transport and logistics sector**, which is vital in keeping the UK's supply chains moving, has been hit particularly hard by high fuel prices, on top of other global supply chain fragility and disruption caused by port congestion, container availability issues, and commodity scarcity. Most notably, the sector continues to suffer from labour shortages that have been exacerbated as the transition post-Brexit continues, with record vacancies in 2022. This also comes at a time when consumers have increasingly moved to online shopping, which has further increased demand for logistics jobs. Logistics UK estimates that there is a shortage of 60,000 HGV drivers, as well as significant demand for forklift drivers, warehouse operatives and mechanics.⁵

The **hospitality sector** is also still recovering from a challenging business environment. Prior to the COVID-19 pandemic, the sector employed 3.2 million people, representing 10% of all employment, 6% of businesses and 5% of GDP.⁶ Despite the reopening of the economy in 2021-22, the trend is still towards business closures, with 2.1% fewer licenced businesses trading between June and September 2022.⁷ Labour shortages have been the biggest problem facing the sector, with vacancy rates still 63% higher than pre-pandemic levels in January 2023.⁸ This is having a

¹ Office for National Statistics (13/01/23), 'GDP monthly estimate, UK: November 2022.' Available from: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/november2022>

² Office for National Statistics (2023), 'GDP monthly estimate, UK: December 2022.' Available from: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/december2022>

³ Bank of England (15/12/22), 'Why is inflation expected to fall from the middle of 2023?' Available from: <https://www.bankofengland.co.uk/explainers/will-inflation-in-the-uk-keep-rising>

⁴ Centre for Cities (31/01/23), 'Unemployment three times higher than figures suggest as economic inactivity deepens regional divides.' Available from: <https://www.centreforcities.org/press/unemployment-three-times-higher-than-figures-suggest-as-economic-inactivity-deepens-regional-divides/>

⁵ Logistics UK (22/12/22), 'Industry calls on Immigration Minister for skills shortage support.' Available from: <https://logistics.org.uk/media/press-releases/2022/december/industry-calls-on-immigration-minister-for-skills>

⁶ UKHospitality (November 2022), 'Future Shock: Issue Twelve - Shaping the workforce of the future.' Available from: <https://www.ukhospitality.org.uk/page/FutureShock-IssueTwelve?&hsearchterms=%22future+and+shock%22>

⁷ Ibid

⁸ UKHospitality (17/01/23), 'UKHospitality responds to latest ONS Labour Market data.' Available from: <https://www.ukhospitality.org.uk/news/628395/UKHOSPITALITY-RESPONDS-TO-LATEST-ONS-LABOUR-MARKET-DATA.htm>

significant impact on business operations, which UKHospitality says has led to businesses having to restrict trading hours, reduce opening days and simplify menus, all of which had a pronounced impact during the busy Christmas period.⁹

The **manufacturing sector**, which has a significant part to play in growing the UK economy through exports, increased productivity and innovation, is also experiencing a period of turbulence. The UK still ranks as the world's ninth largest manufacturing nation, accounting for 15% of total UK business investment.¹⁰ In 2021 it represented 9.8% of total UK economic output (Gross Value Added), whilst providing 8.1% of jobs by July-September 2022. However, the sector has suffered a slight decline since the pandemic hit – between October-November 2022 manufacturing output fell by 0.5%, and was 2.5% below pre-pandemic levels.¹¹

Manufacturing businesses continue to deal with ongoing supply chain disruption, high transportation costs and high energy costs (which particularly impact energy intensive sectors such as steel and chemicals, despite the Government's support through the energy relief scheme). Access to labour continues to trouble manufacturing businesses, with 86,000 unfilled vacancies at the end of 2022. Make UK has seen a trend over time in its future 3-month intention employment metric, which has shown over 2022 that manufacturers were consistently unable to fulfil their recruitment intentions.¹² This is despite providing well-paid jobs, with sector-specific wages 12% higher than the rest of the UK economy.¹³

The **green economy** has for some time been seen as a major growth opportunity. The UK was the first major economy to commit to ambitious net zero targets in law, and in April 2021 the domestic low carbon economy was thought to be worth more than £200bn, almost four times the size of the

manufacturing sector, while employing more than 1.2 million people.¹⁴ The Energy and Climate Intelligence Unit (ECIU) has also calculated that 'Net Zero employees' generate 1.7 times higher GVA than the national average,¹⁵ whilst these jobs are typically spread across the nation, supporting regional economies beyond London and the South East.

However, there are concerns that we are fast falling behind in the global race to secure investment and jobs in this area, with the UK now having one of the lowest proportions of spending on addressing climate change of many comparable global economies.¹⁶ In January, the CBI Director General raised serious concerns about the UK falling behind on green growth, with the economy set to lose out on a £4.3bn share by 2030 of the the European green tech market.¹⁷

US President Joe Biden has since set out an Inflation Reduction Act, which will pump a massive \$369bn into green technology, leading to concerns about green jobs and investment gravitating to the US in the coming decade, while the EU is also expected to respond with its own Net-Zero Industry Act. Much is now riding on Rishi Sunak's forthcoming 'greening industry' strategy, expected in April, to set out a path to re-energise the economy's green growth prospects.

Finally, one of the largest sectors in the UK, **health and social care**, plays a deceptively important role in the prospects for economic growth, with increases in public health having historically facilitated an enlarged labour force and increased productivity and GDP over time.

These sectors are facing a significant labour shortage and ever-increasing demands on their services. This is a long-term trend that has been compounded by the pandemic and the shift from EU freedom of movement to a wider global focus post-Brexit, which has impacted the pace of overseas recruitment.

⁹ UKHospitality (November 2022), 'Future Shock: Issue Twelve - Shaping the workforce of the future.' Available from: <https://www.ukhospitality.org.uk/page/FutureShock-IssueTwelve?&hhsearchterms=%22future+and+shock%22>

¹⁰ MakeUK (01/12/22) 'UK Manufacturing, The Facts: 2022.' Available from: <https://www.makeuk.org/insights/publications/uk-manufacturing-the-facts--2022#/>

¹¹ House of Commons Library (02/03/23), 'Economic Indicators: A6 Manufacturing.' Available from: <https://commonslibrary.parliament.uk/research-briefings/sn05206/>

¹² MakeUK/BDO (14/12/22), 'Manufacturing Outlook Q4 2022.' Available from: <https://www.bdo.co.uk/en-gb/manufacturing-outlook/report>

¹³ MakeUK (01/12/22), 'UK Manufacturing, The Facts: 2022.' Available from: <https://www.makeuk.org/insights/publications/uk-manufacturing-the-facts--2022#/>

¹⁴ kMatrix Data Services Ltd (May 2021), 'Low Carbon Environmental Goods and Services: Where we were, where we are, and where we're going.' Available from: <https://kmatrix.co.uk/lcegs/>

¹⁵ ECIU (31/01/23), 'Mapping the net zero economy.' Available from: <https://eciu.net/analysis/reports/2023/mapping-the-uk-net-zero-economy>

¹⁶ CBI (23/01/23), 'Green Growth: The UK is falling behind.' Available from: https://www.cbi.org.uk/media/rdkjb4u/green-growth_supplementary-release_jan-2023_final.pdf

¹⁷ CBI (23/01/23), 'The UK is falling behind on green growth.' Available from: <https://www.cbi.org.uk/articles/the-uk-is-falling-behind-on-green-growth/>

The social care sector contributes even more directly to growth, it is estimated to provide £50bn per annum to the economy in England, while representing 6% of total employment.¹⁸ Here too, access to labour remains a key constraint on the sector – the adult social care sector alone saw a 52% increase in vacant job postings from 2020-21.¹⁹ The myriad of financial and workforce pressures facing health and social care cannot be solved immediately, but perhaps more could be done to incentivise people into – or to return

to – take up work in the sector, as well as liberalising the VISA requirements and incentives for health and social care professionals to come to the UK.

The common factor for all these sectors, and many more besides, is their need for labour. In the next section, we will explore employability issues in more detail, particularly addressing the problem of economic inactivity, skills and training, and the impact and opportunities at a regional and local level.

Tackling economic inactivity, and building a more flexible workforce that is competitive in the future

At the beginning of the pandemic, many economists believed that high unemployment would be the economic legacy of COVID-19, but the real legacy has turned out to be higher levels of economic inactivity. This encompasses those aged 16-to-64 who are not involved in the labour market, and are neither working or actively seeking employment, including students, early retirees and the long-term sick.

As 2023 began, the UK had 8.95 million economically inactive people. As a result of the decline in workforce participation, at the start of 2023 Britain is on track to be the only advanced economy with employment still lower than its pre-COVID levels. Many employers have responded by raising wages to attract new recruits, with annual pay growth of almost 6%. However, this remains significantly below double-digit inflation, and would still result in real-terms pay cuts for most people.

The most recent data has shown that economic inactivity has begun to fall slightly, a decrease of 0.3% was reported by the ONS in the three months to December 2022, mostly driven by the 16-to-24-year-olds.²⁰ Nonetheless, the trend towards increased inactivity remains a cause for concern. The most notable trend contributing to increased

economic inactivity has been **those over 50 years old** leaving the workforce, with this demographic representing the highest proportional increase in inactivity since the onset of the pandemic. In particular, the ONS has found that men aged 50 to 70 years with a degree or equivalent saw a higher number (42,000) become inactive between Quarter 2 and Quarter 3 2021 than in 2019.²¹

Since the start of the pandemic, early retirements among 50-to-64 year olds, many of whom were well off, was the biggest contributor to a rise in economic inactivity, sitting at 565,000 people.²² This poses a problem for the labour market in terms of high vacancy rates, and the knock-on effect to growth for the foreseeable future, as well as reducing tax revenues available to finance public services. It could also put the economy at risk of persistently high inflation, if employers continue to respond by raising wages to compete for a limited pool of workers.

However, there are signs that the rising cost of living could force retirees to return to the workplace. The ONS has found that those who were considering returning to work were less likely to be able to afford an unexpected but necessary expense (61%), or own their house outright (57%) than those not

¹⁸ Care England (10/11/22), *The economy needs a healthy social care sector.* Available from: <https://www.careengland.org.uk/the-economy-needs-a-healthy-social-care-sector/>

¹⁹ Skills for Care Workforce Intelligence (15/10/22), *The state of the adult social care sector and workforce in England.* Available from: <https://www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/publications/national-information/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx>

²⁰ Office for National Statistics (14/02/23), *Labour market overview, UK: February 2023.* Available from: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/latest>

²¹ Office for National Statistics (14/03/22), *Movements out of work for those aged over 50 years since the start of the coronavirus pandemic.* Available from: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/movementsoutofworkforthoseagedover50yearssincethestartofthecoronaviruspandemic/2022-03-14>

²² House of Lords Economic Affairs Committee (13/12/23), *Where have all the workers gone?* Available from: <https://committees.parliament.uk/publications/33305/documents/180390/default/>

considering returning (77% and 78%, respectively).²³ For those economically inactive people at the lower end of the 'older' age category, figures also show that 61% of those aged 50-to-59 years were considering returning to work.²⁴ This might partly be because 'stress' (21%) was in fact a more common reason than 'retirement' (6%) for those aged only 50-to-54 – indicating that the prospect of improved support with wellbeing, more flexible working arrangements, or a new career path or sector, could tempt many of these economically inactive people back into the workforce.

In December last year, The Times reported that the Prime Minister was drawing up plans to encourage over-50s back to work through a personal MOT to assess their financial health. They will help to identify opportunities for part-time and other flexible work.²⁵ This surfaced in January as part of further details to take forward the mid-life MOT expansion for over-50s claiming Universal Credit.

In the next section, we will consider some of the skills and retraining opportunities that could help to increase the number of inactive workers to return to the jobs market, particularly those who feel their skills are not up-to-date, or for those looking for a new career or sector. Increased support for further developing digital skills is particularly vital for the older demographic. Furthermore, the forthcoming mid-life MOTs, an initiative being taken forward by the Government, could certainly go a long way towards preventing the next generation of older workers from falling out of the labour force, helping them to reflect on and tailor their individual needs and skills to continue on fulfilling employment journeys. There could be opportunities for the Government to expand this initiative further by drawing on the expertise of the employability sector to deliver an expanded mid-life MOT scheme offer which focuses on in-work progression in later life.

Another noticeable trend since the pandemic has been the significant increase in the numbers of people reporting long-term sickness as the reason for being economically inactive – between June and

August 2022 around 2.5 million people reported **long-term sickness** as the main reason, up from around 2 million in 2019.²⁶ In fact, it was the leading reason given for economic inactivity between September and November 2022 (27%) and the number of economically inactive people with a long-term illness is close to its highest recorded level since comparable records began in 1993.²⁷ This reinforces the need for a renewed focus on workplace health and wellbeing by employers. Offering employees more support could help to prevent more individuals from dropping out of the labour market all together due to ill health.

Increased flexibility amongst employers and efforts to improve work-life balance is also a significant part of the puzzle. This can help in terms of both retention of employees and attracting workers who may not be well enough to undertake full-time work, for example because of chronic health conditions, or caring responsibilities at home. For those who have already fallen out of employment, a more holistic range of support is often required. Seetec Pluss, the employability specialist within the Seetec Group, has incorporated wellbeing services into its delivery model for one of the employability contracts it delivers. This means Seetec is becoming a one-stop shop for jobseekers in helping them with their life, rather than having to navigate an array of different groups to get the support they need. Prior to the pandemic, none of these services would have been baked into provision, and jobseekers would have been reliant on other local community services, some of which have been scaled down or disappeared since the pandemic. For example, Seetec's more holistic service is increasingly able to provide support to those people who have been suffering from complex disabilities and mental health needs, a few examples of which can be found in the Case Studies section of this pamphlet.

²³ Office for National Statistics (19/12/23), 'Returning to the workplace – the motivations and barriers for people aged 50 years and over, Great Britain: August 2022.' Available from: <https://www.ons.gov.uk/releases/returningtotheworkplacethemotivationsandbarriersforadultsaged50yearsandovergreatbritainaugust2022>

²⁴ Ibid

²⁵ The Times (23/12/22), 'Rishi Sunak encourages over-50s to end early retirement.' Available from: <https://www.thetimes.co.uk/article/rishi-sunak-encourages-over-50s-to-end-early-retirement-q2v6psm6j>

²⁶ Office for National Statistics (10/11/22), 'Half a million more people are out of the labour force because of long-term sickness.' Available from: <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/halfamillionmorepeopleareoutofthelabourforcebecauseoflongtermsickness/2022-11-10>

²⁷ House of Commons Library (17/01/23), 'UK labour market statistics.' Available from: <https://researchbriefings.files.parliament.uk/documents/CBP-9366/CBP-9366.pdf>

The Prime Minister has recently set out his ambition to help more **disabled people and those with mental illnesses** into work, further tackling the disability employment gap that has been gradually closing over the years through initiatives such as the Government's Disability Confident campaign. Nonetheless, challenges remain. The ONS has found that, for those economically inactive older workers with a physical or mental health condition or illness, the most common reasons for considering returning to work were for the money (67%), a form of social interaction or a job they would enjoy (46%), and to improve their mental health (42%). These last two considerations underscore the social value that employment can offer, and the need for employers to demonstrate they are great places to work so they can compete for these workers.²⁸

One practical change that might help people experiencing poor mental health or barriers caused by disabilities, could be tweaks to how the benefits system supports them. For example, efforts should be made to cut down administration and reduce the waiting time for the Access to Work scheme, which offers funding and support to individuals with poor mental health or disabilities who need practical support with their work, help managing their mental health at work, or communication support for job interviews. The scheme has reportedly experienced waiting times of several months in some cases, which can prevent people from taking up or keeping jobs.

Between September and November 2022, **students** represented 26% of economically inactive people.²⁹ It is perhaps unhelpful for students to be thought of as inactive, as further and higher education will often lead to better employment prospects, whilst most would be expected to join the national workforce once their studies are complete. Nonetheless, students who undertake part-time and seasonal work add a valuable resource for employers, and efforts to encourage more to do so could further benefit sectors such as hospitality and retail.

Young people who are long-term unemployed rather than students have also faced increased challenges in developing their careers and job prospects since the pandemic. The shift to remote working in many

workplaces has restricted opportunities for many young people to get on. Seetec's own Employment Advisers have found this results in a lack of human interaction for onboarding and training new recruits, with many employers instead expecting ready-made people from day one. Employers are more often looking for the finished article, because the burden of training and upskilling people in a remote or hybrid environment is greater now than pre-pandemic. Aside from formal training, younger people often also suffer in these environments from a lack of informal mentoring support. This anecdotal trend towards some employers preferring ready-made solutions, instead of investing in training young people with potential, represents short-term thinking that is putting some young people off from the world of work. Those employers who are willing to provide flexibility and to invest in onboarding and training new recruits are therefore far more likely to achieve the best recruitment results amongst younger people in particular.

Finally, it is interesting to note the ONS's findings that, among those who were considering returning to work in the future, 37% would like to move to a new occupation or sector.³⁰ This indicates an appetite for retraining and upskilling among those who are actively interested in returning to the workforce. A renewed investment in skills and training opportunities, particularly for potential growth sectors such as the Green Economy, could help. Similarly, the National Careers Service, which is delivered by Seetec Pluss in the North West and South West, also has a significant role to play in supporting the economically-inactive and long-term unemployed back into work. This is particularly important in terms of reaching older workers, whose experiences of careers advice decades ago may not have been positive, and who may assume that careers advice is only relevant for young people. Promoting the National Careers Service's brand and services could help the economically inactive to find a new route back into the workforce.

²⁸ Office for National Statistics (19/12/22), 'Returning to the workplace – the motivations and barriers for people aged 50 years and over, Great Britain: August 2022.' Available from: <https://www.ons.gov.uk/releases/returningtotheworkplacethemotivationsandbarriersforadultsaged50yearsandovergreatbritainaugust2022>

²⁹ House of Commons Library (17/01/23), 'UK labour market statistics.' Available from: <https://researchbriefings.files.parliament.uk/documents/CBP-9366/CBP-9366.pdf>

³⁰ Office for National Statistics (19/12/22), 'Returning to the workplace – the motivations and barriers for people aged 50 years and over, Great Britain: August 2022.' Available from: <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/returningtotheworkplacethemotivationsandbarriersforpeopleaged50yearsandovergreatbritain/august2022#main-points>

Case Studies – How Seetec has been helping people with complex barriers back into work:

H's story:

H, 60, has long-term mental health conditions which have had a significant impact on their ability to work over the years. With debilitating symptoms including hallucinating and hearing voices, made worse by stress. They found themselves in a cycle of finding and then having to leave new jobs. Due to the stress and anxiety of not feeling ready or able to work, H's symptoms were becoming increasingly difficult to manage.

In addition to this they found themselves trying to enter the workforce as an older person, and before receiving support from Seetec Pluss via an employability programme it delivers, they had imagined a future spent on benefits and a state pension.

Seetec Pluss's Work Coach provided H not only with practical advice and support, but a person-centred and holistic approach. This enabled them to start to think differently, and to feel fully supported to move forward and into work.

Whilst the local Jobcentre Plus office found H a new role, our Work Coach's regular phone calls kept them focused and feeling supported. So much so, that they were able to sustain their new role and feel much more positive about their future in work. This support included, over the course of four months, help with coping techniques, friendly guidance, and signposting support. This led to H becoming calmer, more confident and happier, which empowered them to take on new information at work without anxiety, whilst enabling them to feel secure in their new role.

C's story:

C was referred to an employability programme delivered by Seetec Pluss in the South West. They were unemployed and struggled with a complex combination of learning difficulties and a long-term auto immune disorder, as well as low confidence. C was supported by one of our Employment Coaches to build their confidence and tap into their creativity to move forward and closer to work.

C was encouraged to attend workshops to support their anxiety and confidence building, and as their confidence grew, they began to attend art groups including crafting activities, which they had previously enjoyed years ago. After some time, C started to attend regular café workshops where peer-to-peer support was offered, and C could use their creative skills to contribute and support others.

Once their confidence was improving, Seetec Pluss's team supported C with practical skills

workshops encouraging them to work with Word, Excel and PowerPoint, which will continue to support their employability journey.

C eventually felt confident enough to begin volunteering at a local art exhibition, where they helped to set up and manage the displays and talked to visitors about them, including their own artwork which they had created for the event. C's artwork was also chosen as the poster to promote the exhibition, which portrayed a powerful depiction of how they felt growing up and the lack of support they had previously received with their learning disability and autism.

C praised the support they were offered for significantly boosting their confidence through everything they had achieved, and how they now realised they 'can do it'. Through a course provided by Seetec Pluss, they now feel better talking to employers, particularly regarding how to disclose their health conditions when applying for roles. They are now exploring working in the NHS or going back to university.

K's story:

After securing what K thought was their dream job, working in the frontline for the NHS in a mental health setting, the challenges of the role began to take their toll.

It was having an adverse effect on their family and their own mental health. This eventually led to K making the difficult decision to leave their well-paid job and face unemployment. This is where their journey with Pluss, part of the Seetec Group, began, leading to K taking control of their life, becoming self-employed, and running their own business.

K was burnt out by their previous working hours, which couldn't be changed to meet their own personal circumstances, as a single parent of two young children. Their poor mental health as a result of stress led to K being off work for several weeks, feeling like they could not face going back. Walking away from a secure career was a daunting prospect, but K needed to put their personal wellbeing and the children first.

Through a third-party referral, K was introduced

to an employability service run by Pluss. After some initial conversations, they were put in touch with a self-employment coach, and explored options linked to their previous career in health and wellbeing. K wanted to be more in control of their life, but lacked the self-belief that self-employment was a realistic option. Over time, Seetec's self-employment coach helped K to dispel these concerns.

During this time, K became aware of an alternative therapy technique to help reduce stress and promote healing. It felt like a natural fit for K, as if they had found their calling in life, and they were therefore supported through Pluss to ultimately become self-employed in this area. Seetec's coach helped K set goals, and encouraged them along the process to achieve their potential through two courses in the alternative therapy. K was then supported in developing a business plan and provided guidance and support on marketing, purchasing essential equipment and budget forecasting.

Leaving the security of paid employment was a big step for K, but today they have their own business, with paying clients and a greater sense of control in their life and career.

A skills system that meets sector growth needs and personal life ambitions

To deliver a more resilient economy, access to and the quality of skills training in England needs to match not only the need for skilled labour in specific sectors, but also the wider factors which can help the regions achieve growth. This will help take further pressure off the Chancellor if he can get the balance right in his Spring Budget and future announcements on fiscal policy.

The recent Skills and Post-16 Education Act rightly prioritises a focus on the skills system delivering the workforce of the future. Schools are now required to make children aware of technical education routes, including apprenticeships, T Levels and traineeships. One of the strategic drivers of the Act is to plug skills gaps and deliver economic growth. The Government's ambition should be welcomed, but one of the challenges will be to encourage young people to take up such opportunities.

According to the Government's own data in January this year, apprenticeship starts were down by 6.1% in the first quarter of the 2022/23 academic year compared to the same period in 2021/22. Although participation and achievements were up, there is clearly some more work to be done to boost starts³¹. The Department for Education is running a number of campaigns under the banner of 'Skills for Life', targeted at young people, employers and adults, but if they are going to be successful, more resources need to be deployed to direct these broad groups to take up the opportunities available. Cutting through is a key challenge, so the success of the 'Skills for Life' campaign should be built up by using the tactics employed by the Disability Confident campaign, to encourage skills ambassadors in the public and private sector to support its core messages.

³¹ GOV.UK (26/01/23), 'Academic Year 2022/23: Apprenticeships and Traineeships.' Available from: <https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships-and-traineeships>

For many people, particularly the over-50s, a lack of appropriate skills could be a barrier to re-entering the workforce, both in terms of securing a job and having the skills to carry it out. The past decade has seen an acceleration of digitalisation of the labour market, with most recruitment now done online. The days of vacancies being widely advertised in local and regional newspapers are largely over, so a lack of digital skills or digital poverty has a real impact on people's ability to find work.

Even many entry-level logistics and driving roles now include a digital element that could exclude some experienced drivers who lack the confidence or competence with basic digital skills. Seetec Pluss has started to address this issue itself by investing in digital upskilling in local communities, providing jobseekers with tablets, smart devices and laptops when needed to help them in their employment search.

The ONS has also found that those economically inactive individuals who felt they do not have the skills for a new job were more likely to report leaving work for several health and wellbeing reasons than those who believe they have the right skills: stress (25%); the pandemic (25%); illness (18%); and mental health reasons (14%) were all key factors.³² We might infer from this data that having further opportunities to reskill or upskill could provide some significant health and wellbeing benefits to those economically inactive individuals who are concerned about their preparedness for returning to the workforce, aside from the broader wellbeing and financial benefits of work in general.

Last July, the Government announced an expansion of mid-life MOTs, as mentioned briefly in the labour market section of this pamphlet. The MOTs are focused on overcoming barriers to employment, and will be delivered through online access, the private sector and Jobcentre Plus. This initiative forms part of what was a £22 million package of support to help over-50s, and has been made possible through pilots undertaken by ten Local Enterprise Partnerships. Guy Opperman, the Minister of State for Employment, confirmed that as part of the Government's 50 plus initiative, champions have been recruited through an internal process to provide guidance in each of the 37 Jobcentre Plus districts.³³ The current training for the 50 plus champions does seem to be narrow in focus, prioritising retirement planning and issues gaining employment. There is an opportunity to also focus on reskilling, whilst aligning with the work the Department for

Education is doing to encourage adults to pursue such opportunities.

Visibility of technical education routes is one way to increase the numbers of people taking up such further education pathways. The Government has already been looking at how young people can better access information about different education and training routes. It was recently announced that the Universities and Colleges Admissions Service (UCAS) role will be broadened so that students can also search and apply for apprenticeships on their system. Achieving parity between university and technical education is important to address the false divide that exists.

Schools still need greater encouragement to allow college and training providers to access students to discuss further education routes. The Skills and Post-16 Education Act requires schools to impartially share information about technical education, but more must be done to make students aware of the full range of opportunities available to them. Ofsted could consider strengthening its inspection framework for schools to make sure encounters with providers of technical education or apprenticeships are delivered by schools. There is an argument that access and visibility for students to understand their future educational choices should be given greater weighting in the decision to grade school inspections.

How much employers and the sector representative bodies are involved in the design of technical education is an important factor when it comes to preparing the workforce of the future to be a key driver of economic growth. It is true that T Levels deliver the theory and skills for an industry area, and arm students with specialist knowledge for a specific career. In schools the early involvement of employers, in terms of career advice and curriculum design to meet the future needs of working life, still requires more attention.

Demand for soft skills, including resilience and critical thinking, and sector specific knowledge in the digital space and for emerging green ventures, will help to diversify the economy with a wider pool of skilled labour able to pursue such opportunities. The Government could consider, as part of the next national curriculum review for all local authority-maintained schools, that a requirement for core employability skills features more prominently to help young people throughout their educational career to better prepare for the world of work.

³² Office for National Statistics (19/12/22), 'Returning to the workplace – the motivations and barriers for people aged 50 years and over, Great Britain: August 2022.' Available from: <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/returningtotheworkplacethemotivationsandbarriersforpeopleaged50yearsandovergreatbritain/august2022#main-points>

³³ House of Commons (19/01/23), 'Written question to the Department for Work and Pensions: Older Workers.' Available from: <https://questions-statements.parliament.uk/written-questions/detail/2023-01-19/127768>

There is no question that the skills agenda is a core part of the debate about stimulating economic growth, by tightening up the focus and the uptake of apprenticeships and other technical routes, the Government will be able to better realise its aim

to progress people into a rewarding job and boost productivity in the economy.

The key to future economic resilience is to empower the regions to focus on job creation and business expansion

Devolution has transformed the way power is distributed across England. The more Whitehall has devolved from the centre to the regions, the better the accountability and transparency of how taxpayers' money is spent.

Considerations about where power over certain levers of economic policy should sit are complex and there are critical interdependencies to factor in when thinking about such changes. There is a strong argument that the Treasury's existing power base, directed by the Chancellor and the Prime Minister through the Downing Street operation, allows for a swifter response to manage economic shocks, like a recession or a sudden impact to our banking system. International pressures naturally have a major bearing on economic policy too, so the Government cannot be left without the ability to respond and exercise power to influence and then address such external forces. The issue is the balance and how to best manage domestic parts of the economy in partnership with the advent of Metro Mayors leading combined authorities with the organisational capacity to steer aspects of regional economic policy.

If further economic resilience is going to be achieved, then the balance of power in guiding regional economic policy needs to change, including the granting of more autonomy to regional political leaders to control how such decisions are made for their local communities. Combined Authority Mayors are the key route for the Government to channel the devolution of further powers over economic policy. Moves have already been made in terms of fiscal powers – Greater Manchester,

Liverpool, the West of England and West Midlands Mayoral Combined Authorities have retained 100% of business rate revenues since 2017.³⁴

Skills funding through the devolution of Adult Education Budget (AEB) funding was also granted to most Mayoral Combined Authorities from the financial year 2019-20. The previous section of this pamphlet explored how important the reskilling and upskilling agenda is to help strengthen regional economic resilience.³⁵ Of course the Local Skills Improvement Plans (bringing together businesses, colleges and training providers to identify the skills needed to support local growth) have been pushed by the Government to better structure the approach taken by Mayoral Combined Authorities. In January, the Levelling Up Secretary signed a devolution deal with political leaders in the North East worth £1.4 billion that includes powers over education and skills. The deal also allows for a greater say over the Local Skills Improvement Plan for the North East region.³⁶

Engagement with business leaders to understand their needs at a local level can help shape the different types of labour market interventions and infrastructure investment requirements needed to help the regions prosper. At the moment, Local Enterprise Partnerships operate growth hubs, absorbed into combined authorities' operations, to support businesses looking to grow with additional services, including accountancy advice and links to local Universities when looking to innovate. Economic intelligence is then shared with what is now the newly established Department for Business and Trade.³⁷

³⁴ House of Commons Library (16/01/23), 'Devolution to local government in England.' Available from: <https://researchbriefings.files.parliament.uk/documents/SN07029/SN07029.pdf>

³⁵ Ibid

³⁶ GOV.UK (27/01/23), 'Levelling Up Secretary in North East England to sign historic £1.4 billion devolution deal.' Available from: <https://www.gov.uk/government/news/levelling-up-secretary-in-north-east-england-to-sign-historic-14-billion-devolution-deal>

³⁷ House of Commons Library (16/01/23), 'Devolution to local government in England.' Available from: <https://researchbriefings.files.parliament.uk/documents/SN07029/SN07029.pdf>

There is potentially more scope to improve the role of businesses in helping to shape regional economic strategy and Government investment incentives specifically to support the resilience of sectors key to driving growth. Growth hubs could be given more teeth to help direct pro-business policy in the regions through not only providing support services, but also in the awarding of specific grants to accelerate sector growth where there is a regional base that warrants investment to build greater capacity for job creation, and to pursue new commercial opportunities. Channelling this kind of investment may help combined authorities to better target local support where it is needed the most, whilst also maintaining a strong link with the Government by agreeing to formal conditions about demonstrating the return on investment of taxpayers' money.

It will not be long before the Mayoral Combined Authorities, with their increasingly mature administrative centres and governance arrangements,

will want to push the boundaries of the powers they have. It may not be enough to only allow them limited fiscal powers. More tax and revenue raising powers, even control of aspects of income tax that are enjoyed by the Scottish and Welsh Governments, could be the next step to consider. It is fair to say the Government has been ambitious when working with local political leadership to develop devolution deals, but is it prepared to take the transfer of powers into the realm of granting some primary tax raising powers? This should be seriously considered.

Through the health and social care deal secured, in particular by the Greater Manchester Combined Authority, calls to access the National Insurance take will grow stronger too. The Chancellor will want to be ahead of such arguments and should consider launching a review of taxation powers under the context of enhanced devolution deals and what it could mean for boosting economic resilience.

The road to a new consensus on the distribution of economic decision-making powers

If the Government wants to mitigate the impacts of economic shocks in the long-term, the further distribution of powers to steer economic growth is a serious option to consider. Fiscal powers have already been handed to the Mayoral Combined Authorities, granting further limited tax-raising powers could be a logical next step. If Whitehall were to take the devolution agenda to its logical next phase, more tax and revenue-raising powers could deliver the kind of regional resilience that would make an impact in times of economic downturn. The current state of the economy does not allow the Chancellor much room to be relaxed about fiscal discipline. There is no expectation of any major shift towards a significant package of tax cuts. The Government has learnt its lesson in the wake of last September's mini-budget.

The recommendations set out in this pamphlet are aimed at providing the Chancellor and the wider Government with some short, medium and long-term ideas to build a new approach when it comes to directing economic policy domestically. This aims to maximise the opportunity for the regions to shore up national decision-making, while empowering them to be in a better position to provide support when the economic outlook is challenging. Building in an additional layer of resilience makes sense and allows local political and business leaders a bigger role in shaping their own course. None of this is easy, it will require brave political choices to carry it through, but the benefit might be a more balanced and fairer national economy as a result.

Recommendations

- **To address the number of over-50s exiting the labour market, include as part of the expansion of the mid-life MOTs scheme a targeted reskilling and in-work progression initiative to encourage this age group to fill vacancy gaps.** Consider developing a fast-track reskilling opportunity and support for in-work progression for over-50s, which could be delivered by experts in the employability sector. This could be particularly targeted at sectors which are key to regional economic growth.
- **Build on the existing training of 50 plus champions in Jobcentre Plus to provide advice on a wider number of skills routes.** 50 plus champions could also be used as a link to promote the Department for Education's adult 'Skills for Life' campaign to re-enter the labour market or change career in later life. The Government could expand the champions' learning and development to have a wider understanding of skills opportunities.
- **Boost the resource and expand the reach of the targeted Department for Education 'Skills for Life' campaigns.** Use the lessons learnt from the Disability Confident campaign and look at more investment in recruiting external advocates in the private sector to boost the number of adults considering upskilling opportunities. Expand the existing employer campaign to include a skills 'kitemark' for engagement and enrolments in Government-backed skills routes.
- **To boost workforce participation by those with long-term sickness and disabilities, the Government could consider establishing specialist health and disability hubs, led by and tendered through top tier local authorities, that provide holistic support to those furthest away from employment.** This would enhance the personalisation of employment support. These hubs would sit as standalone facilities, to meet the needs of disabled people and those with health conditions to access the best possible support to boost job outcomes. These hubs could provide add-on support (regional assistive technology support centres and workshop facilities) for those who require Access to Work support.
- **Access and visibility of technical education routes.** The move to include apprenticeships on the UCAS system is welcome, but schools still need encouragement to promote technical education routes, despite the legal requirements set out in the Skills and Post-16 Education Act. If Ofsted updated its inspection framework to include a specific requirement to evidence encounters with providers of technical routes, that may help deliver the intended ambition of the Act.
- **The next review of the national curriculum could include a requirement to introduce further basic employability skills.** Soft skills in critical thinking and resilience could be introduced as part of a focused element of the national curriculum about preparing for life in the workplace. Employers should be consulted more on skills requirements to help make the national curriculum more relevant for when students leave education.
- **Commission a review to look at the devolution of power to manage regional economic growth.** The Treasury and Department for Levelling Up, Housing and Communities could co-commission a review with local politicians, business leaders and the wider public sector across the regions in England to look at what additional powers, at a regional level, could help deliver greater economic resilience, with a particular focus on strengthening supply chains and enhancing the capacity of small and medium enterprises (SMEs) to grow in their regions.
- **The Chancellor could work with Mayoral Combined Authorities to consider granting them powers over aspects of the income tax system, similar to the arrangements in place for the Scottish and Welsh Governments.** Combined authorities already have fiscal powers over the retention of business rate revenues, but to enable Mayoral Combined Authorities to continue to invest in their devolved responsibilities, wider tax and revenue raising powers could be reviewed to provide long-term funding.
- **Combined Authority Growth Hubs could be allocated accelerator funding to support sector resilience in the regions.** Alongside support to businesses that have the capacity for growth, the Government could consider awarding Growth Hubs accelerator funding to help employers, who meet a specific criteria, to expand their operations at speed, helping to create more jobs and increase the resilience of the regional economy in the process.

About Seetec

Seetec is an employee-owned leading provider of employability, skills and justice services in the UK and Ireland. Our vision is to be trusted as the most effective provider of services that advance fairer, safer and more prosperous communities. In 2022, we supported 101,145 individuals through all of our combined services – helping people to find employment, improve their skills, or to make better life choices following direct lived experience in the criminal justice system. Our services are delivered through our three business areas:

- Our employability and skills business area delivers job activation programmes and adult education budget (AEB) opportunities. Through Seetec Pluss, we are a prime provider of the Department for Work and Pensions' Restart Scheme in the South West, which helps Universal Credit claimants who have been out of work for at least 9 months to find sustainable employment. It also delivers four sub-prime Restart Scheme contracts in other regions. We also deliver the Work and Health Programme in the South West, and run the National Careers Service in the North West and South West. Our award-winning Community Interest Company, Pluss, also provides specialist support for people with disabilities and long-term health conditions to achieve employment.
- Interventions Alliance works within the criminal justice system and social care sector, delivering evidence-led solutions to support individuals on their rehabilitation journeys as they build a better future. We run five Co-financing Organisation (CFO) Activity Hubs across three English regions to support individuals to continue on their rehabilitation journeys as they build a better future, turning a corner away from their criminal past. Part-funded by the European Social Fund, the CFO Activity Hubs in Manchester, Warrington, Liverpool, Bristol, and Chatham, with satellite provision at St Leonards-on-Sea, offer additional support to individuals transitioning from a formal criminal justice setting.
- Our training business area offers apprenticeship programmes across a range of key sectors. Through our sector-focused strategy, we were recognised by FE Week as the 2022 transport and logistics apprenticeship provider of the year. We deliver commercially funded training, and currently deliver two training contracts for the Greater Manchester Combined Authority (GMCA) to upskill people working in the transport and logistics and blue light emergency services sectors.
- In Ireland, we deliver the Intreo Partner National Employment Service, a job activation programme assisting the long-term unemployed to secure and sustain full-time paid employment or self-employment in communities across Dublin, Louth, Meath, Westmeath, Longford, Roscommon, Leitrim, Galway, Mayo, Sligo, Cavan, Monaghan and Donegal. We also deliver Local Area Employment Services (LAES) in Longford and Westmeath, helping the long-term unemployed to deal with barriers to labour market participation. We have been certified as a 'Great Place To Work', receiving a 77% satisfaction score in a Trust Index Survey of 183 employees.

We currently hold an Ofsted inspection rating of 'Good', we're B Corp certified and have achieved the Gold Investors in People Award, which only the top 7% of accredited organisations across the UK receive. With a workforce of 1,800, our employee ownership structure means colleagues have a real voice in the future direction of the business. Because our colleagues are owners in their own right, equal focus is given on meeting the long-term needs of the individuals and businesses we work with alongside the group's wider commercial ambitions. That balance means we can do more to enable progress towards more prosperous communities, which is the core commitment set out in our purpose statement as an organisation.

For more information, visit www.seetec.co.uk or follow Seetec on Twitter: [@SeetecInspire](https://twitter.com/SeetecInspire)