

# Skills for future success

How financial, professional, and  
business services can address skills  
challenges to deliver recovery and  
growth in UK regions and nations

June 2021



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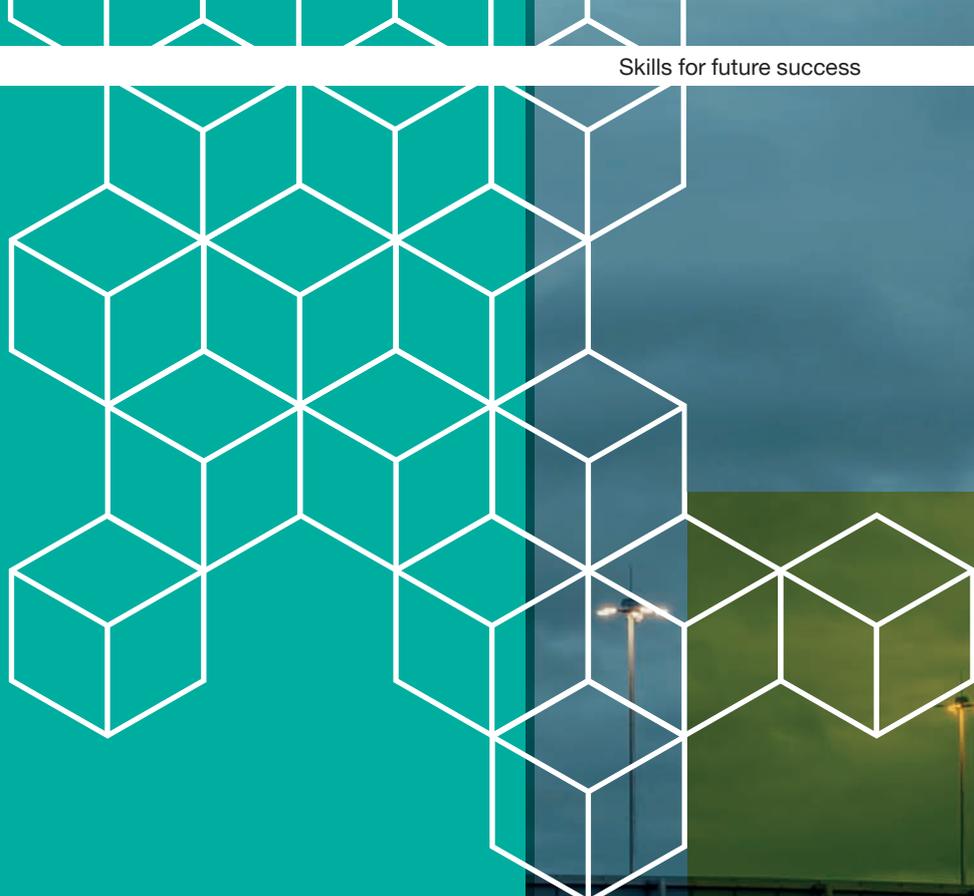


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# Foreword

**The UK has long been renowned for its energy and entrepreneurial spirit, but to turn ambition into action takes skills – a vast range of them.**

In the modern era, the skills we need to drive the country's commercial interests are evolving at an unprecedented pace. This is being driven not just by the development of new tools to carry out more traditional tasks, but by entirely new job categories that didn't even exist until just a few years ago.

The increasing pace of change makes addressing the skills challenge more important than ever for levelling up and ensuring the UK's future competitiveness, which is why we are delighted to introduce this report on behalf of the Professional and Business Services Council (PBSC) and Financial Services Skills Commission (FSSC).

This report is the result of extensive research and real-life interviews with employers, education providers, and government across the regions and nations of the UK; it really brings home the need for urgent action to build an enduring skills culture across the UK.

In the people businesses that characterise our sector, the success of organisations is intrinsically tied to the strength of their people.

This report underlines the UK's existing expertise and the importance of financial, professional, and business services (FPBS) to the entire economy. It illustrates the need to strengthen regional clusters if we are to maintain and enhance sectoral competitiveness and global leadership. And it highlights the disruptions we will have to tackle head-on if we want to maximize the sector's contribution to the development of high-quality jobs across the whole of the UK that will in

turn allow us to prosper and enhance our quality of life.

We urge government, business, educators, and others to use this report as a roadmap to greater success – creating a sustainable pipeline of high-level skills; building effective pathways to education, training, and retraining; developing the digital expertise we need to drive our sector towards AI and Net Zero; leveraging existing finance and design skills to meet complex consumer needs; and fostering far greater diversity and inclusion to ensure we develop the full potential of everyone in our society, no matter where they start their career journey.

As we emerge from the pandemic and the economy gears up for a full-scale reset, there has never been a better time to take action on skills. Let us make the most of the opportunities set out in the recommendations below – working together to generate the full range of skills we need to build a better future for every region and nation in the UK, and for large and small firms alike.

## **Mark Hoban**

Chair of the Financial Services Skills Commission

## **Dr Alan Belfield**

Business Chair of the Professional & Business Services Council

# Executive summary

**The financial, professional, and business services (FPBS) sector is an important pillar of the UK economy and a provider of fulfilling careers for millions of people. Collectively, FPBS firms are a major employer – providing 5.5m jobs across the UK – and a major recruiter, hiring nearly 20% of all graduates entering the UK labour market each year. Despite perceptions of being London-centric, almost three quarters (73%) of jobs in the sector are located outside the capital.**

We found many firms in the UK's regions and nations struggling to recruit highly skilled employees, with almost one-third of employers reporting skills shortage vacancies. In addition, firms are reporting increased operating costs and staff workload as a result of skills challenges. Firms have even lost business to competitors.

Employers in some regions face more challenges than employers in other regions. The regions with the most significant challenges tend to be those with fewer large cities, those with a more limited local labour pool, and those without strong collaborations between employers, local government, and education providers. Regions with well-established clusters of FPBS firms tend to fare better due to the higher presence of relevant local talent. We also found that larger national firms can draw talent more easily from across the country, and London based HQs are not always aware of local challenges.

The pandemic and automation are accelerating these challenges, intensifying a need for existing and emerging skills in areas like technology, data, digital, and interpersonal communication. New analysis from PwC and BEIS on the impact of automation highlights that FPBS will be impacted more than any other sector over the next 20 years. Some roles will disappear entirely and new ones will be created, but crucially almost all roles will change in some way.

The skills landscape already reflects some of these challenges and changes, such as a growth in demand for programming languages and machine learning. This increase is especially prominent in the North West, East of England, and South East. New skills needs are also appearing, such as skills related to leading others in hybrid working environments and advisory knowledge for a net-zero economy.

Given the majority of the workforce of 2030 is already employed, the rise of automation and other megatrends puts pressure on employees and employers to adapt. Failure to act now to develop the skills needed for future roles risks the sector's ability to innovate and be globally competitive, which in turn limits its potential in driving economic growth and helping the government deliver on its levelling up agenda.

While the need to reskill and upskill people is urgent, there is an apparent lack of robust, strategic skills forecasting to help firms identify and address skills needs. This is especially true among small and medium enterprises (SMEs), which employ over half the FPBS workforce (and up to 70% in some regions).

Our analysis shows an increasing regional presence among national employers, illustrated by recent announcements like Goldman Sachs' new office in Birmingham and the government-driven 'Northern Hub' in Leeds. Increasing regionalisation creates a potential to strengthen regional clusters, but it also risks a local talent constraint in the near term and exacerbating challenges for local and smaller employers.

Some businesses and education providers are rising to meet the skills challenges laid out in this report better than others. These include employer upskilling initiatives focussing on digital skills, future skills forecasting, and partnerships between education providers and industry bodies. But more action is needed to ensure the sector, regions, and nations are prepared for the future.

“

*As we emerge from the pandemic and look at ways to boost our recovery, businesses across the country will need to ensure that they are positioned to recruit staff equipped with the skills for the future. We must work together to build back better by preparing the nation's workforce for the jobs of tomorrow.*

*The financial, professional, and business services sector particularly, which accounts for a massive 1 in 7 of all jobs outside London, will have a key role in developing skills across the UK economy.*

*The barriers businesses across the country face to achieve this are not small, with some regions dealing with greater challenges than others. It is therefore vital that fast and decisive action is taken now to ensure that the UK remains world-leading in the financial, professional, and business services sector, with inclusivity, sustainability, and innovation at its core.*

**Catherine McGuinness**  
Policy Chair, City of London Corporation

### **To grow as a sector, we have developed an 8-point plan.**

Our recommendations focus on identifying the best ways to deepen the pool of talent in the regions and nations, benefiting large firms and SMEs alike. The plan calls for effective collaboration between employers, education providers, and government to address skills challenges, unlock sector growth, and bring significant employment opportunities to local communities.

- 1** Build a lifelong learning culture across the sector.
- 2** Increase the supply of tech skills and digital literacy across the sector (and wider economy).
- 3** Ensure that efforts to build a skilled workforce are underpinned by a commitment to diversity and inclusion.
- 4** Enhance strategic workforce planning capabilities across the sector to identify future skills needs.
- 5** Support mid-career retraining through an employer-led skills brokerage service and clearer pathways into the sector.
- 6** Attract and retain highly skilled talent across the regions through strengthening the talent pipeline and locating senior roles in regions.
- 7** Boost the availability of skills across the regions through strategic collaborations between employers, education providers, and regional government.
- 8** Develop regional centres of specialisation, building on clusters that already exist.

Building up the skills of people across the UK and strengthening existing and emerging regional clusters will require broad dialogue and collective effort. The FPBS sector must commit to working together – and with government, education providers, and others – to implement these recommendations effectively.

# Introduction

**The Financial, Professional, and Business Services (FPBS) sector has a wide-reaching impact across the UK economy and workforce. Collectively, the sector is a key driver for the UK economy, accounting for over 10% of economic output. As a major recruiter, the sector hires almost 20% of all graduates entering the UK labour market each year and around 17% of new apprentices in England and Wales.**

While the perception of FPBS firms has historically been London-centric, the picture of the FPBS sector within the regions and nations is diverse and varied. Over 5.5 million people are employed in the sector, and roughly three-quarters (73%) of them are based in regions and nations outside London<sup>1</sup>. Over half of employees (52%) work for small and medium enterprises – rising to almost 70% in some regions<sup>2</sup>.

There is evidence of emerging regional specialisation which can contribute to the overall success of the FPBS sector in the UK, such as an increase in tax technology roles in Scotland, cybersecurity in Northern Ireland, and DevOps in Manchester and Bristol. Employers and local government need to do more to understand and strengthen emerging clusters of specialised skills like these.

Despite the FPBS sector's strength and resilience, the coronavirus pandemic has made clear that the sector is undergoing significant disruption on a scale we have never seen before. From trends like changing employee demographics to rapid technological change accelerated by the pandemic, the FPBS sector faces significant challenges ahead.

<sup>1</sup> Business Register and Employment Survey. ONS (2020)

<sup>2</sup> Enterprises by region, industry, and employee size. ONS (2021).

## Factors disrupting the FPBS sector



**Ongoing trend of global operations** and technological evolution, providing opportunities for new business models and ways of working, with an inherent risk of not keeping up. The pandemic has triggered a rethink of how operations can be more efficiently delivered remotely from nearshore and offshore locations.



**Automation and digitisation** have become an everyday topic within the talent and people agenda, as the share of roles – even highly-skilled roles – that are becoming automatable increases.



**Increased disruption** from new market entrants, putting pressure on established players to ensure their workforce has the right skills and disposition to adapt quickly.



**War for talent**, with firms competing for scarce skillsets within their industry and from other domains. As one consulting firm told us, “The candidates we’re looking to recruit are also getting offers from places like Facebook and Google – we would never have considered them our recruiting competition before”.



**Legacy perception** of the sector, with some areas like Financial Services and Insurance increasingly viewed as highly regulated and slow to change.



**Evolving workforce demographics**, with people staying in the workforce for longer and changing roles and companies more often throughout their career: “I have 16-year-old interns and 60-year-old tenured employees, and they both want different things out of their employee experience”.



**Continued rise of the gig economy**, providing employers more flexible talent arrangements while increasing the imperative for people to evolve their skills continually to remain relevant.



**Workplace culture and diversity** increasingly recognised as key to widening talent pools and improving the supply of skills. While previously an important differentiator in attracting talent, it is becoming an essential focus for employers. As one recruiter told us, “Diversity in our business isn’t a differentiator anymore – it’s table stakes”.



**Acceleration of digital adoption** in the pandemic has super-charged many of the trends above, including driving the embrace of hybrid working and global operations, with downstream impacts on the talent supply and heightening the importance of technical skills.

These disruptions have direct implications on the ability of FPBS firms to attract, develop, and retain the talent necessary for long-term success. The skill needs of employers in the FPBS sector are continuing to evolve, with broad implications for current employees and their roles. As one example, administrative and clerical positions are expected to become increasingly automated, whilst an increased proportion of roles will require skills in automation and technology. Many employers have already reported experiencing skills shortages across the UK, with thousands of vacant jobs due to a lack of qualified candidates and increased competition for specialist talent.

### Why skills gaps matter

The skills gaps employers face today – and are likely to face more of in the future – hinder the growth of the FPBS sector overall, and in the UK regions and nations in particular. Many FPBS firms reported the consequences of experiencing skills gaps in the 2019 Employer Skills Survey<sup>3</sup>, including:

## As a result of skills gaps in our sector

1 in 2



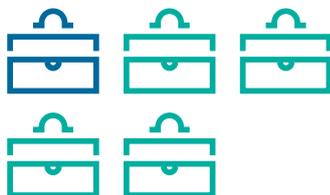
firms reported an increased workload for staff, with potential impact on employee wellbeing

1 in 4



firms reported increased operating costs, putting pressure on business continuity and profitability

1 in 5



firms reported struggling to meet quality standards or losing business to competitors

1 in 6



firms reported delaying introducing new products and services, limiting the potential for innovation and future growth

Skills gaps can be caused by many different factors and impact employers and employees in different ways. Small and medium businesses may have more difficult challenges recruiting or upskilling talent to meet skills needs. Regional employers, likewise, have more limited talent pools to draw from and are often at a disadvantage competing with London-based firms.

If navigated effectively, the sector's response to the skills needs across the UK could provide an unprecedented opportunity to grow the sector, create more high-quality jobs, and support levelling-up across the regions and nations. Indeed, our analysis estimates that **reducing the skills gap – in combination with the effect of automation – could increase the output of the FPBS sector over time by an amount equivalent to £38 billion of extra economic activity per year.** This would mean the sector would be 12 percent larger in 2038 than it was in 2018 (in constant 2018 prices).

This report sheds light on the potential causes of future skills challenges across the UK and within the regions and nations. It also provides potential solutions to address the challenges and to support the levelling-up agenda from a skills perspective.

## FPBS Sub-Sectors

	Accountancy
	Advertising & Market Research
	Architecture
	Asset Management
	Banking
	Business Services (Office Admin, Leasing, etc.)
	Employment Activities (HR & Recruitment)
	Engineering, Scientific & Technical Consultancy
	Fintech
	Insurance
	Legal Services
	Marketing Consultancy

Our team engaged with over 80 FPBS employers to inform this research, including dozens of interviews and eight regional roundtables across the UK. We conducted a survey among large firms to better understand their plans for increasing or decreasing their regional presence. We also analysed sector-wide job posting, employment, qualification, and skills gap data from across the UK. In total, the findings paint a clear picture about current and future skills challenges that we present in six sections:

1. Challenges that FPBS employers face in accessing skills in the UK regions & nations;
2. Broader changes that will exacerbate existing regional skills challenges;
3. Employee skills needed for employers to be successful in the future;
4. Employers' plans for future regional presence and how changing working practices are influencing this;
5. The case for change; and
6. Our recommendations for employers, associations, education providers, and government.

## Rachel Taylor

Report co-sponsor  
Chair of the Professional and Business Services Council's Skills and Inclusion Group; Partner, PwC

## Claire Tunley

Report co-sponsor  
CEO, Financial Services Skills Commission

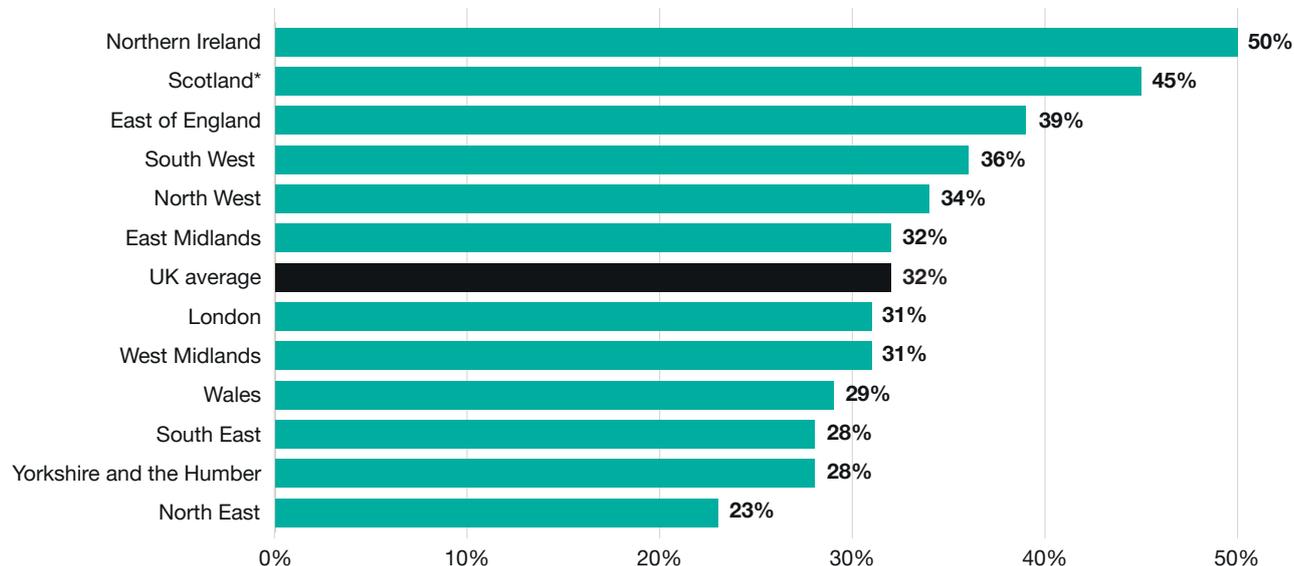
## 1. FPBS employers face long-standing challenges accessing skills in the regions & nations

Across the UK's regions and nations, financial, professional, and business services (FPBS) firms face challenges in accessing the skills needed to be competitive. These trends are set to grow if employers, government, and education providers do not take action to ensure that local workforces have the right skills needed for future growth. The trends also limit the growth of existing regional clusters of sector specialism and present obstacles to new and emerging clusters. The extent to which employers face skills challenges varies depending on their location in the UK and the size of the firm.

### The intensity of skills challenges employers face varies by region

Some regions face fewer challenges. As you can see from the bar chart, while 50% of FPBS employers in Northern Ireland reported vacancies for professional-level roles due to skills shortages, only 28% of FPBS employers in the South East reported the same.

#### Share of firms with skills shortage vacancies for FPBS professionals by region



Source: ESS 2019, detailed tables; Scottish Employer Perspectives Survey, 2019

\* Scotland data covers FS only.

Differences in the economic make-up of a region, education provision, urbanisation, and infrastructure help explain why not all employers and regions or nations face the same challenges and intensity. Fewer skills challenges appeared when employers were located in:

- Established FPBS clusters where similar firms are located in the same area, enabling employees to change roles to develop and progress their careers
- Areas with proximity to at least another large city
- Areas with strong education provision
- Areas where collaboration on skills priorities is taking place between education providers, local authorities, and employers
- Areas with good transport links
- Areas with a highly qualified labour pool

## EY partnership with Northumbria University – building local skills for large and small businesses

EY is collaborating with Northumbria University to develop and nurture entrepreneurial and business talent in the North East region.

EY initially worked with Northumbria University to develop a three-year Chartered Management degree apprenticeship in 2017. Building on the success of this, the firm is creating programmes that give EY's Newcastle office the opportunity to grow and retain local talent.

The apprentices, who are employed by EY, spend one day a week at Northumbria University completing their studies. This approach makes higher education more accessible, as students work part-time and receive on the job training and development alongside attaining a degree. They also can easily pivot into new areas of learning, adapting to the fast pace of technological change.

Six apprentices took part in the first cohort, and now EY has more than 55 across all year groups. With EY's ongoing support, Northumbria University has been able to expand the programme to other businesses across the North East.

EY is also supporting the University's Business Clinic and University Incubator. Within the Business Clinic, local businesses can access free consultancy advice from Northumbria students who, in turn, benefit from mentoring from EY business professionals. Further, the University Incubator enables those with a strong entrepreneurial drive and a viable business idea the chance to launch their business. EY supports this by facilitating training sessions to teach business skills. This innovative collaboration provides a supportive and accommodating environment for entrepreneurship in the area.

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*Recruiting is a struggle. There is a lack of high-quality competition here. We usually recruit from the same pool, which limits diversity.*

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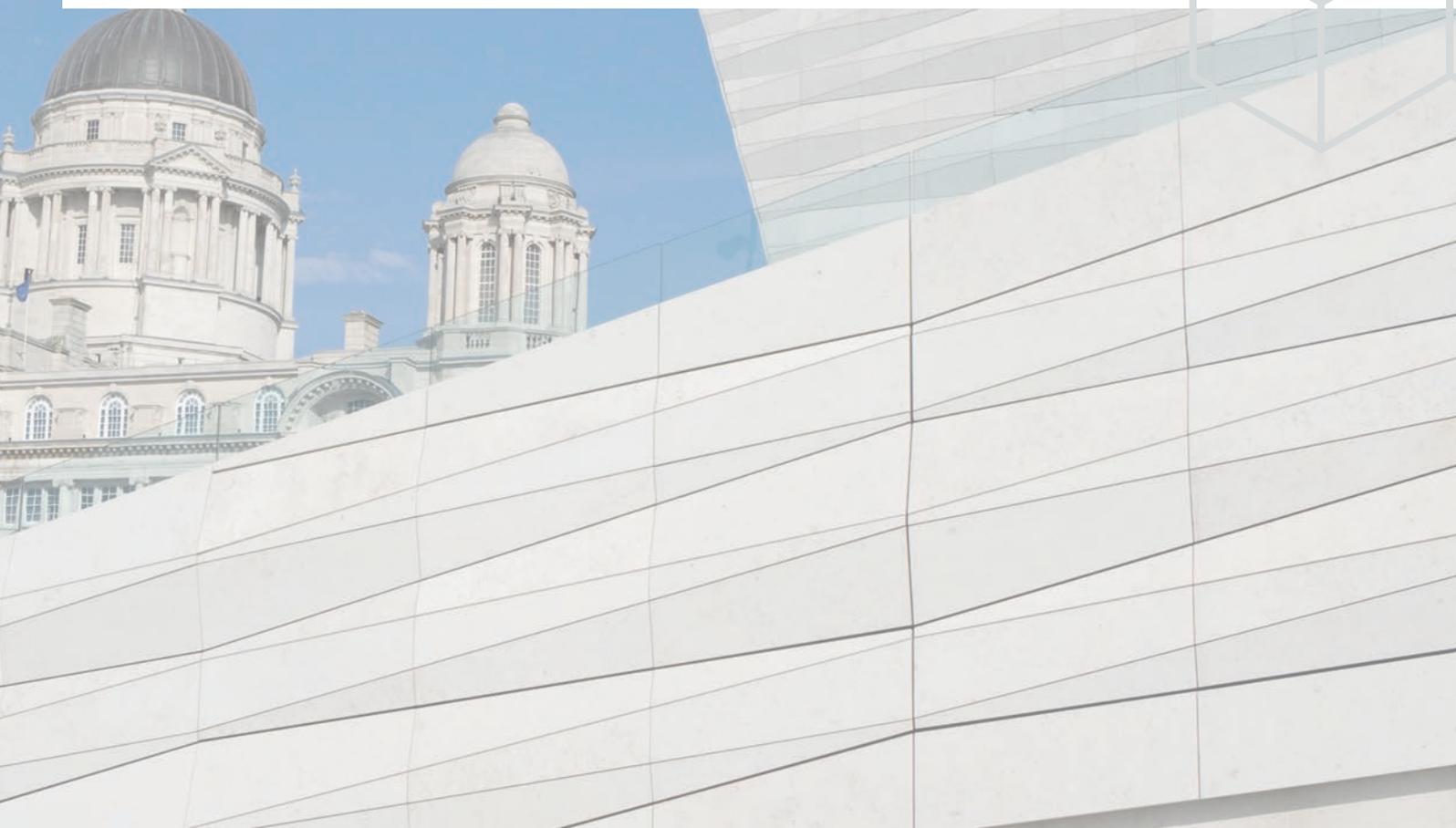
*When we chose our regional office location, we looked at proximity to the mothership (London), air corridors, talent, relationships with business (locally and clients), and with academia and government. All these intersect to create a value proposition. Cost... was not the primary factor.*



**Where FPBS firms are located can have a big impact on the challenges they face. We observed two overarching skills challenges related to employer location:**

- **Regions and nations where business activity is concentrated in relatively smaller or fewer hubs have the greatest challenges recruiting.** In an analysis of job posting data from March 2020 to May 2020, firms based in Northern Ireland (Belfast) and Wales (Cardiff) had to search the longest and hardest to find the right candidates. Both nations only have one major FPBS hub, which limits the ability for firm to draw on additional labour pools and helps to explain why firms located in those areas had the longest job advert posting duration (37 days) of any region or nation. Firms in Northern Ireland and Wales also had the highest job posting intensity – with each advert being placed in 8 outlets (an 8:1 intensity)<sup>4</sup>. Other regions are not far behind: The West Midlands – where Birmingham is the dominant hub – had an 8:1 posting intensity (but a shorter posting duration than Wales and Northern Ireland) and Yorkshire and the Humber – where Leeds is the most prominent hub – had a 35-day posting duration. In contrast, London and the North West had a posting duration of 28 and 32 days, respectively, suggesting they could fill roles about a week sooner than the regions struggling the most.
- **Regions with large FPBS clusters had to adjust to a changing landscape as well.** London, the North West, and Scotland have a large FPBS presence, and yet all three saw a marked increase during the pandemic in the number of places where job adverts were posted. This suggests that employers in those areas found it more challenging to fill positions. Employers had posted job adverts on average in 5 outlets (5:1 intensity) in early 2019, which had increased to 7 outlets (7:1 intensity) in early 2020<sup>5</sup>.

4 March to May 2020, UK job posting data from EMSI, a labour market analytic firm; provided by City of London Corporation  
5 March to May 2019-20, UK job posting data from EMSI; provided by City of London Corporation



The size of FPBS firms also has an impact on the challenges they face. We observed two overarching skills challenges related to employer size:

- **Firms with multiple offices and London-based HQs face fewer challenges.** We interviewed several talent acquisition leaders of large firms with London-based HQs, and while all of them mentioned skills shortages, none of them highlighted significant challenges with regional recruiting. This was primarily because they had multiple office locations and were able to recruit from across the UK to fill their talent needs. This more fluid approach to talent management particularly benefits larger firms.
- **Small and medium enterprises (SMEs) face specific challenges, including the risk of losing business because of skills gaps.** From a skills perspective, SMEs struggle to access the skills they need or to dedicate the same level of resources to upskilling programmes as larger firms. This, in turn, affects SME employees. SMEs account for a large share of employee jobs – from 52% in the South West to 69% in Northern Ireland<sup>6</sup>. Smaller firms are also more likely than larger firms to lose business because of skills gaps – 44% of firms with 25-49 employees experienced this compared to only 25% of firms with more than 250 employees<sup>7</sup>. Yet SMEs may have some benefit when they undertake reskilling programmes, as they can often move more quickly and with greater clarity on specific skill deficiencies<sup>8</sup>.



Almost **4** out of **10** graduates with a first or 2:1 from Russell Group universities choose to work in London after graduating.

<sup>6</sup> Business population estimates for the UK and regions 2020. ONS and BEIS.

<sup>7</sup> Employer Skills Survey. Department for Education (2019).

<sup>8</sup> To emerge stronger from the COVID-19 crisis, companies should start reskilling their workforces now. McKinsey (2020).

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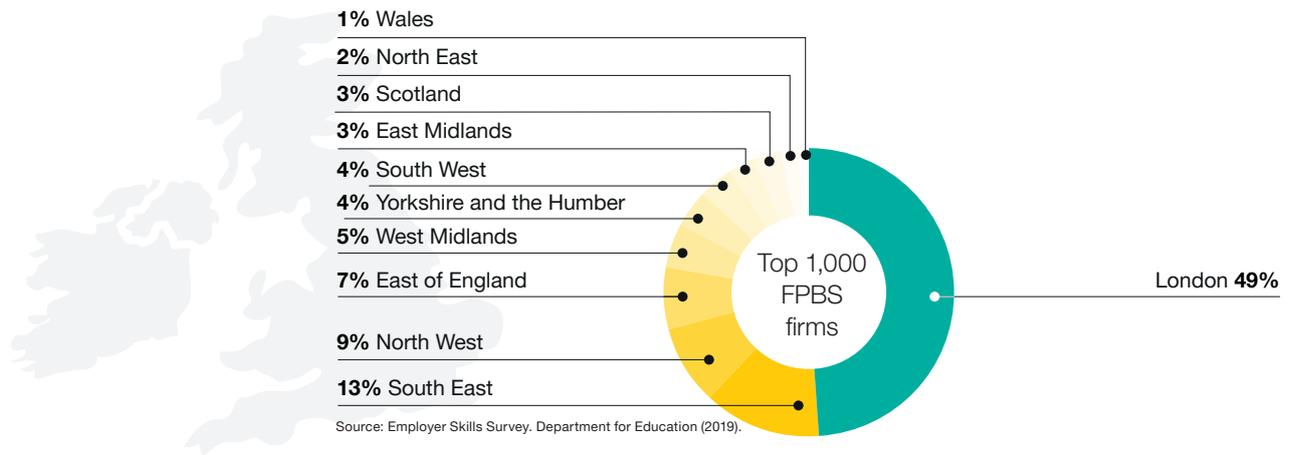
*SMEs are going through a digital transition too but often don't have the budget, and they can't offer the same perks, to compete with the larger firms also seeking digital talent.*

## Some of the reasons for regional challenges across the UK include:

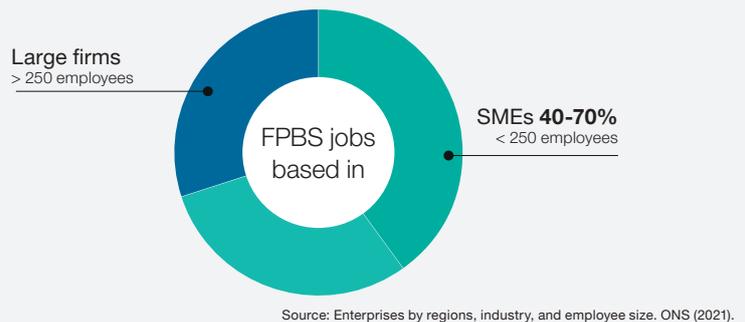
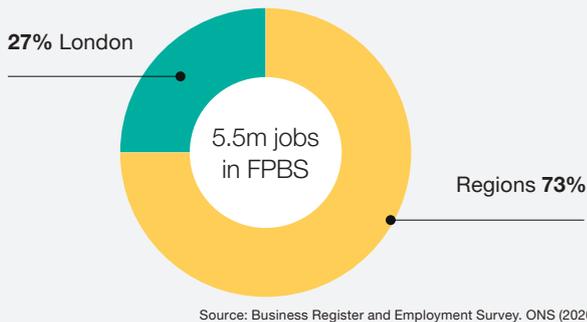
- **“Brain drain” to London and other metropolitan areas due to a perceived lack of career development opportunities.** While most jobs in the FPBS sector sit outside of London, London is home to almost half of the 1,000 largest FPBS firms in the UK. As such, young professionals told us that they believed having a London-based role on their CV was indispensable for career progression. This effect may be particularly pronounced in some industries like advertising and marketing, where almost half of all creative roles are based in London (compared to only 2% in Wales, for example). Movement of talent to major cities like London, Manchester, Birmingham, and Edinburgh limits the share of the talent pool for the regions in general and regions with smaller urban areas in particular.
- **Fewer entry-level roles and changing role requirements, fuelled by an increase in offshoring, outsourcing, and automation.** Employers told us they still need graduates and candidates for entry-level roles but that the expectations for those roles have shifted over time as more administrative tasks have been automated and outsourced. This shift may mean that entry-level roles will require more advanced skills, effectively leaving portions of the population without the requisite skills to start their careers in the FPBS sector. It also risks leading to a more constrained talent pipeline in the future.
- **Regional skills challenges are even more pronounced when hiring local senior talent.** More limited talent pools and a London-centric mindset has caused challenges for firms aiming to recruit and retain senior leaders in the regions and nations. One leader in Birmingham told us that for a recently placed job posting for an experienced tax specialist, their firm received more than 30 applicants from across the UK but only two applicants from within the region.
- **Existing regional clusters are not yet well recognised, hindering their growth.** Participants in our regional roundtables were quick to point out the strengths and specialisms of their regional business community, which we refer to as ‘clusters’. For example, we heard about Manchester’s strong FPS sector, where a historical presence of banks and insurers has led to the rise of innovative consumer finance and fintech companies. Yet roundtable participants told us these clusters do not appear to be broadly recognised or well-known beyond their region. The lack of clarity on existing and emerging regional clusters limits opportunities to access capital and talent, and it may make it more difficult for employers with growth ambitions to know where to expand.
- **Potential lack of awareness of regional challenges in larger firms and London HQs.** London-based recruitment leaders did not highlight significant challenges with regional recruiting, confirming the view that larger employers can more easily draw on skills from across the UK. It may also illustrate an inherent bias of London-based HQs, with leaders less aware of the region-specific skills challenges faced by regional offices of UK-wide firms. This divide between regional challenges and what London leaders are aware of may highlight a lack of broader inter-regional cooperation between firms and leaders.



### Regional spread of jobs and firms



Almost 1 in 5 of all graduates entering the UK labour market each year are employed in FPBS – and around 1 in 6 of new apprentices in England and Wales



### North East

Sectors most impacted by skills gaps: Source: Employer Skills Survey, Department for Education (2019).

Legal Services

Employment Activities



*It's not that businesses can't recruit tech people locally, but businesses haven't got to the stage where they want people in Newcastle; this needs to change.*

Jobs

64%  
In SMEs

36%  
In large firms

### North West

Sectors most impacted by skills gaps:

Head Offices

Management Consultancy



*Future skills draw a lot of critical thinking, creativity and curiosity. Sector-specific training in leadership and management is needed.*

Jobs

58%  
In SMEs

42%  
In large firms

## Yorkshire & the Humber

Sectors most impacted by skills gaps:  
Source: Employer Skills Survey, Department for Education (2019).

Scientific R&D

Head Offices

“

*SMEs don't have awareness or resources to upskill employees, but they still have to undergo digital transformation. Leeds is predominately SME based.*

Jobs

62%  
In SMEs

38%  
In large firms

## East Midlands

Sectors most impacted by skills gaps:

Rental and Leasing

“

*Those based in clusters (London, South East, Glasgow, North West) find it easier to recruit but those based in more isolated parts of the country will struggle.*

Jobs

47%  
In SMEs

53%  
In large firms

## West Midlands

Sectors most impacted by skills gaps:

Scientific R&D

Rental and Leasing

“

*We are hugely oversubscribed for graduates. In terms of experienced hires, it's more varied.*

Jobs

48%  
In SMEs

52%  
In large firms

## East of England

Sectors most impacted by skills gaps:

Head Offices

Management  
Consultancy

“

*Skills are there but the route to accessing the skills is a problem. Everyone is looking for data talent and getting it will come down to the firm's culture, purpose, and marketing of the sector.*

Jobs

47%  
In SMEs

53%  
In large firms

## South East

Sectors most impacted by skills gaps:

Scientific R&D

“

*Accurately predicting the tech skills we need for the future is tricky, so we need to build capabilities like adaptability alongside technical know-how.*

Jobs

56%  
In SMEs

44%  
In large firms

## Northern Ireland

Sectors most impacted by skills gaps:  
Source: Employer Skills Survey, Department for Education (2019).

Rental and Leasing

Scientific R&D

“

*The ability to assimilate data and use it in a purposeful way is not strong enough in local graduate pools.*

Jobs

69%  
In SMEs

31%  
In large  
firms

## Wales

Sectors most impacted by skills gaps:

Other Professional

Head Offices

“

*Lots of good things are going on, but it's not joined up. We need the flexibility and dialogue to respond to a fast-paced environment. Jobs are changing.*

Jobs

64%  
In SMEs

36%  
In large  
firms

## Scotland

Sectors most impacted by skills gaps:

IT

“

*25-34 year olds are moving out of Scotland and we need to stem this flow by providing 'meaty' jobs and stand out to diverse talent.*

Jobs

41%  
In SMEs

59%  
In large  
firms

## London

Sectors most impacted by skills gaps:

Rental and Leasing

“

*We're in a talent war with more open positions than we have a chance of filling.*

Jobs

44%  
In SMEs

56%  
In large  
firms

## South West

Sectors most impacted by skills gaps:

Scientific R&D

“

*We have a lot of skills, but it's one dimensional. Tapping into a pool of creativity is difficult for established players as creative talent are drawn to shiny, new and innovative employers.*

Jobs

52%  
In SMEs

48%  
In large  
firms



## 2. Current regional challenges will be exacerbated by further technology-induced disruption

**The pandemic caused significant disruption – and some transformation.**

Current role requirements and skills needs have been brought to the fore by the almost overnight shift to remote working in March 2020 and the use of digital tools and platforms for daily work. The pandemic accelerated internal digital transformation and radically disrupted the way that many companies interact with their consumers. In banking and insurance, for example, many leaders were confronted with abruptly changing their firm's business model by closing bank branches and shifting to serving customers online.

The pandemic also impacted the types of roles that employers sought to fill within the regions. Job vacancy data from before and after the start of the pandemic shows an almost immediate shift away from customer service roles as one of the most in-demand positions. In the early stages of the pandemic, the data reflects less need for in-person customer service roles and an increased need for more specialised technology, tax, and accounting roles. This is visualised in the table opposite, based on EMSI data.

“

*As a business, we aren't willing to drop our quality standards and yet the number of candidates we need isn't there.*

“

*We are experiencing a 20% gap between supply and demand for technical & data skillsets.*

### Top 5 regional job vacancies pre- and post-pandemic

What's gone – March to May 2019.  
What's new – March to May 2020.

#### Scotland

What's gone?  
Business Analysts,  
Customer Service

What's new?  
Heads of Audit

#### Northern Ireland

What's gone?  
Consulting Operations Specialists,  
Customer Service

What's new?  
Cloud Engineer Architects,  
Consulting Directors

#### North West

What's gone?  
Customer Service

What's new?  
Sourcing Managers

#### Wales

What's gone?  
Customer Service

What's new?  
Assurance Managers

#### South West

What's gone?  
Customer Service

What's new?  
Heads of Audit

### What's the same March to May 2019-2020?

Audit Managers, Assurance Manager,  
Advisory Services Managers

### There is a gap between supply and demand for established and emerging skills

Employers report significant challenges in filling some roles for established and emerging skillsets, particularly for data and technical roles. Several employers told us they are experiencing a **20-30% gap between supply and demand for technical and data skillsets**, which aligns with findings from the Employer Skills Survey on the prevalence of employers experiencing skills-related shortage vacancies across the FPBS sector<sup>9</sup>.

While demand for roles with new skills is increasing, the UK lags behind its peers for specialised talent, ranking 24th globally for data skills and 23rd globally for technology skills<sup>10</sup>. Lloyds Bank Consumer Digital Index also indicates that 52% of the UK working population do not have all the essential digital skills needed for the workplace – rising to above 60% in Scotland, Northern Ireland, Wales, and the South West<sup>11</sup>.

### Disruption is the ‘New Normal’

Disruption is set to continue, exacerbating existing skills gaps. While the breadth and pace of the shift to digital working brought on by the pandemic was unprecedented, it may only foreshadow future disruption. Digitisation offers new ways of delivering services (e.g. digital-only investment advice), and sophisticated machine-learning algorithms may take over some aspects of routine intellectual work in areas like auditing and law. These disruptions will continue to increase, creating more pressure for the FPBS sector and employers to adapt.

### FPBS to be most disrupted by automation

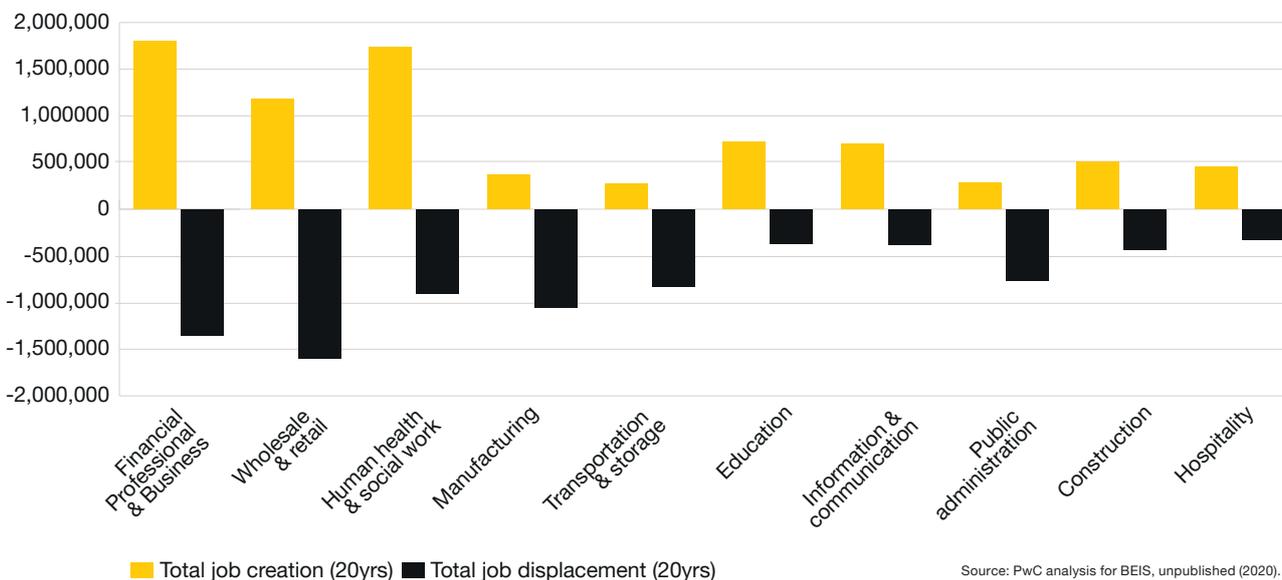
A large share of work activities in the UK are already technically automatable – 39% according to an estimate from McKinsey Global Institute<sup>12</sup>. As such, it is no surprise that a 2020 analysis by PwC indicates that **FPBS is forecasted to be the sector most disrupted by automation** in the next 20 years<sup>13</sup>.

The increased use of automation technologies in businesses will change many roles and responsibilities: eliminating some heavily administrative or repetitive roles while also creating a net gain of new roles in areas like artificial intelligence, machine learning, and robotics. Crucially, as the Industrial Strategy Council noted, “a vast number of current jobs will survive but their nature will be transformed in significant ways<sup>14</sup>”.

The PwC analysis estimates a net increase of around 450,000 job roles over the next 20 years within FPBS<sup>13</sup>. Within Professional and Business Services, automation is estimated to lead to a net gain of around 584,000 jobs – 18% more than in 2018. However, within Financial Services, more jobs are set to disappear than new ones being created, leading to a reduction of 137,000 jobs – or 11% fewer jobs than in 2018.

9 Employer Skills Survey. Department for Education (2019).  
 10 Kalifa review of UK fintech (2020), p.40  
 11 Lloyds UK Consumer Digital Index (2021)  
 12 McKinsey Global Institute (2017) via Industrial Strategy Council (2020)  
 13 PwC analysis for BEIS, unpublished (2020)  
 14 UK Skills Mismatch in 2030. Industrial Strategy Council (2019)

**Impact of automation by top 10 most disrupted sectors over time, PwC analysis for BEIS (2020)**

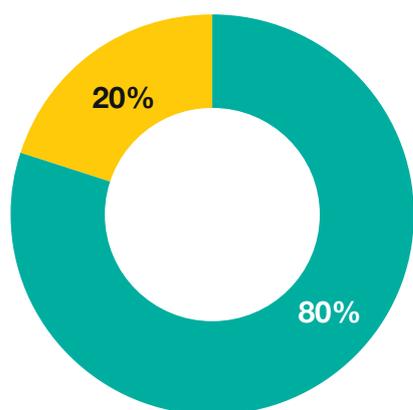


Source: PwC analysis for BEIS, unpublished (2020).

Automation, digitisation, and other disruptions will present a challenge for the FPBS sector: many new roles will emerge, most existing roles will change, and some roles will disappear. All employees will need at least some level of new skills to adapt.

Increases in life expectancy and retirement age mean that around 80% of the people who will work in the FPBS sector in 2030 are already employed in the sector today<sup>15</sup>. With the vast majority of the future workforce already in employment, the key challenge for employers will be to regularly upskill existing staff to meet emerging skills gaps and to equip them for roles that may not yet exist.

#### FPBS workforce in 2030



■ New entrants    ■ Today's employees

#### Mid career retraining is essential

The combination of net jobs growth and a workforce largely already in employment will present the FPBS sector with a talent acquisition challenge. The FPBS sector is traditionally strong at graduate recruitment but will need to get better at attracting talent from other sectors mid-career in order to meet the rising demand for skilled workers. Clearer pathways for employees to transition into FPBS from other sectors would help, along with greater clarity on required skills to rapidly retrain incoming staff. An employer-led brokerage system would provide the demand-

focused approach needed if such retraining was to be successful at scale.

Significantly more mid-career retraining will be needed for employees coming from other sectors and for those already within the sector. While FPBS firms employ a comparatively large share of highly skilled workers (Level 4 and above), 10% to 30% of workers only hold Level 2 qualifications or lower depending on the region<sup>16</sup>. This points to potential future reskilling needs.

The North East has the highest share of the FPBS workforce with a qualification of Level 2 or lower, at 29%, followed closely by the North West (27%) and Yorkshire & the Humber (26%) – a total of 194,000 individuals across these three regions. In contrast, only 11% of the sector workforce in London have a Level 2 qualification or lower, followed by 14% in Northern Ireland and 19% in Scotland<sup>17</sup>. As roles in the sector are becoming more highly skilled as a result of disruption, it will be important to increase upskilling to meet the demand for new job roles.

#### Employers are not focusing enough on strategic skills forecasting

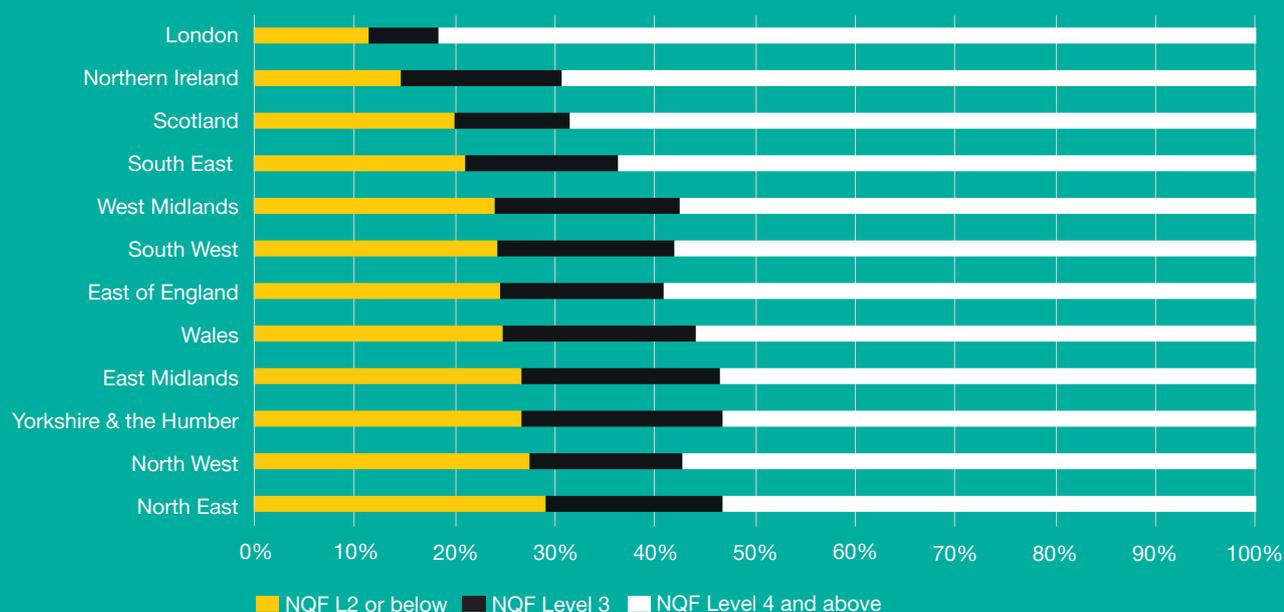
In order to prepare for future skills demands, the sector must first identify them. Despite the urgency and criticality of future skills needs, we have repeatedly noticed throughout our research a lack of robust skills forecasting. Few employers we spoke with have undertaken genuine strategic workforce planning or are thinking about their skills needs beyond 1-2 years.

<sup>15</sup> UK Skills Mismatch in 2030. Industrial Strategy Council (2019)

<sup>16</sup> Level of highest qualification held by region and 2-digit industry, July 2019-June 2020. ONS (2021).

<sup>17</sup> Level of highest qualification held by region and 2-digit industry, July 2019-June 2020. ONS (2021).

### Share of FPBS workers with qualifications at various levels



Source: Level of highest qualification held by region and 2-digit industry, July 2019-June 2020, ONS (2021). Data omits trade apprenticeships.



### Lloyds Banking Group Strategic Workforce Planning – an example of planning for future skills

In 2017, Lloyds Banking Group (LBG) set out to forecast the skills they would need over the next three years to help them successfully deliver their new business strategy. To achieve this, they developed a Group-wide skills gap analysis and workforce planning approach. The approach was designed to be completed at pace and enabled the Group by the beginning of 2018 to identify ten key skills gaps and fund actions to close them.

Over the next three years, a newly appointed Future Skills Lead worked with experts from the People & Property function and senior leaders in each business area to build, buy, borrow, retain, and redeploy the skills they would need. By the end of 2020, the Group had delivered an additional 5.3 million development hours through new ‘Future Skill’ online learning hubs, new role-specific accelerated development programmes, and locally-led skills interventions to help colleagues build their future skills.

In addition, LBG had re-focused their work with graduates and apprenticeships to build the identified key future skills, such as launching a new Data Science Graduate Development Programme. The Group’s location strategy also played a key role, with targeted recruitment campaigns focussed on attracting key future skills to 5 specific ‘hubs’ across the UK (London, South West, North West, West Yorkshire, and Scotland).

Following the completion of its 3-year strategy cycle at the end of 2020, LBG is about to embark on another Group-wide workforce planning exercise to inform the next phase of its multi-year digital transformation strategy.



*We are so much in the moment it's hard for us to fully look at what the future will look like.*

There are several reasons why employers are more reactive than proactive when it comes to future skills needs:

- The pace of recent disruption and responding to day-to-day challenges takes up bandwidth, so firms are prioritising immediate needs first.
- A key blocker is the difficulty of predicting new/emerging technologies and the specific skillsets that will be required. Hiring managers can usually articulate the skills in demand right now, but as one recruiter told us, it can often feel like the “flavour of the month”, and soon there will be new technologies to recruit for.
- Some firms do not see major concerns over the impact of automation – despite this being at odds with most labour market analysis.
- The task is even more difficult for SMEs, who may not have the resources to hire talent consultants or the data and internal experience to undertake skills forecasting and workforce planning.

A lack of future skills forecasting and workforce planning increases the risk that the FPBS sector and its employers will not be aware of and meet future skills needs. Where it is not possible to forecast, firms will need more adaptability in their learning programmes and a strong learning culture to respond as skills needs evolve. Despite this, we have yet to consistently observe a strong learning culture across firms, with 75% of Financial Services Skills Commission members reporting a lack of learning culture in 2020<sup>18</sup>.

<sup>18</sup> 2020 Member survey. Financial Services Skills Commission (2020)



### 3. Employers now rely on future skillsets encompassing technology, interpersonal skills, and industry knowledge

While we have noticed a lack of granularity in the future skills identified, there is consensus that technology and data are key to mastering technology-enabled products and business models. Interpersonal skills are critical to bridging the gap between the tech and the consumer. However, disciplines are becoming increasingly blurred with new hybrid roles that call for technology expertise combined with in-depth industry knowledge.

Emerging trends such as green finance and low carbon advisory services also drive the need for new skills, although more clarity is needed on the type of future skills required in FPBS.

#### Growing need for technology & data specialist skills

The shift to virtual working is driving an increase in demand for more technical talent, such as software developer and software engineer. The rise in technology-driven roles also necessitates and unlocks data insights, leading to increased demand for new roles such as data architect and data scientist. UK technology employment has grown 40% since 2018 and now accounts for almost 9% of the national workforce, which is predicted to continue to increase<sup>19</sup>. To understand what this means for the FPBS sector, we analysed job posting vacancy data for emerging skills over the last six years<sup>20</sup>.

#### Demand for knowledge of programming languages grew considerably in the sector since 2014, including:

- In legal services, the number of vacancies looking for Microsoft C# grew by 320%
- In accounting and audit, demand for Python grew by over 1000%
- Demand for Python increased more in the North West and East of England than in any other region or nation
- Data science and machine learning were top growing skills overall, and especially in London and the South East
- DevOps grew strongly in London, the North West, and the South East
- Software engineering grew notably in the West Midlands

The majority of FPBS staff are not required to know coding languages, but many employees in the future may be expected to complement their existing industry knowledge with a greater technical understanding to meet client needs. This shift may also hinder firms' diversity efforts, as technology and engineering degree programmes are historically male dominated.

This growing need for technology and data specialists is at odds with current education choices. A study by the Learning and Work Institute found that the number of young people taking IT subjects at GCSE level has fallen by 40% since 2015<sup>21</sup>. The study also found that across the economy, less than half of UK employers believe new entrants to the workforce are arriving with the necessary digital skills. And approximately 80% of UK business leaders say that investment in digital skills will be needed to help the post-pandemic recovery.

A government-commissioned study highlighted that 46% of businesses across the economy have struggled to recruit for roles that require data skills<sup>22</sup>. FPBS employers are competing for these skills against firms within the sector and from firms outside the sector, all while there is a limited supply of data scientists graduating from university each year. The study also highlights specific data skills gaps across the economy (e.g. machine learning, programming, and advanced statistics) which will not be resolved through formal education alone. Significant upskilling and reskilling of the workforce is required.

19 UK Tech for a Changing World. TechNation (2020)

20 2014-2020 UK Job Vacancy data, Burning Glass (2020); provided by BEIS

21 Exploring the Digital Skills Gap. WorldSkillsUK (2021)

22 Quantifying the UK Data Skills Gap. DCMS (2021)

## Institute of Coding – a collaboration with financial and professional services firms working to build digital skills in the UK

The Institute of Coding (IoC), a £40-million initiative supported by the UK government, was launched in June 2018. Collaborative by design, the IoC is a large national consortium that brings together 35 UK universities, more than 200 employers (e.g. Amazon, Google, JP Morgan, Accenture, Capgemini, Deloitte, and PwC), outreach groups, and industry bodies.

Together, they co-develop new courses, industry-led standards, events, and programmes that are helping a diverse group of learners into digital careers through higher education. The institute has taken a disruptive approach to digital learning that incorporates industry input at all points and keeps the focus on diversity and inclusion. This collaborative approach allows the IoC to anticipate future challenges (including those that have already surfaced in other sectors/geographies) and use shared best practice to deliver solutions as broadly as possible.

### Impact to date

- Enrolling more than 900,000 learners (UK and international) to date onto more than 150 digital skills courses. Many courses are short and/or online to be more accessible for those already in work.
- Formed new partnerships between employers and educators to provide industry input into course development, including engaging with SMEs to create staff development courses.
- Reaching beyond the traditional university age cohort and those in different stages of employment, with 56% of online learners >26yrs, 39% employed, and 19% currently unemployed or seeking work.
- Diversifying access to digital skills (e.g. women make up 46% of the learners on online programmes vs 16% of English computer science graduates).

## Interpersonal ‘soft’ skills are key to fostering working relationships and translating between human and tech

While soft skills have always been an important skill to have in the services sector, continued automation, outsourcing, and digitalisation will change the way soft skills are used in the future. In our interviews with senior leaders, interpersonal skills were highlighted as crucial for translating between machine interfaces (tech) and customers/clients. Members of the FSSC have prioritised empathy as a key future skill, particularly for staff supporting customers with complex and sensitive issues. Soft skills are also necessary to foster closer working relationships and ensure resilience to adapt to changing ways of working.

### Examples of soft skills increasing in demand

Emotional intelligence, empathy, complex problem solving, innovation & creativity, agile and digital mindset, coaching, empowering people, adaptability, cognitive flexibility, resilience, positivity.

## Increase in hybrid roles, seeking a blended skillset of technology, data, and industry-specific experience

While there has been a continued trend of firms seeking candidates with general data/digital literacy, we have observed an increase in traditionally non-technical roles requiring a greater understanding or specialism in technology. For example, accounting firms have described hiring ‘tax technologists’, with ideal candidates demonstrating technical skills and industry-specific experience. In a similar vein, one law firm in the North East told us that they have begun recruiting legal technologists, searching for IT talent that would be interested in learning more about the legal sector. Another firm shared the example of an investment manager they hired with coding skills who has become central to their operations. The long-term success of firms may hinge on having more multi-domain employees who can integrate technology and data with the business models of the future.



### Leadership skills are needed to manage transitions

The role of leaders and managers will continue to evolve and expand in the future, with increased expectations to support staff and organisations in managing transitions. In the ongoing pandemic and in other periods of change, managers need to support the emotional and mental wellbeing of their people. As technology and data become key differentiators for success, leaders will need to be skilled in bringing tech talent into organisations if they want to effectively harness the opportunities that technology can provide. This may require rethinking business models and established ways of working, all of which will require strong leadership skills.

### Role requirements are responding to emerging trends, such as sustainability and green finance

Many firms expressed an interest in hiring or upskilling employees with complementary knowledge in emerging trends like sustainable finance and low carbon advisory, with the Local Government Association (LGA) estimating that jobs in low carbon services (finance, advisory, IT) will double between 2030 and 2050 to 60,000 jobs<sup>23</sup>. One large consulting firm we spoke with recently formed a global sustainability practice and was on a mission to repurpose the skillsets of existing consultants in other domains to support the firm's new and expanded sustainability agenda.

As the world moves towards a low carbon future, countries will begin competing for talent to audit, advise, and finance this transition. In Ireland, we've seen the development of Sustainable Finance Skillnet, and across Europe, the European Commission and the FC4S are working to "bridge the sustainable finance skills gap".

While there is little evidence of a skills challenge now, a skills gap may form as low carbon services become mainstream. To remain globally competitive, the UK's FPBS sector must be ready to respond to changing skills needs. More detailed skills forecasting is necessary to understand the specific skills and scale required for emerging areas like low carbon services.

“

*I need to be a manager and a counsellor, which was never a big part of my role before.*

“

*Ethical investments are increasing, and we may see an increased need for relevant skills like auditing and financial advisory. Employees will need social and environmental awareness with a mix of formal and informal training.*

## 4. Amid changing working practices, the industry is putting renewed emphasis on regional presence

Looking towards the future, a large share of employers in the FPBS sector have told us that they are planning to increase their regional presence. This makes addressing existing and future skills challenges even more critical. Over recent years, there has been a trend of financial, professional, and business services firms opening new offices in the regions and nations. This illustrates the attraction and talent offer of hubs/clusters in the regions and nations, and it presents an opportunity to expand them further. At the same time, we heard concerns that an influx of new employers and jobs creates short-term pressure on the limited local talent pool. The FPBS sector has been a recent front runner in embracing new ways of working, adding opportunities and challenges to the mix.

The Bank of England announced the creation of a 'Northern Hub' in Leeds – also in April 2021 – which will see the establishment of the UK's first-ever UK Infrastructure Bank<sup>27</sup>. As part of the levelling up agenda, the government has also committed to shifting more civil servant roles, including finance-related functions, out of London and into regional hubs, including creating a Treasury North campus in Darlington<sup>28</sup>.

These examples – and many others – show that regional expansion may be an attractive proposition to even more private-sector employers going forward.

In April 2021, London-based investment bank Goldman Sachs announced the opening of a technology office in Birmingham<sup>24</sup>, while Santander UK confirmed the relocation of the bank's HQ from London to Milton Keynes the previous month<sup>25</sup>. Both moves will bring senior jobs to the regions. In Goldman Sachs' case, skilled roles in its engineering department including software engineers, data analysts, and data scientists. Likewise, PwC will be expanding its Belfast office this summer into a global centre for technology, bringing new jobs and Belfast's biggest private-sector office letting deal to the Northern Ireland capital city<sup>26</sup>.

To understand the future plans of the sector, we surveyed 15 FPBS firms with a combined 40,000 employees<sup>29</sup>. Among the firms, 43% are planning to increase their regional presence in the future, driven primarily by:

- a desire to better serve local customers and respond to an increase in demand
- an ambition to increase their market share
- an opportunity to diversify their talent pool as a result of new ways of working
- an increased reluctance by employees to commute into big cities or travel for work
- an opportunity to develop more local strategic partnerships with universities
- potential cost savings

24 Goldman Sachs to open Birmingham office in tech push. Financial Times (2021)

25 Santander makes Milton Keynes new headquarters. Santander (2021)

26 PwC to move to Merchant Square in Belfast's biggest office deal. PwC (2020)

27 Bank of England announces plans for a new northern hub. BoE (2021)

28 UK Infrastructure Bank Policy Design. HM Treasury (2021)

29 Survey of FPBS firms, conducted by FSSC and PBSC (2021)

## Regional presence plans



Source: Survey of FPBS firms, conducted by FSSC and PBSC (2021). Figures rounded.

## While regional expansion is popular, FPBS firms are also responding to staff requests for more geographic flexibility.

For example, Standard Chartered has implemented a “hub and spoke” model where employees can work from a nearby satellite office rather than the main office, and Santander has announced a dual location policy to enable more flexible working closer to where employees live. These arrangements give employees more choice around where to work and reduce or eliminate commuting times.

As a result of broader economic trends, some firms are consolidating their presence in a few strategic hubs across the UK. Indeed, one-third of employers in our survey said what while they are planning to expand their regional presence in one area, they would likely also decrease their presence in other areas. For example, several financial services firms are looking into closing smaller branches where the local demand has decreased as a result of digital ways of working. This will likely create some urgency around upskilling and reskilling staff.

An increased influx of new FPBS jobs may create pressure on access to regional skills in the short term. We heard that the arrival of a new office or workplace means increased competition for local talent. New firms in a region may be competing with companies already present for talent in the local area. As one roundtable participant in Yorkshire told us, “We shouldn’t underestimate the displacement effect. When national employers have located here in the past, it has made it more difficult for my firm to attract tech talent”. On the reverse, the regional offices may also help to attract talent away from London and to a regional city. The FPBS sector must work with regional partners to build local talent pipelines and ensure regional firms can recruit and retain the skilled talent they need to succeed.

## Capgemini Digital Inclusion Office – internal transformation to bridge the digital divide more effectively

As a leader in digital transformation, Capgemini recognised first-hand the benefits and unintended consequences that digital transformation could drive in society, especially for those who are not able to engage in a digital world.

Toward this end, in 2018 the consulting leader appointed its first-ever Head of Digital Inclusion and established a Digital Inclusion Office (DIO) to more effectively leverage its internal and external partners to address the UK digital divide. The digital inclusion office comprises a small full-time team working with a growing employee-volunteer workforce to expand its efforts across the UK’s regions and nations, such as an award-winning Coding Academy with non-profit Code Your Future to train refugees and disadvantaged individuals to become developers.

The DIO complements Capgemini’s wider activity on reskilling and levelling up, such as ongoing efforts to find employment opportunities for young people from the Prince’s Trust and an apprentice program with Aston University.

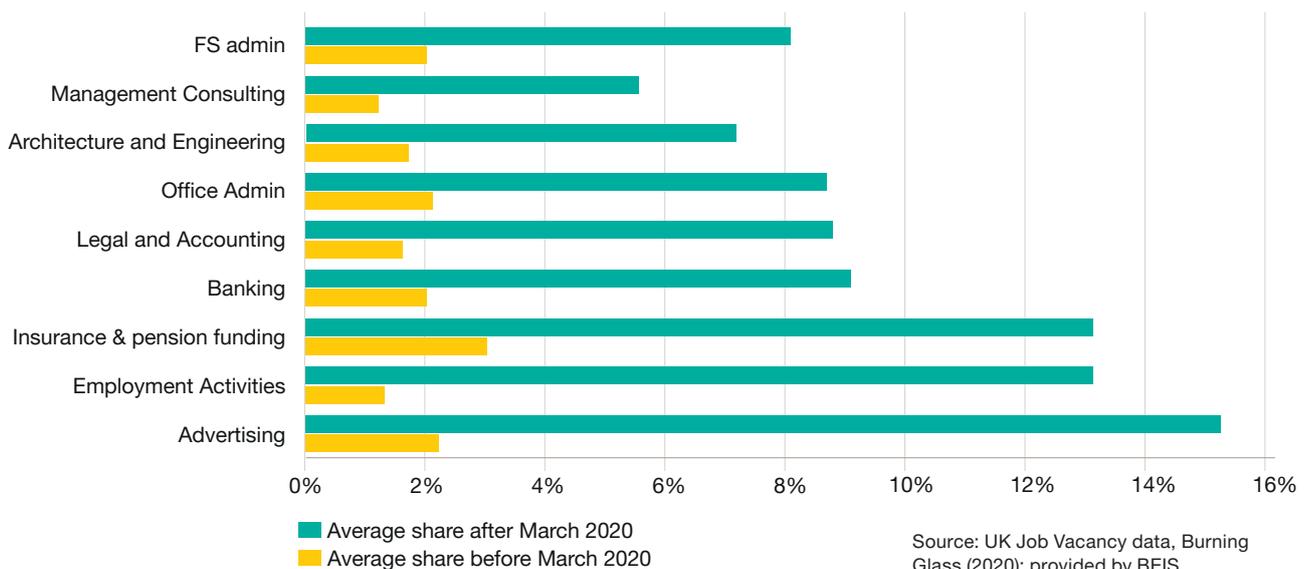
## New ways of working are heralded as a solution to the skills gap by some and feared by others

Some firms we spoke to expect to have easier access to skills in the future, speculating they can recruit people from anywhere – even abroad – if staff can work remotely. Other firms worry that pressure on the local talent pool is increasing, with local talent turning away from regional employers in favour of taking up jobs in London remotely or with very infrequent commutes. As we heard from one participant at a roundtable in Wales, “We’re seeing geographies becoming less relevant. At least anecdotally, there is a shift of people from South Wales taking roles in London, knowing that after the pandemic they may only need to travel to London a few days a month”.

## While more roles have become compatible with remote working, the majority will not become fully location agnostic

Our analysis of job posting vacancy data from Burning Glass shows that the share of vacancies in the FPBS sector that explicitly mention working from home has increased considerably during the pandemic. While only 2% of jobs advertised before March 2020 mentioned working from home, this increased to 15% in advertising and 9% in legal services after March 2020<sup>30</sup>. However, this is still a small share, suggesting that the majority of roles will not be carried out remotely 100% of the time or become completely location agnostic. Most roles are likely to shift to a hybrid model of partly remote and partly in an office. This is unsurprising given the known benefits of in-person meetings for collaboration and client-focused roles.

### Increase in shares of vacancies that explicitly mention working from home post-pandemic



## There is, however, an opportunity to make new ways of working more widely available within the regions and nations

While approximately 70% of the FPBS sector employees worked from home in April 2020, this would likely have varied across regions given what we know about overall trends. Across all sectors, London had the highest rates of homeworking (57%)<sup>31</sup> – notably higher than the 35% in the West Midlands and 38% in Yorkshire and The Humber<sup>32</sup>. This suggests that there is scope to spread the benefits of new ways of working across the country.

30 UK Job Vacancy data, Burning Glass (2020); provided by BEIS

31 Coronavirus and homeworking in the UK. ONS (2020)

32 Business Impact of COVID-19 Survey. ONS (2020)

“

*Given the new cross-geography nature of recruitment, if an employer can't find the skills they need in one area, they can search elsewhere. It could really create poverty and skills deserts in areas.*

## **PwC invested in expanding Belfast – the firm’s largest regional office outside London – based on anticipated increased demand**

PwC in Northern Ireland is PwC UK’s fastest-growing region and its largest regional office outside London. Belfast is PwC’s recognised global centre for technology, digital advisory services, and research, and the region is a major exporter of technology and regulatory advisory services. PwC in Northern Ireland recruited over 600 new staff over the past 12 months and has doubled local employment numbers to more than 2,000 in the last two years, largely due to the significant growth of Operate, the firm’s innovative operational delivery division.

PwC’s plans for further investment and job creation meant it was running out of space in its previous Belfast headquarters. The firm recently signed Belfast’s biggest private-sector office letting. Previously based in Waterfront Plaza, PwC’s existing 2,000 staff will relocate to Merchant Square in summer 2021, where they are now the anchor tenant. There will be over 200,000 sq. feet of office accommodation on nine floors, with space for more than 3,000 people when completed.

The move will see PwC continue to grow in local, national, and international markets from Belfast, drawing on the technology skills emerging from local schools, universities, and colleges. The move reinforces PwC’s belief in the city’s ability to inspire and support its people’s creativity and aspirations, and it helps the firm attract and retain top talent in Belfast. PwC Northern Ireland will remain the firm’s global hub for blockchain, and it will shift the PwC Research and Google Innovation Lab groups to Merchant Square as well.

## **An increasing shift towards regional employment based on new ways of working can have many benefits to local communities, employers, and employees**

The FPBS sector is a major recruiter in the regions and nations – including graduates and apprentices – and it plays a key role in training a large pool of talent that moves into the wider regional economy.

The future success of the sector depends on strong regional hubs, as London as an international centre can only succeed with strong clusters across the UK. The employers we spoke to had observed this clustering over recent years in so-called nearshore centres, pointing out how specialist companies locating in one place were driving specialisations such as tax technology in Scotland, cybersecurity in Northern Ireland, and DevOps in Manchester and Bristol. We have also observed a trend of London investment managers building research and portfolio management functions in regional cities across the UK.

## **When firms and people locate near one another in urban hubs, people, services, and ideas flow more easily**

This co-location effect supports innovation activities and specialisation, as firms can tap into a local talent pool where specialist skills emerge. As the regional presence grows, service firms may also benefit from locating nearer to their suppliers and customers. Economic evidence confirms this strong relationship: the more densely firms and people locate, the higher the productivity of the overall area<sup>33</sup>. We see strong future potential for FPBS roles to cluster more effectively within the regions.

## **The benefits of regional growth and sector clusters cannot be harnessed if the supply of skills is not available to meet increasing demand**

Our findings suggest there is not a large enough ready-made talent pool in any regional city to support the unconstrained growth of existing and new regional clusters. The more the sector is located outside of London, the more efforts to increase local skills supply need to be stepped up to ensure that employers have access to the right skills.

33 The Economic Approach to Cities, Glaeser (2007)

## 5. A call to action

### The challenge

Skills gaps are hindering the growth potential of the UK regions and nations, and they present a significant risk to commercial success. Given that the existing challenges are expected to accelerate further, skills can no longer be an isolated topic that sit in the Human Resources department but must increasingly become a core part of business strategy.

### Why this matters

Addressing skills challenges will be vital for employers in the UK regions and nations, the FPBS sector as a whole, and the wider economy.

### The case for change is clear:

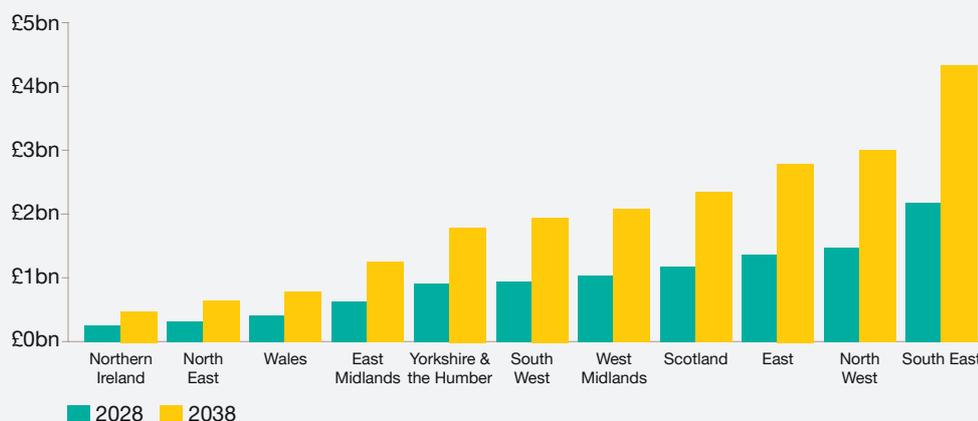
- Skills gaps are already having an impact on the FPBS sector's commercial performance. For example, around 20% of FPBS firms (c.154,000 businesses) struggle to meet quality standards or lose business to competitors because of skills gaps, while almost 350,000 FPBS firms have had to increase the workload of their existing staff.
- New and higher-level skills will be needed to deliver the anticipated increase in FPBS jobs over the coming years. FPBS is projected to be the most automation-disrupted sector in the UK, with the opportunity for c.450,000 new jobs to be created by 2040. But the new roles are expected to require higher-level skills than those in the displaced jobs, so there is an urgent need to put in place measures to build the required skilled workforce in the UK.
- Reducing the skills gap – combined with the effects of automation – could increase the output of the FPBS sector over time by an amount equivalent to £38 billion of extra economic activity per year<sup>34</sup>. This would mean the sector would be 12 percent larger in 2038 than it was in 2018 (in constant 2018 prices).
- The FPBS sector is integral to the UK economy, with a highly skilled workforce of 5.5m workers generating around 10% of UK economic output. A decrease in the sector's performance would noticeably impact the wider UK economy, with even greater potential downstream impacts.
- Clients will feel the impact of these challenges, too. Skills gaps in emerging domains will have an impact on the ability for service firms to drive growth, innovation, and productivity for clients.
- Closing the skills gap would benefit the overall workforce and support levelling up across the UK. People who start their careers in the sector may move on to other sectors (and other regions), enabling FPBS upskilling efforts to increase talent across the economy.

<sup>34</sup> PwC analysis (2021). These estimates are not intended to be precise, but they do give an idea of the broad magnitude of the impact of the dual factors of the automation impact and reducing the skills gap on output in the sector. The % of staff not fully proficient (as reported by employers in the Employer Skills Survey 2019 (Department for Education, 2020) is used as a proxy for the size of the skills gap (~5%). OECD (2015) regression results are used to estimate the impact of reducing the skills gap on productivity. Employment changes due to automation based on 'The Potential Impact of Artificial Intelligence on UK Employment and the Demand for Skills' (BEIS & PwC analysis, 2020).

## The commercial upside of investing in the skills of our 5.5m employees is clear:

Research from PwC highlighted that 93% of CEOs who had introduced upskilling programmes reported that these programmes had increased productivity<sup>35</sup>. Upskilling also helped attract and retain talent and deliver a resilient workforce. Skills development is a key enabler of improved social mobility, which helps to enlarge and diversify the available talent pool for the sector.

**Potential change in output from reducing the FPBS skills gap, combined with the effects of automation, by UK region (excludes London)<sup>36</sup>**



## The impact we want to achieve

We want to address the three key challenges and achieve decisive impact through an effective response. The FPBS sector has a huge role to play in delivering these opportunities; working collaboratively also provides the opportunity for the sector to achieve more than each employer would be able to do in isolation. Ultimately, all of these changes serve to increase the talent pool from which the sector can recruit.

### Deepened pool of talent by maximising existing skills, funding and provision

- Increased number of employees trained and reskilled
- Sector equipped to innovate and develop new products and services
- Skills gap reduced
- Improved workforce retention
- Impact of existing skills training maximised
- Clarity on learner journey and career pathways for existing and potential employees

### Improved clarity on future skills needs and increased cohesion to support these

- Increase in training and qualifications aligned to sector needs
- Improved portability of skills
- Clarity on reskilling journey for mid-career retraining via skills brokerage service
- SMEs better prepared for future skills challenges

### Stronger regional clusters of FPBS specialisms

- FPBS benefits from cluster effects to support innovation and growth
- Creation of specialist clusters help to drive and grow specialist labour pools and skills expertise
- New business creation aligned to cluster specialism
- Senior roles and opportunities more widely available across UKs regions and nations
- Sector collaboration in regions and nations drives competitiveness

35 The case for upskilling: Four reasons why CEOs need to future-proof their workforce. PwC (2020)

36 PwC analysis (2021)



*Only around 50% of firms collect data on current and future key capabilities<sup>38</sup>*

### The existing industry response

Throughout our research, we found many examples of good practice from businesses and education providers who are rising to meet the skills challenges laid out in this report. Encouragingly, we are seeing more employers moving jobs into regional offices, which will bolster regional clusters if the skills supply can be guaranteed. Overall, an increase in digital skills and a range of other skills is needed across the country to feed a stronger talent pool and support levelling up. A first constraint in building more skills is the relative importance placed on learning in businesses. Discouragingly, 75% of Financial Services Skills Commission members reported a lack of a learning culture in 2020<sup>37</sup>.

**We found several examples of skills forecasting, a crucial process to understanding a business' future skills needs and a prerequisite to designing effective training interventions** (see case study on Lloyds Banking Group). However, only about half of the firms surveyed by the Financial Services Skills Commission collect data on current and future key capabilities.

Overall, we found that relatively few businesses are actively preparing for the skills-related impacts that disruption across FPBS will bring, such as automation, increased digitalisation, a growing need for diversity, and a net-zero economy. Many leaders appear discouraged by the fast pace of change and are unsure of how to adapt their talent agendas accordingly.

### The FSSC Skills Framework – a taxonomy of future skills

In collaboration with its member firms, the Financial Services Skills Commission (FSSC) has developed a Future Skills Framework. It provides a taxonomy of eight technical, technological, and behavioural future skills such as artificial intelligence and cybersecurity, empathy, and relationship management. Each skill is divided into four to five proficiency levels which illustrate an increase in expertise and aligns to six key job families in the sector.

The framework is designed to support businesses in understanding reskilling options and to respond to the critical need for building the right capabilities for the future. Having clarity on what future skills are and which proficiency levels exist is a prerequisite for designing reskilling options.

Moreover, the framework provides much-needed clarity to the training and education sector of the skills and capabilities that are reskilling and upskilling priorities in the sector. This is crucial for successful collaboration.

The framework is designed to be disruptive for the future, given the impossible task of listing all the skills required for the future. It evolves with its users and enhances existing frameworks.

For more information on the FSSC and the Future Skills Framework, visit <https://financialserviceskills.org>

<sup>37</sup> 2020 Member survey. Financial Services Skills Commission (2020)

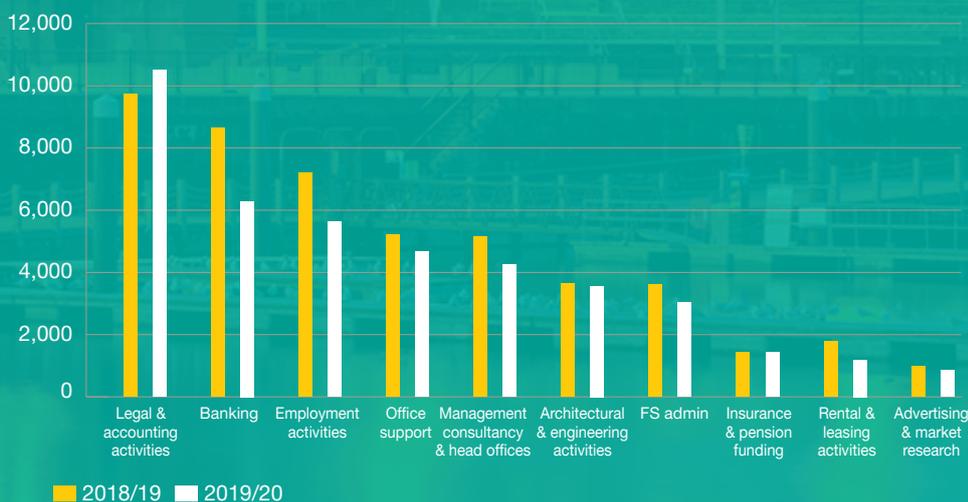
<sup>38</sup> FSSC data



**We have heard from several employers about successful collaborations they have established with regional universities and other education providers to meet their skills needs.** Consortia-led initiatives like the Institute for Coding carry out excellent work, with their state-of-the-art courses to increase digital skills having reached 900,000 learners so far. Another encouraging example comes from EY and Northumbria University teaming up to create a degree apprenticeship in Chartered Management. This has the potential to inspire employers in other regions who have not yet considered reaching out to education providers or who are unsure of how to go about it.

**Work-based learning provision such as apprenticeships appear well-positioned to help employers respond to rapidly changing skills needs – but uptake is stalling in many subsectors.** Across the sector, FPBS employers employed around 40,000 apprentices in 2019-20 in England and Wales – or around 17% of all apprenticeships starts. Legal and accounting took in the lion’s share, accounting for over 10,000 starts, which was an increase on the previous year. The banking sector hosted 6,000 starts – 13% fewer than the previous year<sup>39</sup>.

**Apprenticeship starts in selected FPBS sectors in 2019/20 compared to previous year**



39 Apprenticeships in England by industry characteristics 2019-2020. Gov.uk (2021)





**Businesses voiced some frustrations with apprenticeships, with a particular request for greater flexibility on how apprenticeship levy funds can be invested.** This sentiment also applies beyond the FPBS sector and may be at least one reason why apprentice starts are down across the FPBS sector. We also heard from employers with UK-wide offices who are struggling to comply with four different regimes for skills and apprenticeships.

“

*We find the apprenticeship levy to be a really cumbersome process, with a limited market for the sort of training we need.*

“

*We've been quite slow at taking on apprentices [in our sub-sector]. There's still a perception that our client-facing staff need more gravitas, although this is changing as we see the calibre of apprentices increase.*



**Employers also noted that only two of the 25 Wave 1 and 2 Institutes of Technology include FPBS as an area of focus,** despite the sector's growing need for technology skills. As competition for talent increases, it will be important for the sector to collaborate further and think more creatively about how it upskills employees and accesses talent beyond the traditional routes. Encouragingly, 77% of the workforce would be willing to upskill to become more employable<sup>40</sup>.

Given the tech-induced disruptions on the labour market and within FPBS (see chapter 2), the FPBS sector will likely rely more on mid-career retraining, including training workers from outside the sector. The FastTrack into Financial Services course described opposite is a good example of an initiative facilitating retraining. It is targeted at workers with customer service and operational skills from sectors such as tourism and hospitality.

<sup>40</sup> Apprenticeships in England by industry characteristics 2019-2020. Gov.uk (2021)



## Fast-track into Financial Services – attracting workers with relevant skills from sectors such as tourism and travel

Scottish Financial Enterprise (SFE), in partnership with Skills Development Scotland (SDS) and education providers, has launched the Fast Track into Financial Services qualification. The course is targeted at those holding qualifications at the level of a Higher National Certificate/Diploma or equivalent who want to build on their existing customer service and operational skills in preparation for a career in financial services.

Fast Track is apt for those wishing to enter financial services from a range of sectors such as tourism, travel, and hospitality – and it is well-placed to support those affected by redundancy. The course has been designed specifically so that customers in receipt of benefits can participate without losing benefits. The immersive nature of the programme offers a rapid intervention to help participants in their transition and equips them with a supportive network.

The award-winning six-week work readiness course is co-designed and co-delivered by colleges and financial services industry partners, including BNP Paribas, Lloyds Banking Group, Barclays, Royal Bank of Scotland, HSBC, Tesco Bank, and Aberdeen Standard Investments, among others. This makes it an agile response to recruitment needs producing work-ready candidates who have a knowledge of the industry's business environment, culture, and key areas like risk and regulation. A coordinated national promotional approach has made the course widely known, reaching almost 100 participants in the first four courses.

Sandy Begbie, Chief Executive of Scottish Financial Enterprise, said:

*“Providing a range of pathways into financial services for school leavers, apprentices, graduates, and those looking to retrain will help make our industry more inclusive and diverse. Fast Track prepares people to hit the ground running with skills they need to enter the workforce”.*

More information can be found at <http://www.sfe.org.uk/about/skills-and-talent/fast-track-into-financial-services/>

**We repeatedly heard about the specific skills challenges facing SMEs.** Partnerships between larger employers and SMEs have the potential to make a real difference, such as the collaboration highlighted by the British Service Association's Statement of Best Practice below. More of these initiatives are needed so SMEs can learn from others and increase awareness of SME-specific challenges.



## **The British Services Association has established supply chain partnerships between large employers and SMEs, including apprenticeship levy gifting.**

The British Services Association (BSA) has been looking at supply chain partnerships between large employers and SMEs, including promoting skills development. Their recently published Statement of Best Practice looks at ways in which partnership working has improved in recent years and the benefits it brings to SMEs, clients, the economy, and society as a whole. Larger organisations benefit from a healthy and more diverse supply chain, SMEs can benefit from the capacity, support, and reach of larger organisations, and together they can both achieve more.

The Statement of Best Practice highlights examples of good practice, such as Sodexo offering a supplier support programme to SMEs and apprenticeship levy gifting. Kier also highlights its role as a founding partner of the Supply Chain Sustainability School (SCSS), providing skills and training opportunities to SMEs. The school today has over a hundred partners and thousands of suppliers participating.

## **The UK Government response**

Beyond the FPBS sector, the UK Government has also recognised the need for reform. The recent Department for Education (DfE) Skills for Jobs white paper and HM Treasury (HMT) Plan for Growth position skills development as a core component of the UK's economic recovery plans. The policies provide a long-term ambition for skills growth through a series of reforms to address skills mismatches, expand Higher Technical Education, and drive lifelong learning.

Crucially, the reforms also set out a vision for a skills system that has employers at its heart. This is a welcome statement from HM Government (HMG) that is well-aligned with the recommendations we are making. These policies are supported by an increasing body of evidence, including HM Treasury's Kalifa Review and the Department for Digital, Culture, Media and Sport's (DCMS) recent report quantifying the UK data skills gap.

We feel there are a number of opportunities where the FPBS sector can work as a partner with HMG to help implement new policies and programmes, particularly supporting mutual efforts to enhance skills development across the regions and nations.

## **Where next for the FPBS sector**

The three challenges we set out in this chapter are interconnected and cannot be tackled by employers, government, or education providers alone. The case studies we've presented highlight some of the work already taking place to overcome these challenges.

But the current programmes and examples are not enough to equip the sector, regions, and nations with a secure pipeline of needed skills. More must be done by employers, education providers, and government. With the right commitment and collaboration, the future skills challenges for the FPBS sector can be transformed into huge opportunities for the sector and the wider UK economy. Now is the time to act if these opportunities are to be realised – each part of the skills system must work together to ensure the FPBS sector can secure access to the skilled workforce it needs to maintain its position as one of the UK's leading sectors.

The following chapter sets out a series of practical recommendations to achieve this. Collectively they represent our blueprint for a future FPBS sector that is both highly skilled and helping to level up the UK's economy.

## 6. Recommendations

**Our work shows the need to urgently understand the broader implications of trends that are disrupting skills**, as well as potential solutions. If navigated effectively, our response provides an unprecedented opportunity to grow the sector and support levelling-up across the regions and nations.

More action is needed so that the FPBS sector is prepared for the future. Change needs to be delivered at scale and at pace – no single organisation is equipped to achieve this. This is why collaboration matters.



Our recommendations focus on identifying the best ways to deepen the pool of talent in the regions and nations. They are framed against the three big challenges that emerged from our research:

# 1

Firms are struggling to access critical skills in the regions & nations – and SMEs struggle in particular

# 2

Disruptions are further impacting the FPBS sector and the skills needed for future success, exacerbating existing skills gaps

# 3

Changing ways of working and an increased FPBS presence in the UK regions and nations create opportunities, while posing short-term challenges for local firms and SMEs

**We have an 8 point plan to address skills challenges and grow the sector across the regions and nations.** It relies on effective collaboration between employers, education providers, and local and central government. Clarity on future skills needs is a prerequisite for putting in place solutions. Stronger partnerships at all levels and better use of existing interventions at all stages are needed to effectively build skills. This will help to develop stronger FPBS clusters and ensure the future success of the sector overall.

**We are conscious that the sector needs to own some solutions where demand for skills outstrips supply.** When employers can attract and retain highly skilled talent in the regions and nations, this will have positive impacts on the pipeline. But building up skills and clusters requires dialogue across the sector and between clusters. The PBSC and FSSC can support this dialogue. To secure the future success of FPBS, the sector needs to commit to continuing to work together and alongside HMG to implement our recommendations.

### Challenge 1

Firms are struggling to access critical skills in the regions and nations



**1. Build a lifelong learning culture across the sector**



**2. Increase the supply of tech skills and digital literacy across the sector (and wider economy)**



**3. Ensure that efforts to build a skilled workforce are underpinned by a commitment to diversity and inclusion**



**4. Enhance strategic workforce planning capabilities across the sector to help identify future skills needs**



**5. Support mid-career retraining through an employer-led skills brokerage service and clearer pathways into the sector**

### Challenge 3

Changing ways of working and an increased FPBS presence in the UK regions and nations create opportunities for levelling up while posing short-term challenges



**6. Attract and retain highly skilled talent across the regions through strengthening the talent pipeline and locating senior roles in regions**



**7. Boost the availability of skills across the regions and nations through strategic collaborations between employers, providers, and regional government**



**8. Establish and develop regional centres of specialisation, building on clusters that already exist**

### Challenge 1: Firms are struggling to access critical skills in the regions and nations

Employers from all regions told us that they are currently unable to access the full range of skills they need to grow. The extent of this challenge varied considerably across regions and nations and across different sized employers – with SMEs the most likely to lose out on business due to skills gaps. Employers are increasingly expecting entry-level roles to include advanced skills as more administrative tasks become offshored, outsourced, and automated. Across the sector, employers reported skills gaps for data and technical roles – areas in which the UK currently lags behind its peers.

We need to deepen the pool of talent by maximising existing skills funding and provision. Our recommendations to achieve this are:

1. **Build a lifelong learning culture across the sector**
  - 1.1. FSSC/PBSC to actively promote the return on investment from skills development activities for FPBS employers.
  - 1.2. HMG to work with FSSC/PBSC to explore with employers on providing employees with protected time for skills development activities, digital records of learning, learning allowance for firms, and promotion campaigns aimed at highlighting the value of skills development for staff.
2. **Increase the supply of tech skills and digital literacy across the sector (and wider economy)**
  - 2.1. FPBS employers to boost higher-level tech skills and digital literacy across the sector through increased investment in upskilling and reskilling, building on the FSSC's taxonomy of future skills and HMG's analysis of the data skills gap.
  - 2.2. HMG to consider piloting flexible ways of using the apprenticeship levy to better meet the digital skills needs of employers, including for entry-level roles and mid-career retraining. This could include flexibility on length and content of programmes, portability across multiple SME employers, training eligibility for levy funding, and clarity on how prior learning could help reduce the length of an apprenticeship.
- 2.3. FPBS employers to support local communities in enhancing the pipeline of data, technological, and digital skills in the labour market, including sharing best practice through the PBSC and FSSC and through investing in the digital literacy of local communities.
3. **Ensure that efforts to build a skilled workforce are underpinned by a commitment to diversity and inclusion**
  - 3.1. The FPBS sector to support creating diverse and inclusive cultures through collecting workforce data and tracking productivity impacts of improved diversity and inclusion. Building on the work of the FSSC, HMT's Women in Finance Charter, and the City of London's socio-economic diversity taskforce.
  - 3.2. Education and training providers to build diversity considerations into course design, location, promotion, and participation, including targeting hard to reach groups.



## Challenge 2: Disruptions are further impacting the FPBS sector and the skills needed for future success

Automation is expected to significantly impact the FPBS sector, resulting in disruption to job roles and a new set of future skills needs. The pandemic has accelerated these challenges, and new skills needs are appearing, including those relating to a net-zero economy. There is an urgent need to reskill and upskill but a lack of strategic skills forecasting, especially amongst SMEs – which employ over half of the FPBS workforce.

There is a need for improved clarity on future skills and clearer routes into the sector for those looking to make mid-career transitions. Our recommendations to achieve this are:

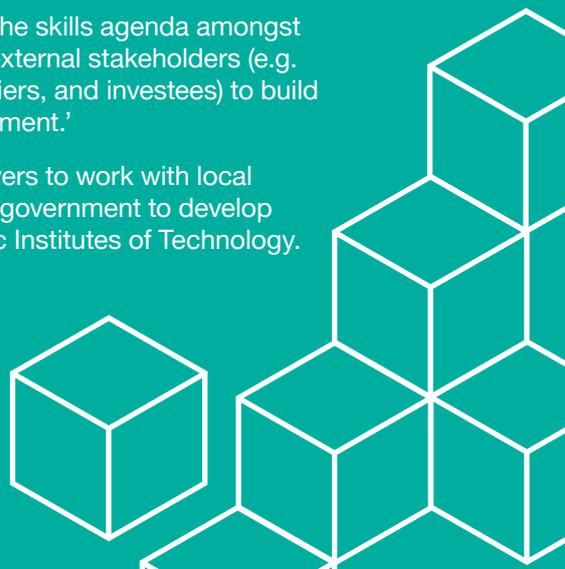
4. **Enhance strategic workforce planning capabilities across the sector to help identify future skills needs**
  - 4.1. FSSC/PBSC to promote strategic workforce planning to help employers identify future skills and provide advice on how to deliver it.
    - Focus the skills brokerage system on matching people in roles that are at high risk of displacement with roles that are most likely to see growth over the next 10-20 years
  - 4.2. HMG to incentivise SMEs to plan their future skills needs and access training to upskill staff accordingly, potentially through a similar model to HMG's Help to Grow programme<sup>41</sup>.
    - Select a region to test the concept, rapidly identify and resolve issues, and evaluate before considering the potential for roll out to other regions/sectors
  - 4.3. HMG to consult with the FPBS sector on joining up and sharing disparate supply and demand data (e.g. employer strategic workforce planning, local Skills Accelerator pilots, national Skills & Productivity Board). This will enable more robust analysis and greater clarity on future skills needs.
    - Use the pilot to develop key functions for the service such as a central algorithm that analyses supply and demand data, a commissioning function for at-scale upskilling programmes based on clear demand signals, an outreach function for employer-to-employer engagement, and strategic partnerships with education providers
  - 4.4. Additional focused research into future green skills requirements across FPBS to better understand the opportunities and challenges for the FPBS sector. As part of the additional research, consider options for how the new roles could support levelling up ambitions (without any intervention, around half of the jobs are expected to be based in London and the South East).
5. **Support mid-career retraining through an employer-led skills brokerage service and clearer pathways into the sector**
  - 5.1. Create an employer-led central skills brokerage service which would be targeted at people with high risk of displacement to offer them ways to pivot their career and prevent costly unemployment. This system would join up different parts of the skills system with HMG support and pilot the skills brokerage system amongst FPBS employers:
    - 5.2. FSSC/PBSC to work with sub-sector employers and member associations to support the development of multiple, flexible pathways for retraining to make it easier for people to enter the FPBS sector mid-career. The pathways should include clear information, advice, and guidance for those looking to move into FPBS from other sectors, setting out how to make this transition, the type of jobs, career pathways, apprenticeships, and training available (including compatibility with future Lifelong Loan Entitlements).
    - 5.3. HMG to provide National Skills Fund support to the FPBS sector for the creation of appropriate new provision that enables mid-career entrants to retrain rapidly (for example, through micro-credentials, modular courses, flexible and front-loaded apprenticeship training, etc.).

### Challenge 3: Changing ways of working and an increased FPBS presence in the UK regions and nations create opportunities for levelling up while posing short-term challenges

We found that many SMEs and firms in the regions struggled to recruit highly skilled employees. Some regions face greater challenges, including those without a highly skilled local labour pool, an established cluster of FPBS employers, or strong collaborations between employers, local government, and education providers.

Trends show increasing regional presence among national employers. This creates the potential to grow stronger regional centres of specialisation that facilitate the flow of people, services, and ideas between entities. Our recommendations to achieve this are:

- |   |  |
|---|--|
| <p><b>6. Attract and retain highly skilled talent across the regions through strengthening the talent pipeline and locating senior roles in regions</b></p> <p>6.1. FPBS employers to contribute towards levelling up through locating more senior-level jobs in the regions and nations, building regional career development opportunities, and supporting local communities to boost skills development – including through offering progression opportunities for all level of apprentices.</p> <p>6.2. National FPBS employers to invite suppliers, clients, and partners to co-locate in the regions and nations. Creating a value chain of employment opportunities will help skilled talent progress as they move from firm to firm.</p> <p><b>7. Boost the availability of skills across the regions and nations through strategic collaborations between employers, providers, and regional government</b></p> <p>7.1. FSSC/PBSC to consider opportunities for promoting partnership working. This should include different options for how employers (including SMEs), business representative organisations, education providers, and central/local government can best work together to meet regional skills needs.</p> <p>7.2. HMG to undertake a thorough but rapid evaluation of the 6–8 pilot Skills Accelerators so that successes can be captured and rolled out to further areas within this Parliament.</p> <p>7.3. Create a FPBS SME learning portal with support and an injection of seed funding from HMG, where large FPBS employers, professional bodies, and trade associations can provide SMEs with access to training material, courses, and best practice guidance aligned with specific regional needs.</p> | <p><b>8. Establish and develop regional centres of specialisation, building on clusters that already exist</b></p> <p>8.1. Identify regional FPBS skills champions supported by the industry and HMG to drive effective clustering and specialisation of employers in the regions and to support Levelling Up.</p> <p>8.2. National FPBS employers to reduce the displacement effect (new regional offices siphoning talent from local firms) through identifying opportunities to build skills across neighbouring areas (e.g. partnerships with schools, T-Level industry placements, Kickstart placements, and employee volunteering).</p> <p>8.3. FPBS employers with a national presence to:</p> <ul style="list-style-type: none"> <li>– Commit resources and senior leadership to collaborate on skills issues in the regions and nations</li> <li>– Empower regional business leaders within firms to develop bespoke solutions to regionally specific challenges, for example, building partnerships with local colleges or universities</li> <li>– Provide opportunities for local SMEs to benefit from this collaboration</li> <li>– Champion the skills agenda amongst internal and external stakeholders (e.g. clients, suppliers, and investees) to build a ‘skills movement.’</li> </ul> <p>8.4. FPBS employers to work with local partners and government to develop FPBS specific Institutes of Technology.</p> |
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## 7. Acknowledgements

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- Carlyle Associates
- Centre for Urban and Regional Development Studies
- Chambers Wales
- Chartered Banker Institute
- Citigroup
- City of London Corporation
- Clifford Chance
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- Copylab Group
- Deloitte
- DLA Piper
- Edge International
- Eversheds Sutherland
- Experian
- EY
- Financial Services Skills Council
- FinTech West
- FinTrU
- Flynn (Maurice Flynn & Sons)
- Greater Manchester Combined Authority
- Grant Thornton
- HSBC
- ICAEW
- Invest Newcastle
- Invest Northern Ireland
- JP Morgan
- KPMG
- Lloyds Banking Group
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- London Stock Exchange
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- Prudential
- PwC
- RIBA
- Roqgett
- Royal Bank of Scotland
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