

Jobs of the **Future**

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We will work closely with the Devolved Administrations in Northern Ireland, Scotland and Wales, recognising their particular and varying responsibilities. While some of the policies in this paper are specific to England, the challenges are common across the four countries of the United Kingdom.

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MINISTERIAL FOREWORD

Over the last decade, the UK's dynamic and flexible labour market, supported by a modernised, more active welfare system, has delivered high levels of job creation and historically high levels of employment.

During the recent difficult global conditions, that flexibility coupled with swift, decisive action from the Government to support the economy and tackle unemployment, has meant that, so far, relative to the fall in output, we have not seen a fall in employment of the same scale as during the recessions of the 1980s and 90s.

Nonetheless, the fallout from the current global economic crisis has led to significant job losses in our economy over the last year.

Determined to avoid the mistakes made in previous recessions, the Government reacted quickly, targeting action to kick-start growth, support employment and help individuals, families and businesses come through the downturn stronger.

The measures taken by the Government since last year have prevented the recession turning into a depression. Now, we have to be equally determined to put in place the conditions for Britain's economic success.

We have to work hard to build these conditions with Government and business working together closely. We cannot simply sit back and hope the future looks after itself.

Our focus must be to drive economic growth, doing what we can to help British-based businesses and our people compete effectively around the world.

The global economy is changing rapidly, shaped by: shifting demographics and rising prosperity; faster technology and communications; the spread of global supply chains; and the world's transition to low carbon and greater resource efficiency.

We need to ensure that Britain is ready for the opportunities and challenges that these changes will bring.

If we want the jobs of the future, we have to work hard to create and win the jobs of the future.

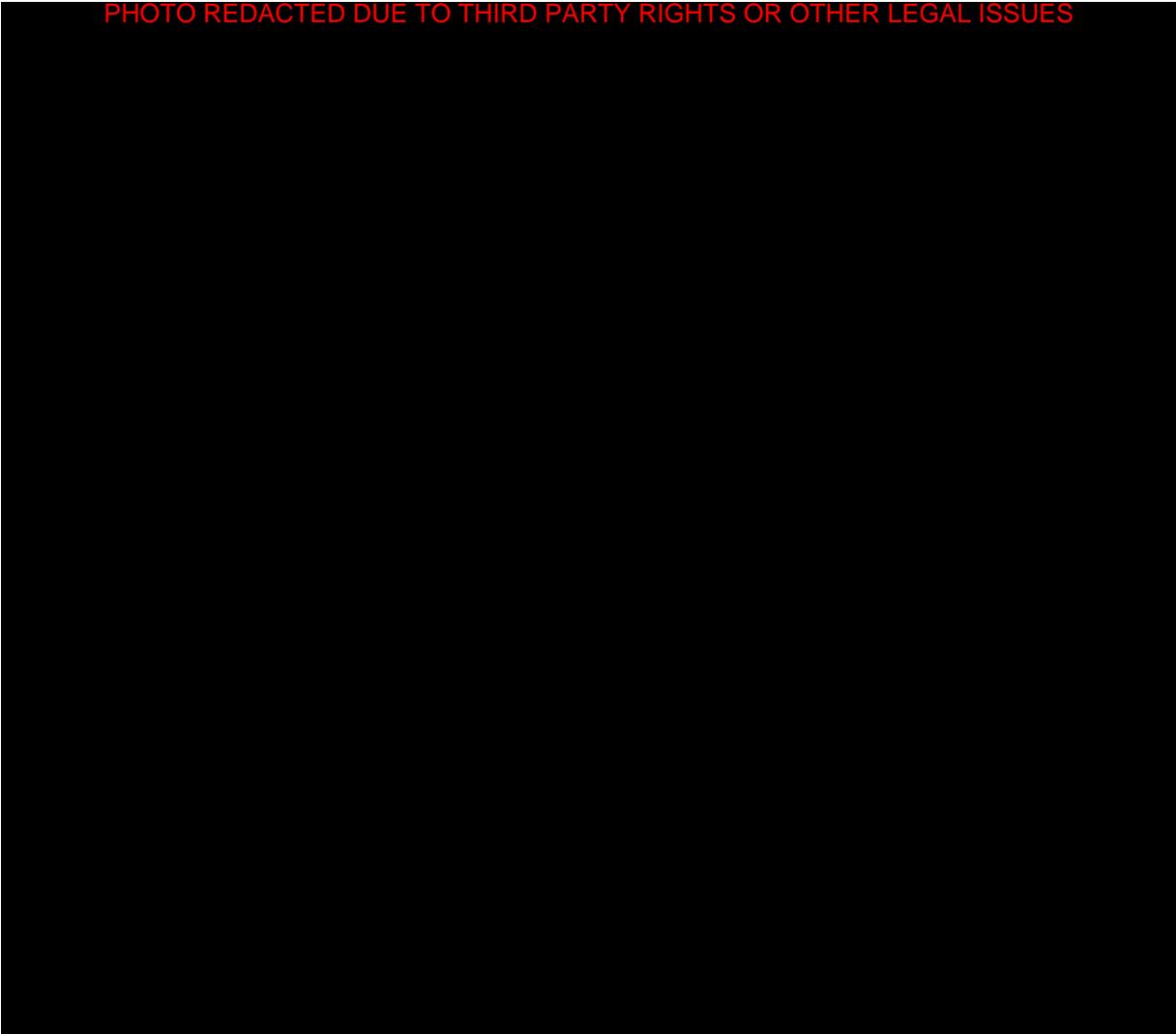


Peter Mandelson



Yvette Cooper

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INTRODUCTION

The sharp drop in global demand as a result of the current downturn has impacted on output and employment in countries around the world, and the UK is no exception. It has resulted in a fall in our GDP and a rise in unemployment.

The Government is taking unprecedented action both to prevent long-term unemployment and inactivity and to restore economic growth as quickly as possible. Our aims have been first to act fast to minimise the depth of the recession and the rise in unemployment and second to begin to put in the building blocks for job creation going forward.

Real Help Now

Taken together, the total policy support for the UK economy – Government fiscal policy and monetary policy action taken by the Bank of England – is expected to protect up to half a million jobs¹.

In addition, the Government has invested nearly £5 billion since November 2008 to help those on out-of-work benefits get back to work. This includes an unprecedented package of education, training and employment for young people.

Leading private, public and voluntary organisations have joined our Backing Young Britain Campaign², with commitments to offer young people opportunities including work experience, apprenticeships and internships. We have also created a new Future Jobs Fund, which will be worth around £1 billion and will

create 150,000 new jobs – at least 100,000 for young people and a significant proportion in areas of high unemployment.

Funding for Jobcentre Plus has been substantially increased to enable it to expand its services to jobseekers, even as the claimant count increases. This includes more support for unemployed school leavers from the first day of their benefit claim to help them find work.

We have also announced substantial new measures to provide people with extra support prior to redundancy, when they are newly unemployed and at the 6 and 12 month points of them claiming Jobseeker's Allowance (JSA).

As a result of the measures so far implemented we have been able to ensure that most new claimants of Jobseeker's Allowance (JSA) leave the claimant count in a short period of time, around 70% within six months. Over the last six months on average over 300,000 JSA claimants have come off the claimant count each month.

¹ Chancellor of the Exchequer's Budget Statement – April 2009 (http://www.hm-treasury.gov.uk/bud_bud09_speech.htm)

² <http://interactive.bis.gov.uk/backingyoungbritain>

Building for the Future

As the world begins slowly to emerge from this recession, with many of the leading economies expected to see positive year-on-year growth again in 2010, now is the time to plan for Britain's future by putting in place the growth and industrial policies to help create the jobs of the future.

The global economy is set to double in size over the next two decades. Drawing on our strengths as one of the world's leading industrial economies, there can be no doubt that Britain has the talent and potential to succeed in tomorrow's world.

In *Building Britain's Future: New Industry, New Jobs*, we set out how, by taking a more active approach to industrial policy, the Government can help secure comparative advantage in the global economy and ensure our businesses and people have the capabilities they need to compete effectively.

Jobs of the Future outlines where, as a result of expected growth and emerging global trends, new jobs could be created in the UK economy of the future. It identifies how the UK's labour market is set to change, the potential employment opportunities that key sectors of our economy could generate and Government action to equip our workforce to win their fair share of these jobs, including the National Skills Strategy and the Higher Education Framework.

This is not about setting targets for jobs in particular industries or markets. It is about identifying where opportunities are expected to be and what the Government can do to help British-based businesses thrive and deliver sustainable economic growth and jobs across our country in the years ahead.

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JOBS IN THE UK

There are now close to 29 million people in work in the UK. That is nearly 2.5 million more than in 1997 and our employment rate remains one of the highest in the G7.

Despite the current tough global conditions, Britain's economy is set to create 1.5 million skilled jobs in the coming years³. The overall number of highly-skilled jobs in our economy will increase, as lower-skilled jobs decline.

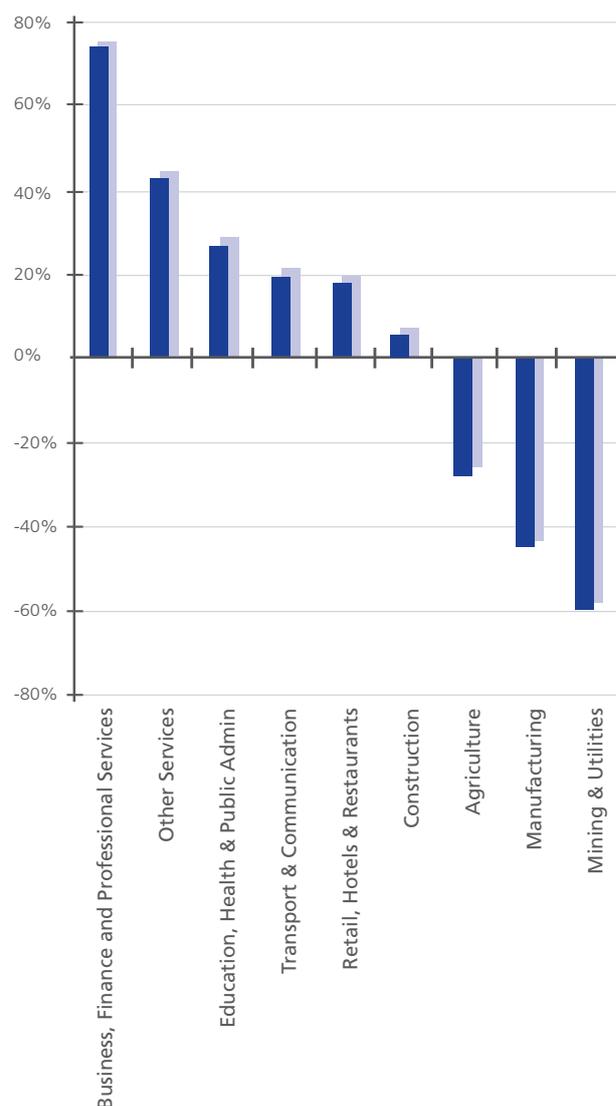
The changing structure of our labour market

We have already seen a significant shift in the structure of the UK economy over the last two decades. Increased competition from low-wage emerging economies, productivity growth and technological change have meant that, in common with other advanced economies, there has been a broad move, in terms of both output and employment, from manufacturing to the service sector.

Globalisation has increased the number of companies operating across multiple countries, and led to a rise in demand for supporting ICT, business and financial services. It is in these sectors, alongside other services such as sporting, recreational, cultural, social and personal services, where the UK has seen the biggest gains in employment.

There has also been significant growth in employment in the public sector, particularly in health and education, reflecting increased government investment and private sector growth in these areas.

FIG 1 – CHANGES IN EMPLOYMENT BY INDUSTRIAL SECTOR, 1988 – 2008⁴



³ Building Britain's Future. http://www.hmg.gov.uk/media/27749/full_document.pdf. CM 7654

⁴ Office for National Statistics (ONS)

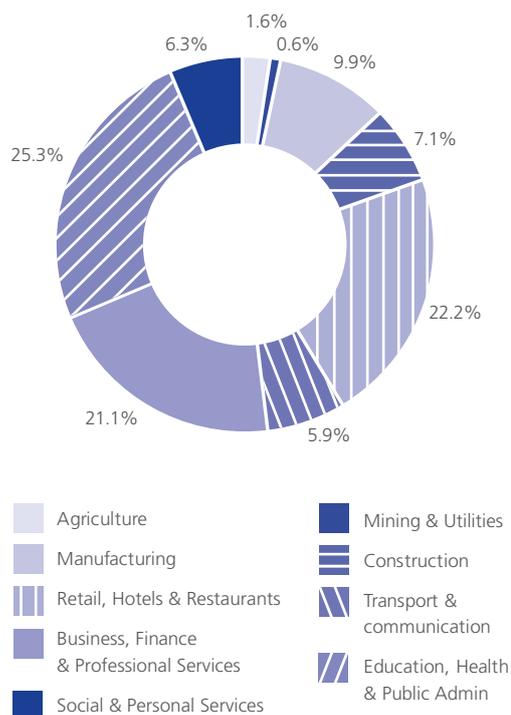
For example Higher Education (HE) - a strategically important sector in its own right - has a strong track record of both domestic and international growth. The UK's HE sector contributes £45 billion pa to the UK economy⁵, generating export earnings worth £3.6 billion and creating, directly and indirectly, 580,000 jobs⁶.

Rising living standards and levels of disposable income over the period have led to growth and increased employment in the retail, hotels and restaurants sectors. The last decade in particular has seen significant employment gains in construction and associated real estate services.

However, the downturn has brought job losses across a wide range of industries and occupations. Given its nature and scale, it has particularly hit our manufacturing, financial services, construction, retail and leisure sectors. Some of these sectors will rebound quickly as the economy recovers, while others will grow more slowly than in the past.

It is clear that, as a knowledge economy, the UK will increasingly compete based on the commercial value of its ideas and the higher-level skills of its people.

FIG 2 – COMPOSITION OF EMPLOYMENT BY INDUSTRIAL SECTOR, 2008⁷



⁵ "The Economic Impact of UK HEIs", University of Strathclyde/UUK, 2006
⁶ <http://www.universitiesuk.ac.uk/Publications/Pages/Publication-237.aspx>
⁷ Office for National Statistics (ONS)

This trend reflects job growth over the last decade, which has been largely concentrated in higher-skilled occupations and knowledge-based industries.

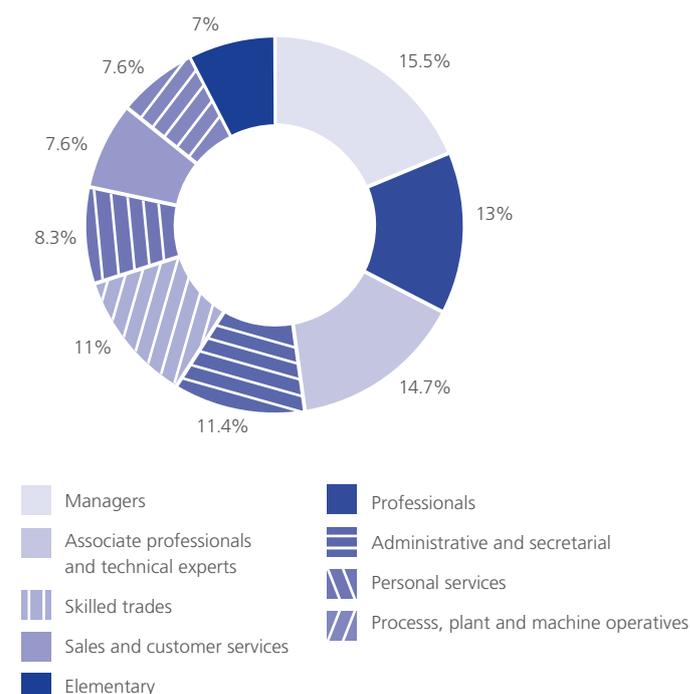
The managers, professionals and associate professionals and technical occupations now make up over 40% of the UK workforce across a range of sectors, as increasing productivity and use of IT means fewer people are working in administrative and lower-skilled manufacturing jobs.

It is estimated that 33% of our workforce is employed in jobs that are highly knowledge intensive, with a further 27% working in roles which have some knowledge content⁹.

Within this environment, the dividing line between what is conventionally understood to be ‘manufacturing’ and ‘services’ is blurring, with more and more UK firms involved in delivering both physical products and a range of complementary high value-added services.

Government and independent evidence consistently shows that migration contributes positively to UK economic growth and productivity, helping businesses to thrive and employ more people. Alongside this, through skilling up UK workers and through the use of the new points based migration system, the Government aims to ensure that as many jobs as possible are created that resident UK workers can apply for and win both now and in the future.

FIG 3 – COMPOSITION OF EMPLOYMENT BY OCCUPATIONAL GROUP, 2008⁸



⁸ Labour Force Survey, Office for National Statistics, 2008

⁹ Knowledge Workers and Knowledge Work, the work foundation, March 2009 (http://www.theworkfoundation.com/assets/docs/publications/213_know_work_survey170309.pdf)

DRIVING ECONOMIC GROWTH

The trends impacting our labour market, alongside the forces now shaping the world's economy, will define the jobs that we do and the goods and services that we produce in the decades ahead.

Rising incomes across the world and a growing middle class in emerging economies like China and India will boost demand for higher quality goods and services, creating new opportunities for British-based businesses¹⁰.

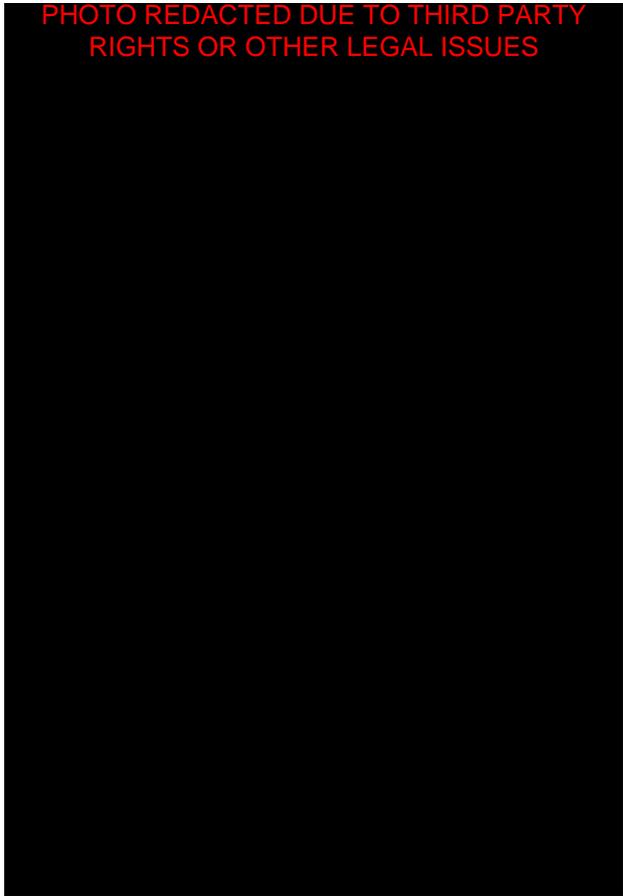
At the same time, the development of new technologies will continue to transform our industries and the way we work, driving both consumer and business demand and establishing new markets for our businesses.

The world's transition to a low carbon, resource efficient economy presents an unprecedented commercial opportunity to secure comparative advantage in the development and delivery of cutting-edge, cost-effective and sustainable low carbon products and services. As a result, it could support the creation of hundreds of thousands of skilled, green jobs for workers in this country.

Britain has the chance to benefit from these trends. Our underlying economic strengths mean that we are well placed to seize these new opportunities for growth. But we can't take our future success for granted.

We must take action where the Government can make a positive difference in equipping Britain's economy to seize opportunities in the future. Rebalancing the public finances over the medium-term in a sensible way will help underpin growth but we must also ensure that we make the strategic interventions and investments to secure Britain's comparative advantage in growing markets and sectors.

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¹⁰ BERR (2009) Economics Paper No.5: China and India - Opportunities and Challenges for UK Business, <http://www.berr.gov.uk/files/file50349.pdf>

NEW INDUSTRY, NEW JOBS - AN ACTIVE INDUSTRIAL STRATEGY

In *Building Britain's Future: New Industry, New Jobs*, published in April 2009, the Government set out how a more active approach to British industrial policy can help make that happen.

Government is targeting the actions it takes - whether through the way we regulate, tax business, promote trade, procure goods and services or invest in climate change resilient infrastructure and human capital - to establish the best possible environment in which British-based businesses and our people can succeed, both at home and in growing global markets, and so create jobs.

Although we can't predict precisely the future shape of our economy, we can identify areas where Britain has existing strengths and where strategic Government action could make a difference. To strengthen and maintain Britain's competitive edge, we have identified four immediate priority areas for action and reform across the economy: innovation; finance, infrastructure and skills.

We are also taking targeted action to support particular sectors, markets and technologies. In identifying how policy should be tailored to their needs, we will consider both the opportunity that exists for the UK economy in terms of growth, and the ability of Government intervention to have a real and beneficial impact.

The Government has recently published strategies for four key sectors:

- A new **Low Carbon Industrial Strategy** to enable British businesses and workers to seize the opportunities and mitigate the costs of our transition to a low carbon economy. In addition, the creation of the UK's first specialist low carbon economic areas in the North East and South West regions. These will combine targeted Government funding with the expertise of local businesses, universities and colleges to help the UK maximise the economic opportunities a low carbon world will offer.
- The **Digital Britain** White Paper, setting out measures to ensure Britain has the world-class digital infrastructure and skilled talent it needs to succeed.
- A new **Life Sciences Blueprint**, putting innovation at the heart of healthcare delivery and transforming the operating environment for British-based life science companies.
- A £150 million package of targeted investment, with major new measures to help Britain's **advanced manufacturing** base create competitive advantage for future growth. Together these measures will boost the UK's skills base, encourage take up of new technologies and tackle the challenges faced by specific advanced manufacturing sectors. They include £45 million funding for Rolls-Royce low carbon research and will bring four new Rolls-Royce factories to deprived areas of Britain, creating and sustaining around 800 jobs.

In addition to measures in specific sectors and markets, we are also taking action to support innovative, high-tech businesses of the future – both in securing investment and ensuring that people can gain the skills they will need.

This includes the creation of the Innovation Investment Fund, announced in *Building Britain's Future* in June. The fund, backed by £150 million of Government support, will help invest in technology-based businesses with high growth potential, start-ups and spin-outs in strategically important sectors including digital, life sciences, clean technology and advanced manufacturing sectors.

In the months ahead, the Government will publish the outcome of the Rowlands Review of growth capital for smaller firms.

We will also continue to deliver on the commitments set out in our *New Industry, New Jobs* and *Building Britain's Future* documents and ensure that wherever Government policy creates business opportunities, action is taken to make sure that British-based businesses are able to compete effectively for the commercial benefits and jobs this policy decision could bring.

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THE JOBS OF THE FUTURE

The Government's more strategic approach to industrial policy is not about how, or in which sectors, jobs will be created. Our focus is to drive sustainable economic growth, which in turn can foster the investment and business success that will create jobs in growth areas like low carbon and bioscience, as well as those sectors driven by changing demographics such as the social care, leisure and hospitality sectors.

THE LOW CARBON ECONOMY

We're heading to a future where every job is going to need to be a green-collar job. The global shift to low carbon demands a 21st century industrial revolution that will impact on every area of our lives.

As countries across the world increase their commitment to tackling climate change, the global market for low carbon and environmental goods and services - said to be worth £3 trillion in 2007/08 - is projected to grow to £4.4 trillion by 2015¹¹. It has been estimated that the UK domestic market alone could achieve growth rates of 4% per year for the next six years, potentially creating 400,000 new green jobs in this sector by the middle of the next decade¹².

Innovas estimated that the UK held a 3.5% share of this world market in 2007/08, with a market value of around £106 billion, and employed over 880,000 people in these sectors - including low carbon energy, carbon finance, building technologies and environmental monitoring, control, solutions and consultancy - and the supply chains¹³.

The Government can help Britain's businesses strengthen that competitive advantage through targeted investment, a stable regulatory environment and policy incentives that help develop our capabilities and infrastructure to drive resource efficient, sustainable growth.

In July, we published our *Low Carbon Industrial Strategy*. This set out our plans for the UK to become one of the best places in the world to locate and develop a low carbon business. To help support that ambition, in Budget 2009 we announced £1.4 billion of new investment in areas including low carbon manufacturing, renewable energy and the creation of new carbon capture and storage demonstration plants here in the UK.

But we can not get to where we want to be in our low carbon future without the skills base to attract investment, drive innovation and win the green-collar jobs on offer. So we are focused on getting the scientists, engineers and entrepreneurs with the skills to help develop commercially-viable, low carbon solutions, as well as equipping employees with new skills such as carbon auditing, energy efficiency and carbon trading to help us make the right energy choices.

¹¹ Innovas (2009) Low Carbon and Environmental Goods and Services: an industry analysis (<http://www.berr.gov.uk/files/file50253.pdf>)

¹² Refer to footnote¹¹

¹³ Refer to footnote¹¹

ADVANCED MANUFACTURING

The UK is not a post-industrial economy. Our manufacturing base still employs 3 million people and accounts for around half of our exports and 13% of GDP¹⁴.

Although, as in many other advanced economies, there has been a relative decline in manufacturing jobs, this shift masks the profound transformation and world-wide success of our manufacturing sector in recent years.

British manufacturing jobs are increasingly highly-skilled. Over 40% of UK manufacturing is now focused on high-tech areas such as aerospace, pharmaceuticals, electronics and precision instruments¹⁵.

Our manufacturers have become more specialised, targeting niche markets and providing intermediate goods and associated services such as design and marketing, in addition to finished goods.

Many companies' work is increasingly integrated in global value chains and this sector is a major contributor to the UK knowledge base.

It accounts for three-quarters of business R&D investment¹⁶ and drives innovation with successful companies created in new areas such as low carbon, environmental technologies and plastic electronics.

Following the release of our 2008 Manufacturing Strategy, the Government launched, in July 2009, an Advanced Manufacturing package comprising £150 million of targeted investment to help increase access to information and support, boost our manufacturing skills base, encourage the take up of new technologies and tackle challenges faced by specific manufacturing sectors such as aerospace. Measures included:

- £45 million funding to Rolls-Royce for four new facilities to be built in the UK – three aerospace, one civil nuclear – creating and sustaining 800 jobs.
- £45 million to support research and technology critical to the development of low-carbon aircraft engines.
- At least £40 million investment in SAMULET, a collaborative aerospace product focusing on productivity and environmental improvements.
- A £12 million expansion of a display technology facility, the Printable Electronics Centre in Sedgefield, creating up to 1,500 jobs by 2014.
- A further £5 million investment from the Technology Strategy Board in collaborative R&D projects as part of its High Value Manufacturing competition.
- A £4 million expansion of the highly successful Manufacturing Advisory Service to help a wider range of businesses improve efficiency and increase orders.

¹⁴Office for National Statistics (ONS)

¹⁵BIS analysis of EUKLEMS/ ONS data for 2005

¹⁶UK BERD 2007, ONS

- Investment of £500,000 to fund innovation activity in the microelectronics design sector. The initial project will assist an estimated 250 companies, help create up to 100 new jobs and impact up to 200 firms linked to this business area.

Further to this, the Government has agreed to support Airbus with up to £340 million repayable launch investment for the development of the new A350 XWB airliner.

This support will enable Airbus in the UK to strengthen its position as a world leader in wing, landing gear and fuel integration systems technologies. It will also create and sustain more than 1,200 jobs across the Filton and Broughton sites of Airbus, as well as support numerous jobs in the UK supply chain.

Advance manufacturing is where our manufacturing base can thrive most in the coming decades. It is where the highly-skilled manufacturing jobs will be created and the Government is determined to do all it can to help drive that growth.

LIFE SCIENCES

The UK is a world leader in life sciences – pharmaceuticals, medical biotechnology and medical technology. The UK pharmaceutical sector alone delivered £17.2 billion of

exports in 2008, making us one of the world's largest exporters in this sector. It supports 67,000 jobs, many in highly-skilled areas such as R&D, drug discovery and manufacturing¹⁷.

Our medical biotechnology sector is also the most mature in Europe. It is second only to the US globally. Over 20,000 people are employed in highly-skilled areas including cell-based therapies and recombinant DNA techniques. In medical technology, 50,000 people are employed¹⁸ in over 2,000 small and medium sized businesses across the country¹⁹.

There is significant potential for further growth and job creation across life sciences, both at home and abroad, over the next decade. For example, though growth in pharmaceuticals is moderating, NESTA estimate the medical biotechnology sector will grow by 8% per year²⁰.

An ageing population in the developed world and the growing wealth of the emerging economies mean that demand for healthcare goods and services will continue to grow globally, with some estimates forecasting growth of 7-12% per year²¹.

The UK is strong in those areas - regenerative medicine and stratified medicine - where significant growth is projected. However, these are increasingly tough markets in which to operate. Development costs are high and the route from bright idea to commercial success is long and difficult.

¹⁷ Association of the British Pharmaceutical Industry Annual Report 2008/9 - (<http://www.abpi.org.uk/%2Fpublications%2Fpdfs%2FAnnualReport08.pdf>)

¹⁸ Comparative statistics for the UK, European and US Biotechnology sectors – analysis years 2003 & 2004, Critical I Limited report for the DTI, 2006.

¹⁹ ONS, 2007

²⁰ Demanding growth: why the UK needs a recovery plan based on growth and innovation, NESTA 2009

²¹ Key Technology Area: Bioscience and Healthcare, <http://www.berr.gov.uk/files/file27987.pdf>

Recognising the importance of life sciences to the UK economy, the Government is taking action to help British-based companies succeed in this industry.

The Office for Life Sciences (OLS) is working across Government and with industry to develop the best possible business environment for life sciences companies in the UK.

Work is now focussed on delivery of our *Life Sciences Blueprint* to maintain growth, stimulate inward investment and ensure the NHS can be a more effective champion of innovation across this industry. As part of that work, we will create a joint Higher Education-Industry forum that will help maintain and bolster the supply of high-calibre skilled employees into the UK's life science industries.

DIGITAL ECONOMY AND CREATIVE INDUSTRIES

The UK's digital sector, already a source of substantial economic activity, will continue to grow in size and importance over the next decade.

In their own right, the three major components of our digital sector – information and communication technologies (ICT), broadcasting and the creative industries²² – make a significant contribution to the UK economy in terms of output and employment.

In 2007 the ICT sector generated some £96 billion

²² The Creative Industries sector comprises thirteen distinct industries some of which cannot be considered to form part of the digital economy such as, for example, antiques.

²³ ICT estimates of gross value added and employment are BIS estimates based on the OECD definition of the ICT sector and calculated using ONS official statistics.

²⁴ DCMS estimates. Including those people employed in creative occupations outside the creative industries sector, the total number of people employed is almost 2 million

²⁵ European Commission (2009) *Europe's Digital Competitiveness Report* http://ec.europa.eu/information_society/europe/i2010/docs/annual_report/2009/sec_2009_1060_vol_1.pdf

²⁶ PricewaterhouseCoopers forecast growth estimates are reported in Technology Strategy Board (2009) *Creative Industries – Technology Strategy, 2009-2012*. http://www.innovateuk.org/_assets/pdf/creative%20industries%20strategy.pdf

²⁷ E-skills UK (2008) *Technology Counts: IT and Telecoms Insights 2008*

in gross value added and employed over 1.2 million people²³ The creative industries sector – which includes some ICT industries as well as broadcasting in its definition – generated at least £57 billion and employed around 1.1 million people in 2006²⁴

Both industries are expected to recover from the economic downturn by 2010 and show a return to growth. For example, forecasts by Gartner (2009) published by the European Commission²⁵ suggest that global demand for software and IT services will report growth of around 5% and 4% respectively in 2010. As for the creative industries, forecasts made by PricewaterhouseCoopers before the economic downturn suggest that the global market would continue to grow strongly year on year between 2009 and 2012, with projected growth of over 6% in the games sub-sector and 5% in TV and radio²⁶

Emerging trends in the IT and telecoms sector including social computing, green IT and growing convergence of communications, computing and content platforms are likely to be further drivers of employment growth in the IT and telecoms sector²⁷

Predicted growth rates by e-skills UK made before the economic downturn suggested that employment growth in IT and telecoms professional occupations could rise by an average of 1.6% per year between 2006 and 2016 while employment growth in the total IT and telecoms industry at all skill levels could rise by an average of 1.9% per year.

As a major net exporter of goods and services produced by the ICT and creative industries sectors, the UK is in a strong position to benefit from these new global opportunities. In 2007, UK exports of computer and information services totalled nearly £7 billion, while UK exports of personal, recreational and cultural services (which include audiovisual and related services) totalled more than £2 billion²⁸

Most critically, substantial elements of this sector also act as enablers for other economic activity. A modern and efficient communications infrastructure, coupled with a digitally aware and enabled workforce, has a huge amount to contribute not only to our ongoing success in these sectors, but also to a number of other industries.

Although definitive estimates of the employment effects of broadband infrastructure are not yet available, one study suggests that over the period 1998-2002 employment in communities with broadband grew by 1 percentage point more than in communities without²⁹

In June 2009, the Government published the *Digital Britain Final Report* - our strategic vision for ensuring that the UK is at the leading edge of the world's digital economy. The final report details more than 80 actions and recommendations to: ensure first-rate digital and communications infrastructure; develop a skilled and confident population able to access and benefit from digital technology; and foster UK digital content, including public service content³⁰.

When implemented in full, the Digital Britain strategy will help strengthen the UK's performance in this sector and deliver substantial investment to sharpen the competitiveness of our whole economy.

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²⁸ Office for National Statistics Pink Book 2008

²⁹ Lehr et al. (2005) "*Measuring broadband's economic impact.*" Report prepared for the US Department of Commerce. This report can be accessed at: <http://www.eda.gov/PDF/MITCMUBBImpactReport.pdf>

³⁰ The latter builds on the Creative Britain strategy (February 2008)

BUSINESS AND PROFESSIONAL SERVICES

The UK's business and professional services sector has grown dramatically over the last few decades. It now employs roughly 5 million people in the UK, covering a diverse range of activities including ICT services, the legal profession, finance and accounting, marketing and advertising and real estate services³¹.

This is a sector that continually renews itself as new technologies demand the development of new skills and capabilities. Such changes have led to a fall in the availability of lower-skilled jobs in the sector, particularly administrative roles, as new highly-skilled jobs have replaced them.

Although financial services have been particularly hard hit by the current crisis, the global market for business and professional services as a whole will continue to prosper in the future. The EU Services Directive, when fully implemented, is estimated to generate around £5 billion a year and 81,000 jobs for the UK³².

As a leading global hub for this industry, the UK is in an unrivalled position to capture a large share of the new jobs this growth will create in years to come.

But we are not alone; and as more countries seek to develop their own comparative advantage in services, the Chancellor's High Level Group on City Competitiveness will work to help us build on our lead.

THE CARE SECTOR

Increasing demand for childcare services over the last ten years and the expansion of free Government provision has seen the number of people in the UK working in childcare occupations rise by almost 40% to 840,000³³.

This trend is expected to continue over the next decade as the Government expands the entitlement to early years provision and more women return to work after having children.

The quality of early learning and childcare is second only to parenting in determining a child's outcomes. Good, available childcare supports increased employment across the board and provides options for parents aiming to balance their work and family life more effectively.

As set out in the Childcare Strategy Refresh³⁴, the Government is focused on improving the quality of childcare provision in the UK through up-skilling this workforce. This involves ensuring that everyone working in early years' provision has at least a Level 3 qualification and clear opportunities to progress.

The provision of care for the elderly in this country already accounts for a large number of jobs. With the number of UK citizens aged 80 or above also due to increase by 25% over the next decade, the associated increased demand for social care is expected to create up to an additional 1.1 million jobs in this sector by 2025.³⁵

³¹ ONS Blue Book, Workforce Jobs in December 2008

³² http://www.berr.gov.uk/whatwedo/europeandtrade/europe/services-directive/background/economics_evidence/page22898.html

³³ Labour Force Survey, Office for National Statistics (ONS)

³⁴ Next Steps for Early Learning and Childcare, January 2009

³⁵ The state of the adult social care workforce in England, 2008, Skills for Care

In response, the UK's social care industry will need to attract an even greater number of skilled workers at all levels: first, to replace staff set for retirement and, second, to meet the increasingly complex social care needs of the UK and growing demand for more tailored and personalised services.

THE RETAIL SECTOR

Although the retail sector has suffered from the fall in consumer demand over the last year, with inevitable job losses, it still employs 2.8 million people - a quarter of whom are in highly-skilled occupations.

More restrained consumer spending over the coming years means job growth in this sector is expected to be slower than over the last decade. It is also important that we tackle the skills gaps that exist in the UK retail industry and impact productivity.

But, overall, retail will remain an important source of employment across the country, with many new employees also required to replace people who leave the sector through retirement.

In particular, entry-level positions in retail can provide valuable job opportunities for those who have been out of work for some time.

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Tourism, hospitality and leisure sectors

The UK's tourism, hospitality and leisure sectors have grown apace over the last two decades. Tourism and associated hospitality now account for over 8% of the UK's GDP and employ 2.6 million people in this country³⁶.

Despite the mixed fortunes of these industries in the current global recession, there is real potential for long-term economic growth in this sector overall.

Britain offers diverse and unique tourism and cultural opportunities – for example through our landmarks, museums, theatres and restaurants – to millions of travellers from around the world every year.

Rising disposable incomes both in the UK and overseas means more societies will place a greater emphasis on quality experiential leisure time. With spending by overseas and domestic residents forecast to double³⁷, up to 200,000 jobs could be added to this sector in the next decade³⁸.

Other drivers for this growth include the major global sporting events set to be held in Britain in the next few years: the 2010 Ryder Cup; London 2012 Olympic and Paralympic Games; the 2014 Commonwealth Games in Glasgow; plus world cups in cricket, rugby union and rugby league. We are also committed to bid for the 2018 football World Cup.

³⁶ "The Economic Case for the Visitor Economy", Deloitte, September 2008

³⁷ *Achieving the Full Potential of the Visitor Economy: Visit Britain - 2009*

³⁸ "The Economic Case for the Visitor Economy", Deloitte, September 2008

The London 2012 Olympics and Paralympics alone are expected to benefit tourism by £2.1 billion between 2007 and 2017³⁹. A first-class welcome from skilled tourism staff will allow us to maximise on the legacy benefits for years to come.

All this is in addition to the thousands of conferences, exhibitions, events and festivals Britain holds each year - events creating work for professionals and workers of all skill levels in our economy.

As consumer demand for higher standards and better services increases, companies will need motivated and enthusiastic people equipped to do their jobs well and act as ambassadors for their business and for Britain.

This includes highly-trained, multi-skilled managers and entrepreneurs to promote and maintain these sectors and ensure they can grow in a more sustainable way as we move to a low carbon future.

Better Routes to Employment

The UK's social care, retail, tourism, hospitality, and leisure industries employ millions of people. They also offer valuable employment opportunities to those out of work. So it is imperative that people are able to progress their careers in these sectors.

The Government is working with employers and the relevant representative bodies to build clearer routes into employment, ongoing training and personal development in these industries.

The Department for Work and Pensions and Jobcentre Plus has been working with Sector Skills Councils and business to help up to 100,000 long-term unemployed young people access jobs in key employment sectors.

In the social care sector, with CareFirst, 50,000 traineeships will be available for young people. Employers will offer sustained employment and training to young people who have been out of work for up to 12 months, giving them the skills and experience they need for a permanent career in the sector.

We are also working with People 1st and other Sector Skills Councils to develop training routeways that will prepare young people to take up career opportunities within the hospitality, leisure and tourism and retail industries.

³⁹ Oxford Economics "The value of the Olympic and Paralympic Games to UK tourism", September 2007

EQUIPPING US FOR THE JOBS OF THE FUTURE

Britain's economy is going to need higher-skilled workers in all sectors. That includes those knowledge-based industries which we believe have the potential for the greatest growth, as well as those sectors where there will be large numbers of jobs available at every skill level.

Better skills don't just promise better jobs, but also the chance for people and their families to live happier, healthier, more successful lives. As key drivers of social mobility, education, skills and lifelong learning give people the tools they need to progress.

Our goal is that everyone should have the chance to fulfil their potential, and the Government continues to invest heavily in education and skills.

Across our skills system, we are working to tackle low skills, ramp up intermediate skills and boost our supply of people with higher-level skills, in particular in Science, Technology, Engineering and Mathematics.

This year, the Government is investing £5 billion in adult skills, including £925 million in the Train to Gain programme. Through Train to Gain, thousands of businesses and employees have accessed over 1.2 million learning opportunities to help them prosper.

The Government has also rescued and expanded apprenticeships, over two million people have started an apprenticeship since 1997 and a quarter of a million are expected to start this year. Funding is now at its highest ever level of over £1 billion in 2009.

Improved basic skills can transform peoples' lives and are the foundation for a more productive and adaptable workforce. Since the launch of our Skills for Life strategy

in 2001, over 2.8 million adults have improved their basic skills and gained a national qualification. This is significant progress, but we need to build on this.

We are now committed to the ambition of ensuring 95% of adults possess, as a minimum, functional levels of literacy and numeracy by 2020. To put us on course for this, we have refreshed our Skills for Life strategy, backed up by £1 billion in 2009/10.

The Government increased public investment in Further Education (FE) by over 50% in real terms between 1997/8 and 2007/8. This has led to improved success rates for colleges, exceeding targets set for next year.

We have also supported almost 340,000 more people in Higher Education over the last ten years, with record levels of investment in our HE sector.

Ensuring we have a skills system that can continue to evolve and respond to Britain's skills needs is an ongoing process. Later this year we will publish our new skills strategy, setting out our plans to deliver the skills necessary to secure high-value jobs in an increasingly competitive global economy.

An important element of this strategy will be the annual National Strategic Skills Audit by the UK Commission for Employment and Skills. The first report will be completed in 2010.

This audit will help identify England's existing and future strategic skills needs, in relation to both existing and emerging industries. It will enable our skills system to both anticipate and respond to our future skills requirements.

In the autumn, we will also bring forward a new framework for the future of Higher Education. This will set out a clear vision for how the Government will support universities and employers in working together to optimise the market for high-level skills, outlining where Government intervention can have a significant and positive impact for both employers and individuals.

CONCLUSION

The UK's dynamic and flexible labour market remains one of our key economic strengths.

This Government has taken rapid and decisive action to minimise the impact of the global downturn on our economy. This includes £5 billion of support to help get people back into work as quickly as possible and ensure a generation is not lost to unemployment and inactivity.

HM Treasury, the Department for Business, Innovation and Skills and the Department for Work and Pensions will set out further proposals for a return to full employment in a White Paper in the Autumn.

We are committed to avoiding the worst problems of previous recessions, when high unemployment impacted Britain's productive capacity and adversely affected the lives of individuals, families and communities around the country.

Ultimately, it is successful businesses that create jobs. This Government has continued to invest to ensure British-based companies can succeed and our people secure employment now and in the decades to come.

The jobs of the future in Britain will increasingly require higher-level skills not just in the knowledge-based industries with high-growth potential, but also those sectors where there will be large numbers of jobs on offer at every skill level.

The number of lower-skilled jobs in our economy is declining. More and more, Britain's people and businesses will need to compete on the value of their ideas and expertise.

Our vision is for a flexible and dynamic workforce with the right skills, policy framework and business environment to make the most of the opportunities presented by the changing global economy.

Active Government policies for achieving future success, such as the Skills Strategy and Higher Education Framework, coupled with ongoing targeted support across key sectors, markets and technologies will give Britain the best chance of achieving economic prosperity, creating new jobs and building a fairer society in the years ahead.

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