

# Skills for Future Success

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



Supported by:

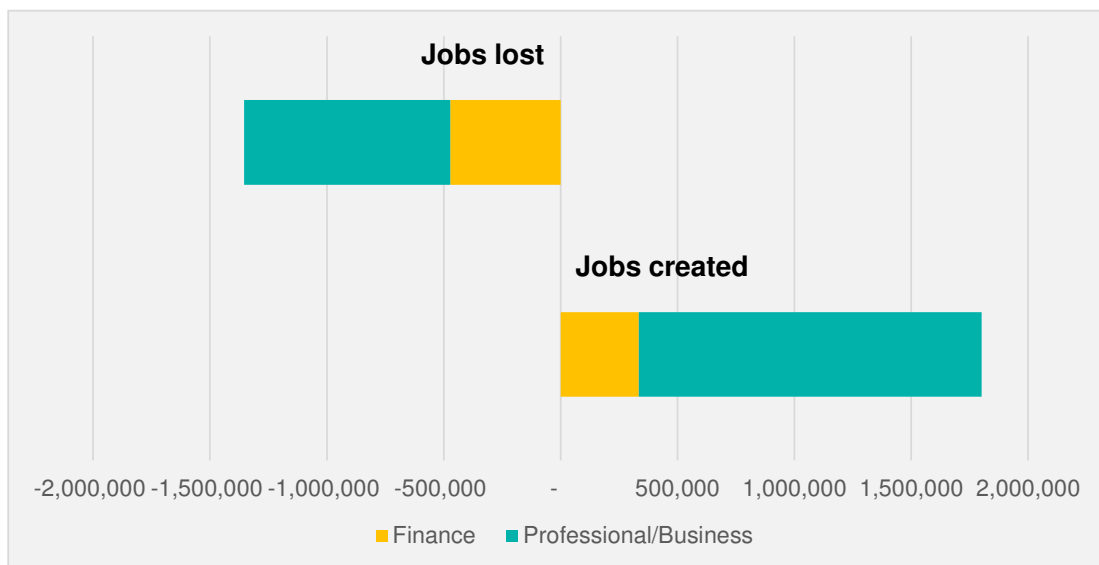


TheCityUK



# Technological change and other disruptions will continue to affect our sector, impacting skills

## Automation-induced job disruption over 20 years



### Impact of Automation

Automation is set to disrupt FPBS more than any other sector over the next 20 years – with lower skilled roles automated and replaced by higher skilled roles. But almost every role will change in some way.

### Demand for Tech, Data, and Interpersonal Skills

Tech skills and soft skills are estimated to be in the highest demand, with professional soft skills (e.g. emotional intelligence, complex problem solving, innovation) providing greater portability to adapt to future roles.



### Reskilling the Current Workforce

Why it matters: The majority of the 2030 workforce is already in employment – we will need to upskill and reskill existing works to meet future demand for new/changing skills

! Only around 50% of firms collect data on current and future key capabilities

“ We are so much in the moment it’s hard for us to fully look at what the future will look like ”

# Why skills gaps matter

## The Cost

Almost 1/3 of FPBS employers experience skills shortage vacancies

1 in 2



Firms reported an increased workload

1 in 4



Firms reported increased operating costs

1 in 5



Struggling to meet quality standards

1 in 6



Delaying introducing new products and services

## The Opportunity

Based on our research and analysis, reducing the skills gap could....

- ▶ Increase the **number of employees trained & reskilled** in line with future needs – in the sector and across sectors
- ▶ Create **stronger regional clusters**, driving innovation, productivity & growth – including for SMEs
- ▶ Reverse commercial impact of skills gaps and enable firms to better support clients' needs. This could provide a **£38bn boost to sector output by 2038**

# Employers in every region & nation face skills challenges, with some differences between them



## Senior and technical talent are hardest to find

Recruiting and retaining senior talent and niche technical skills can be the most difficult in the regions and nations

## Some regions and nations are more impacted than others

Based on interview and roundtable insights from over 80 employers, challenges were greatest in certain regions and nations:

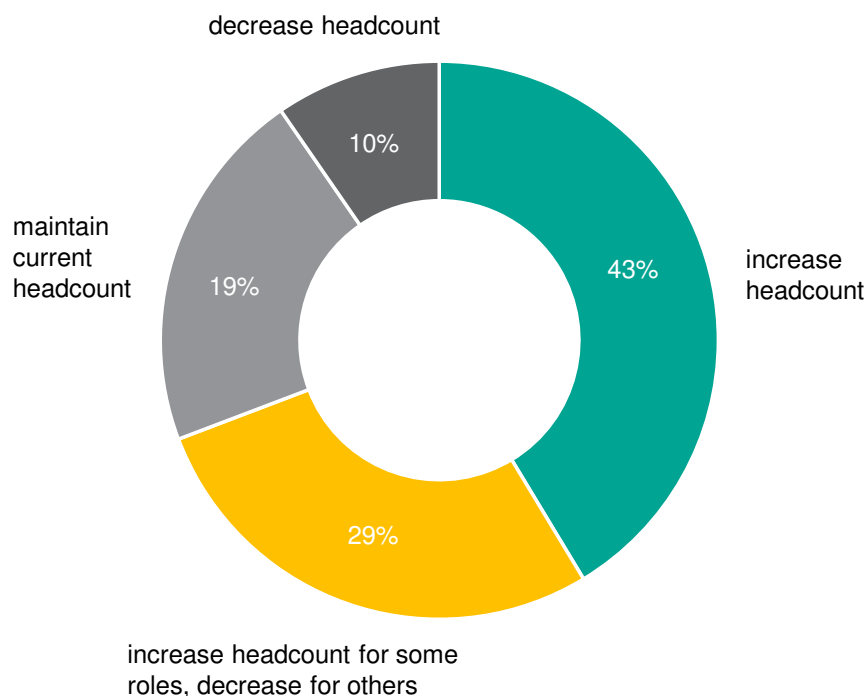
- those with fewer or smaller FPBS hubs within the region or less specialised FPBS clusters
- those with less strong collaborations
- those with a less highly skilled local labour pool

## Firm size matters: SMEs have unique challenges

- SMEs often struggle to access the skills they need due to less fluid hiring approaches (e.g. cannot recruit into multiple office locations)
- SMEs also struggle to dedicate the same level of resources to upskilling

# Firms are increasingly looking to expand in the regions and nations

## Regional presence plans



FSSC/PBSC survey of FPBS employers

**Goldman Sachs to open Birmingham office in tech push**

US investment bank will create hundreds of jobs in largest UK base outside London

Birmingham has proved attractive to banks, including HSBC

Home / News and publications / Bank of England announces plans for a new northern hub as part of a review of its presence across the UK

**Bank of England announces plans for a new northern hub as part of a review of its presence across the UK**

**BBC** Your account Home News Sport Weather iPlayer Sounds

**NEWS**

Home Coronavirus Brexit UK World Business Politics Tech Science Health Family & Education

England Local News Regions Tees

**Budget 2021: Darlington 'Treasury North' move welcomed**

Increased regional presence is a big opportunity for levelling-up but ...

- Existing clusters aren't well known and struggle to attract enough talent
- Regional expansion may increase competition in local FPBS labour markets, putting pressure on the skills supply in the short term

In the long-term stronger hubs are likely to emerge through clustering

# An 8-point plan to grow as a sector and deepen the pool of talent in the regions and nations

## Challenge 1

Firms are struggling to access certain 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**

## Challenge 2

Disruptions are further impacting the FPBS sector and the skills needed for future success



**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

**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**