



ANSWERING THE CALL FOR
DIGITAL SKILLS EXCELLENCE
FROM INTERNATIONAL
INVESTORS





Contents

Introduction	3
Investors have confidence in the UK, and skills will be critical for future projects	4
WorldSkills UK and partners can address some of the questions posed by investors	6
Turning insights into actions to ensure UK skills can help win investment	9
Actions	10

Introduction:

The UK needs international investment more than ever



8%

"the tech sector represents almost 8% percentage of the UK economy"

As nations emerge from the worst stages of the coronavirus pandemic and start to deal with the economic consequences of having to shut down whole sectors of the economy, governments will be competing more fiercely than ever for international investment to help maintain and create jobs.

It is now an unavoidable fact that the UK economy has been extremely hard hit by Covid-19. The OECD has forecast that the UK economy will contract by 11.5% this year and that unemployment will rise from 3.8% last year to 9% by the end of 2020. Attention is therefore inevitably shifting towards how governments will stimulate an economic recovery.

High quality skills will be absolutely critical for the future of the UK economy. This is the message that comes across loud and clear again in EY's 2020 Attractiveness survey "[Building back better](#)" which looks at trends in foreign direct investment (FDI) into the UK. FDI is valuable because it brings fresh injections of capital into the economy, often creates significant numbers of new jobs, introduces new working practices and gives the opportunity to create long-lasting economic ties. Attracting inward investment is important now just as it was in the early 1980s when the UK's traditional industries were in decline and unemployment was high. Sunderland is still reaping the dividends of Nissan's move to the areas 40 years later, with a recent investment of £400m helping to sustain 6,000 jobs. Similarly, Hull has benefited from Siemens' £310m

investment to manufacture wind turbine blades in the city.

The message from EY's report is that investors prioritise skills supply over many other factors when looking for a location for their capital. In the UK, where governments and industry are grappling with both the consequences of the pandemic and our new trading relationship with the European Union, we will need to pay even closer attention to what investors are looking for to ensure attracting more inward investment is a key driver for building a sustainable skills-led economic recovery. With inward investors particularly focused on digital projects, and with the tech sector representing almost 8% of the UK economy and growing fast, the development and supply of digital skills must be a priority.

At WorldSkills UK we seek to respond to these trends and messages in our work. As part of a global network of peers developing skills excellence, we are committed to working with our partners to learn from international benchmarking to help mainstream higher standards in technical education so our skills base plays its part in attracting more inward investment to strengthen the UK economy and improve prosperity for all.

Dr Neil Bentley-Gockmann OBE

WorldSkills UK CEO

Investors have confidence in the UK, and skills will be critical for future projects



EY's 2020 Attractiveness Survey, 'Building back better', tells a promising story for the UK. While the UK has fallen behind France in terms of investment for the first time since the survey began in 1997, perhaps because of a challenging year due to Brexit uncertainty, there was still a 5% increase in projects in 2019 compared with 2018.

From a skills point of view the survey has three key messages:

- **Skills are a top priority when investors are choosing where to place their capital**
- **UK is a favoured location for new sectors such as digital and clean tech**
- **Current investment patterns are heavily skewed towards London, working against efforts to 'level up' the economy across the regions and nations.**

25%

of firms put 'the skills of the workforce' in their top three priorities

1. Investors signal the need for a skills reboot

When asked what makes a location attractive for investment 25% of firms put "the skills of the workforce" in their top three. Only the availability of capital came above skills, and it was deemed more important than the quality of government support and the reliability of infrastructure.

It is clear that the quality and volume of skill supply remain a top worry for investors – the people who will think about maintaining or creating new jobs in the UK.

And this isn't a new worry for investors. It has been highlighted as a key concern in these annual reports from EY for the past few years. Now we need concerted action to give investors the confidence they need to put down roots in the UK.



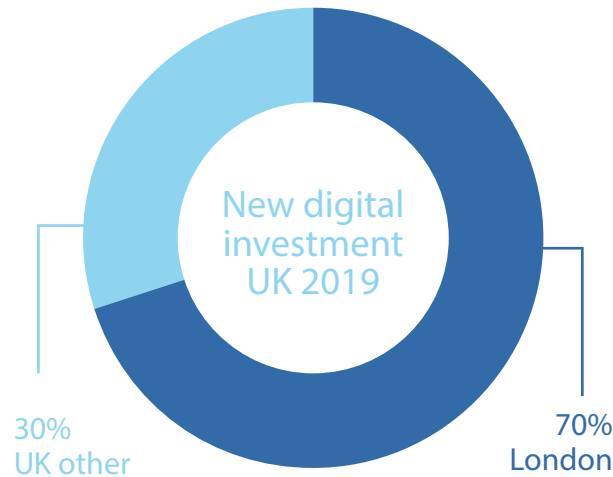
The UK secured 30% of all European investment projects in digital technology last year

2. Digital and clean tech are clear growth areas for UK investment

Last year, according to EY, the UK secured 30% of all FDI projects in digital technology in Europe, and since 2013, digital technology has accounted for the biggest number of UK inward investment projects.

Alongside digital, investment in clean tech and renewables, advanced manufacturing and health are being driven by the belief in technology driving automation of processes, a desire to address climate change and more investment in health services. And in these areas the skills available are a particular attraction for investors.

Tech UK, the UK's trade body for the technology sector sounded the alarm earlier this year about public policy on digital skills supply. In partnership



with NASSCOM, representing inward investors in the tech sector from India, it set out its [concerns](#) about being able to fill some one million job vacancies requiring digital skills. It cites that large Indian-owned IT companies like Infosys and Wipro are investing in specific skills-building projects in the UK to increase skills supply.

"There is no doubt in the minds of investors that skills development, especially in the digital and renewables sectors, is a key driver of investment decisions. If the UK is to maintain its lead in the digital tech sector and in R&D, improving the capabilities of the population is vital. In keeping with our overall philosophy, this needs to be a nationwide initiative but one that has a geographic lens to ensure that different places across the UK can tailor initiatives to best position themselves to capitalize on local opportunities."

Mark Gregory, EY's chief economist

3. The regional spread of investment is too imbalanced

EY's survey reveals that in 2019 a huge proportion of new digital investment in the UK was concentrated in London (70%), where the high-profile tech cluster Tech City has developed. This is perhaps not surprising given the growth of Tech City, or Silicon Roundabout, which is now regarded by many as the third largest tech centre in the world, behind San Francisco and New York. It clearly has the right people, with the right skills and infrastructure to attract investment.

However, this imbalance in investment mirrors the trend in investment projects across all sectors which saw almost half of the UK's total going to London last year. It therefore feels vital that the skills response to this report needs to ensure that there are opportunities for investment in all parts of the UK to help the 'levelling up' agenda to spread economic prosperity to all regions and nations.

[A recent report](#) by Atos, a leading technology consultancy, maps out the potential digital technology clusters across the UK, citing Reading, Preston and Plymouth as areas for potential growth. However, skills supply was cited as a major constraint, with lack of skills repeatedly held up as a barrier to business growth.

WorldSkills UK and partners can address some of the questions posed by investors



At WorldSkills UK, these trends matter to us as we work with our partners in education, business and governments across the UK and globally to shape how to address some of the challenges.

There are four ways in which WorldSkills UK can help provide answers to this call for skills and quality:

1. Benchmarking skills standards against the best of the rest globally

The WorldSkills movement, which convenes every two years in an international skills competition, involves a huge number of countries engaged in benchmarking - 62 at the last expo hosted by Russia. It provides a regular stock take of the UK's skills pedigree, insights into how other countries are

developing their technical skills base as well as an opportunity to market a country's skills to the rest of the world. This enables the UK to gauge how well its skills systems are performing relative to other countries.

The UK is a strong contender but not yet world-leading across the board

Looking at recent performance in WorldSkills competitions, our analysis shows that the UK is definitely a contender for world-leading status and has been in the top ten for the past decade. At the most recent global competition in Russia in 2019, we won 19 medals in total, signalling standards of excellence in a range of skills and with gold medals in aircraft engineering and beauty therapy.

But, as other countries have put greater focus and investment into skills development, the UK was placed out of the top ten of the medal table behind countries such as China, Russia, France and Japan.

When it comes to digital skills, the UK ranks 9th over the last three international competitions, and WorldSkills UK is actively exploring how to field competitors in even more digital competitions so that we can expand our digital skills expertise.

We know we need to invest more in a broader range of digital skills to match international competitors in reaching global standards. This is vital to help ensure we are inspiring young people and developing the skills base needed to make the most of the digital investment coming into the UK, as well as bringing global best practice back to the UK to raise standards across all sectors.



2. Achieving world-class standards through our training methodology

WorldSkills UK has been developing world-class training methodologies for over sixty years so we know what it takes to develop higher quality skills and we can help boost standards to reach the levels global investors want.

Following a recommendation in a diagnostic report from Oxford University for WorldSkills UK, '[Good people in a flawed system: the challenges of mainstreaming excellence in technical education](#)', we are now mainstreaming our training know-how by giving colleges access to a dedicated training professional through a new [Centre of Excellence](#) in partnership with NCFE.

With exceptional demand to be part of this programme, we know that there is incredible appetite in the sector to strive for excellence in technical education and improve the opportunities we are giving young people throughout the UK.

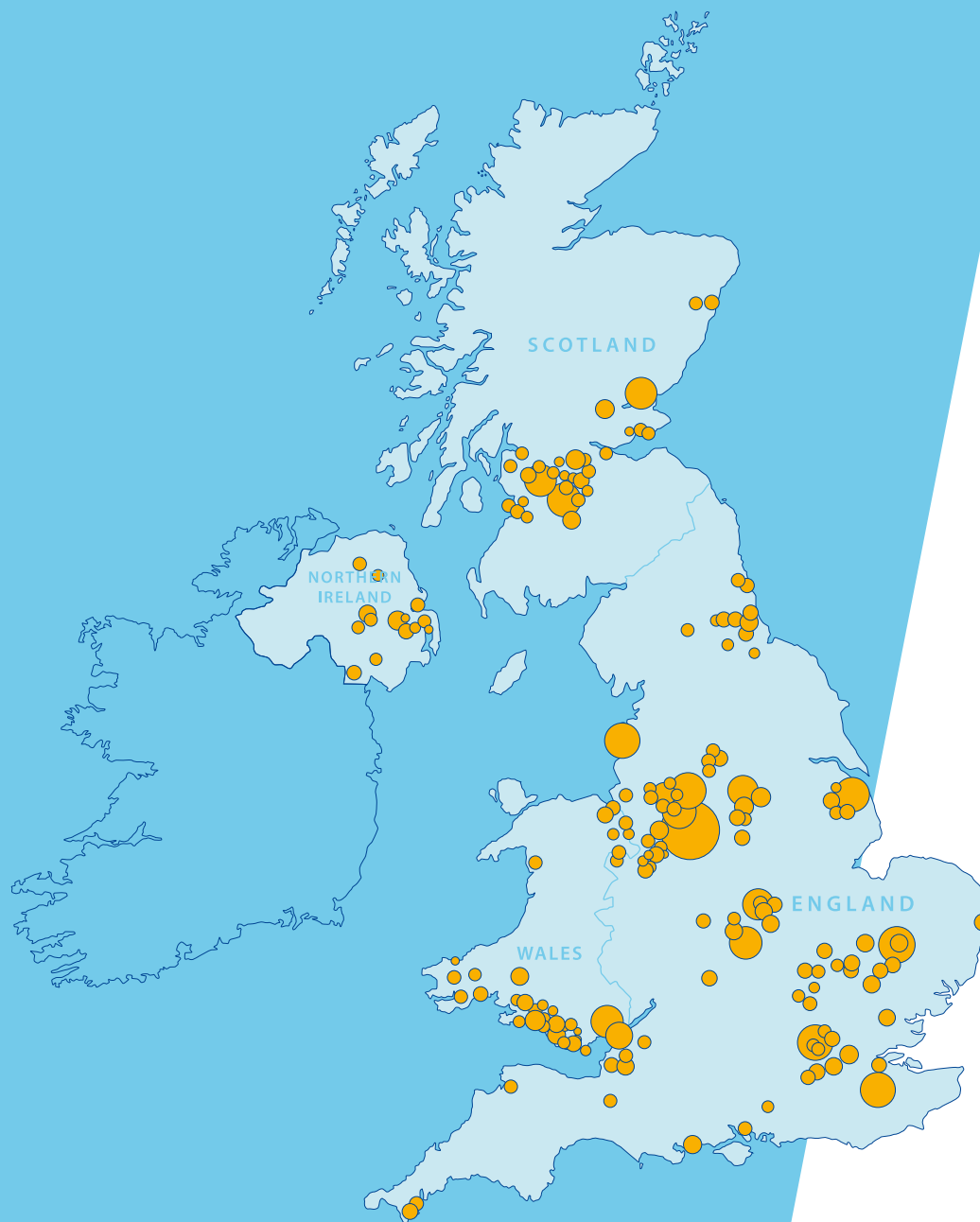
This is a vital part of super-charging the UK's skills systems, keeping pace with countries such as South Korea, Russia and Brazil which already have centres of excellence and others such as France, which are developing similar models. As we compete for inward investment, we need to help the UK stay ahead through the development of a higher-quality skills base.



3. Developing skills that are strategically important for the UK economy

We have been adapting our skills portfolio to reflect long-term economic need in line with the priorities in the UK Government's industrial strategy. For example, we have moved over recent years into new digital areas, ranging from cyber security and 3D games and more recently to industry 4.0, industrial robotics and building information modelling. And this comes on top of a previous shift in our portfolio which saw a greater focus on manufacturing and engineering skills. As a result, **half of all our national competitions are now in digital or STEM skills.**

We know we need to do more to introduce new competitions to stay industry relevant and EY's Attractiveness survey gives more food for thought as we consider how we can meet the needs of clean tech and renewables sectors while maintaining balance between much-needed skills in construction, hospitality and professional services.



4. Boosting skills and opportunities in all parts of the UK

WorldSkills UK is experienced in working with partners in all areas of the UK, including some of the most disadvantaged areas, which could be a helpful contribution to evening out investment opportunities and levelling up economic prosperity.

In tracking demand for access to our national competition programme, cross referenced with digital skills alone, we see a wide geographic spread (see map) with particular interest from the North West England, West Midlands and East of England, Glasgow and South Wales.

This suggests that colleges and training providers across the UK are interested in developing the right skills base for investors and employers and to higher standards, after all, that's why they are attracted to our programmes. And such locations could be cost-effective to invest in to create new jobs.

With such a high proportion of digital investment going to London, it is vital that we equip young people in many more areas of the UK with high quality digital skills that will enable leaders in those regions to compete for investment and jobs.

Turning insights into actions to ensure UK skills can help win investment




Higher standards in training for more young people from all parts of the UK, will result in high performance workplaces, higher quality goods and services and more productive, competitive businesses.

A focus on investor-led economic and skills development is key to achieving prosperity for more young people. Other countries get this and we can see it in the WorldSkills global network with more investment in some countries into driving higher standards and outcomes, especially in tech and digital skills.

Our recent research with the Royal Society of Arts (RSA) and Further Education Trust for Leadership (FETL) '[Adopting global skills innovations for the UK](#)' sets this out. Russia has been using the WorldSkills global standards lock stock and barrel to boost the standard of its technical education system to boost economic performance and pushing forward on the development of digital and tech skills. China sees the hosting of the global WorldSkills expo in Shanghai in 2021 as a way of accelerating efforts to reform and develop its system, training more highly skilled professionals to help the Government achieve its 'Made in China 2025' targets for industry.

The UK needs to work hard to stay competitive on skills, galvanising a more joined-up approach to skills quality and inward investment. The RSA advocated the idea of a Future Skills Council in their recent report with us (cited previously) which would be independent from governments but could advise on specific skills questions, for example how to gear skills systems towards attracting FDI.

Higher standards in training for more young people from all parts of the UK, will result in high performance workplaces, higher quality goods and services and more productive, competitive businesses.

A person is seen from the side, working on a computer. The screen displays a software interface with a green waveform. The entire image is overlaid with a semi-transparent blue layer. The text is positioned in the upper left area of this blue layer.

Our three key actions set out how WorldSkills UK will convene its partners to help bring skills excellence to the UK to help attract much needed inward investment and jobs for all our communities.

Actions

WorldSkills UK will:

Explore new digital skills programmes to bolster the UK's digital economy.

WorldSkills UK will be bringing tech firms together in September to discuss what digital skills competitions should be in our portfolio to make sure we can build the skills base to support the UK's emerging strength as a destination for digital investment. Tech firms of all shapes and sizes are invited to be part of this process.

Unite UK further education leaders around the need for excellence in skills development aligned with investment and business need.

WorldSkills UK will invite college leaders, who are participants in the WSUK Centre of Excellence in partnership with NCFE, to come together to share best practice around how skills excellence can attract inward investment and improve workplace productivity. We will be publishing the results of who will be in the Centre of Excellence in September.

Convene leaders in skills, government and the private sector to use international best practice in skills development to help drive a skills-led recovery.

WorldSkills UK will be bringing partners in business, education and governments together at an International Skills Summit to champion international benchmarking and discuss new research developed through our Productivity Lab.

Thank you to all our partners who make the programmes in this report possible. If you would like to share your views on this report or get involved in any of our future activities please get in touch with our Head of Research and Public Affairs, Emma Roberts (eroberts@worldskillsuk.org).

© WorldSkills UK 2020

WorldSkills UK is registered at 157-197 Buckingham Palace Road, London SW1W 9SP

Charity number 1001586, Company number 02535199
VAT registration number GB945610716

