

TOMORROW'S SKILLS



October 2024



FOREWORD

To improve the UK's economic performance and to drive financial resilience and economic growth, education and skills are crucial.

Earlier this year the Institute for Fiscal Studies highlighted that in line with other developed nations, UK income and productivity growth has been slow. But on a per person basis, economic growth has been slower than in the US, the EU27 and Germany in that time.

At the same time, like other economies the UK is facing three significant shifts, around digitisation, the transition to net zero and a shift in ways of working post the Covid-19 pandemic.

Within these changes lies a significant opportunity to improve the UK's economic outlook and our productivity by re-thinking the country's skills provision and leading the way in the development of innovative technologies and practices.

At Santander, we recognise a clear responsibility for businesses to take an active role in this area. Santander is well known as a bank and a key player in the UK economy, but less well known is our nearly three-decade long commitment to education, skills and employability. Over the last 26 years, Banco Santander has donated 2.1bn euros globally to educational institutions. This includes £105m to UK schools and universities. Through this funding, Santander is the largest global supporter of higher education in the world.

We support people to achieve educational and professional goals throughout their lives, from financial education

among primary school children, to funding students from underrepresented groups in higher education, and supporting the most innovative, disruptive early-stage entrepreneurs.

This longstanding commitment stems from the fact that we at Santander strongly believe that businesses like ours can only benefit from helping equip people with the skills that are critical to the future of the economy. By having new skilled talent entering the workforce, businesses can thrive, innovate and prosper.

This report identifies three global economic shifts that will fundamentally alter the way we work, and the skills required of the UK workforce. Our own Trade Barometer, which monitors business sentiment towards international trade, growth and risk, recently found that businesses are struggling with skills gaps, with 33% reporting shortages of workers with sustainability skills.

To support workers across the country, Santander UK has launched [an adult education programme](#) to equip people from age 18 onwards with digital, sustainability and professional growth skills that will set them up for the jobs of the future. These courses will be free, video-led content delivered by experts such as Kiera Walsh and Charles LeClerc.

We expect the £6 million programme to help over 50,000 people next year and combined with Santander's Open Academy platforms that provide access to free courses and skills programmes, over 1 million people will be able to access the skills to future-proof the UK's workforce and unlock their potential.

By working with the Government, educators and across industries, collectively we can enable workers across the UK to upskill and take advantage of current global economic shifts to improve our productivity.

At Santander we will play a full and active part in helping people to upskill, as we believe that education is vital to the success of countries and their people.

Mike Regnier
Chief Executive Officer
Santander UK plc



FOREWORD

Work should be something you enjoy, that gives you fulfilment. It should also provide an environment that allows you to develop and thrive. And as new technology or working practices are adopted you should be offered the opportunity to move with the times.

For too many people this isn't happening. The working world is leaving them behind.

Why?

First of all, society does not properly value on-the-job training. A problem I think starts in schools.

Vocational qualifications do not have the same parity of esteem as purely academic subjects. This is wrong. Everyone learns in different ways. What you achieve in a work or vocational setting should be given, at the very least, equal weight to what is attained in a classroom or lecture theatre. And yet still we value the academic over the practical when we talk about who is and isn't clever.

This is then compounded when we go into full time work. I think there is an assumption that our education is done when we leave school, college or university.

Apart from the basic training you need to start in a new role or the obvious professional qualifications that some jobs require you to do, most work training can feel like a box ticking exercise to keep the bosses or legislators happy. It's generally not viewed as something that is going to bring genuine career development or job progression.

This needs to change.

In my two decades as a business journalist, I have visited over a thousand workplaces across the UK. The organisations that do well are the ones who take a proactive approach to training and development. The results are clear to see: the staff are happier; the productivity is higher and the employee turnover is lower.

But not all workplaces can afford to offer this. And this is where the further education sector needs to be given more support to help the needs of the local economy.

A funding drought has meant many of the evening classes people might have done at their local college have disappeared. So where do people go when they want to reskill or upskill? Job centres are where people turn to when they have lost their job, but there is very little support to stop them reaching that point. And, as discussed in this report, there are lots of barriers to higher education too.

There is an obvious gap that needs to be filled and I think if it is to be meaningful and affordable it needs to a collaboration between all stakeholders.

A recent study by the Work Foundation found that 7 million people in the UK are in insecure jobs. That's a lot of people who need help now.

And as this report shows, most people do want to access educational opportunities while in work, with more than 4 out of 5 people saying it's important for adults to have access to professional skills training throughout their lives for all kinds of reasons.

Careers advice needs to be part of that too. As things stand schools do little to prepare you for the world of work.

There are government plans to improve this. It needs to happen now.

Everyone should have access to careers advice throughout their life; a means to help you regularly evaluate your skills based on your education, work and life experiences, along with guidance on what sectors or jobs they're transferable to. And also identify what additional skills, in areas like sustainability and digital, that you might need to get your head round to stay relevant in the jobs market.

I encounter far too many people who feel stuck because they have no idea what other jobs their skills would be useful in. And why would they know? No one could ever be expected to understand all the different roles out there. Surely AI could help us out on that too?

As the needs of the economy change, so too should our attitude to learning. We should think of education as lifelong. AI, the move to Net Zero and the changing attitudes to work mean that we all need to adapt. But workers can't do that on their own.

Steph McGovern
Journalist and television presenter



Key findings

- 69% of workers think they will stay in the same field for the rest of their career and 72% of workers think that their job will still exist in 10 years' time.
- 58% of UK workers recognise that they will need training to adapt to their role in the future.
- 86% of respondents think it is important for adults to have access to professional skills training throughout their lives.

INTRODUCTION

Since the global financial crisis, the UK economy has experienced significantly slower productivity growth than comparable countries¹. The United States produces 28% more value added per hour than the UK – and the French and Germans are 13% and 14%, respectively, more productive than their British counterparts².

UK policymakers have long grappled with the country's low productivity, which is commonly attributed to lower levels of investment in infrastructure. The London School of Economics attributes it to a failure to invest properly in education and skills, despite having a world-class education system.

With the new Labour government looking to drive economic growth, a continued focus on investing in skills to improve productivity will be vital. Historically, the issue with skills and education in the UK has been that people broadly diverge at 16 between work and university, with very few pursuing further education to below university level.

This is not a new concept – having a world class skills system has been a holy grail for governments for decades, with previous administrations fixated on T levels, Technical Excellence Colleges and the Lifelong Learning Entitlement. But none of these have quite cracked the nut of further education outside of universities. And the task facing UK policymakers is arguably now much greater given three significant societal shifts that are currently taking place.



¹ [What explains the UK's productivity problem? - The Productivity Institute](#)

² [Chronic under-investment has led to productivity slowdown in the UK \(lse.ac.uk\)](#)

All of these are having a major impact both on the UK economy and our workforce will need to respond to them. These shifts are:

1

Changing attitudes to the world of work amongst different generations, posing new challenges for managers and business leaders.

Younger generations have increasingly different approaches to work than older ones, particularly around the value in working from home. According to ONS data, around 40% of adults in 2023 worked from home, compared to just 4.7% in 2019 before the Covid-19 pandemic.³

2

The advent of a new technological wave driven by AI, which could have potentially far-reaching consequences for the UK economy.

Technological change has been a constant ever since the dawn of the digital revolution, but previous technological waves have largely augmented working practices. Artificial intelligence (AI) could potentially be much more disruptive. Goldman Sachs has suggested that AI could replace the equivalent of 300 million full-time jobs, but also lead to the creation of many new jobs, such as web designers and software developers.⁴

3

The transition to Net Zero is shifting from ambition to delivery, with tangible steps now being implemented to reach 2050 emissions reduction targets.

As with all global economies, the realities of net zero are now biting for the UK economy as interim 2030 emissions reductions targets approach. If the country is to meet its climate transition goals, significant changes need to happen urgently. This shift will require a significant reallocation of labour in the UK across multiple sectors. According to research by McKinsey, the global transition could result in a gain of about 200 million jobs and a loss of about 185 million direct and indirect jobs globally by 2050,⁵ and 40% of the current global workforce is dependent on a stable, healthy environment and sustainable use of natural resources and ecosystem services.⁶

³ Characteristics of homeworkers, Great Britain - Office for National Statistics (ons.gov.uk)

⁴ Generative AI could raise global GDP by 7% | Goldman Sachs

⁵ The net-zero transition: Its cost and benefits | Sustainability | McKinsey & Company

⁶ PAGE Proposal Template (un-page.org)

Later on, we set out how each of these societal shifts demonstrates public perceptions of how the world of work is changing, barriers to adapting to these shifts, and what governments and businesses can do to upskill workers in each of these areas.

Employees are spending 20% less time on training than they were a decade ago. This begs the question: how will the UK turn around its stagnant productivity when few workers are taking opportunities to upskill? Lack of action will only make things worse and leave the UK at risk of falling behind.⁷

The UK Government has already put plans in place to bolster the country's skills system and address the productivity gap. A new body, Skills England, was launched to meet the skills needs of the next decade. A National Skills Strategy will underpin its work, alongside a reformed Growth and Skills Levy. Scotland, Wales and Northern Ireland all have equivalent strategies to set frameworks for the development of skills. For older people already in work, the UK Government has introduced a lifelong learning entitlement but given that this will be loan-based, there are major questions over take-up. A recent decrease in mature applicants to universities also supports the view that few people will be unwilling to pay for their own studies.

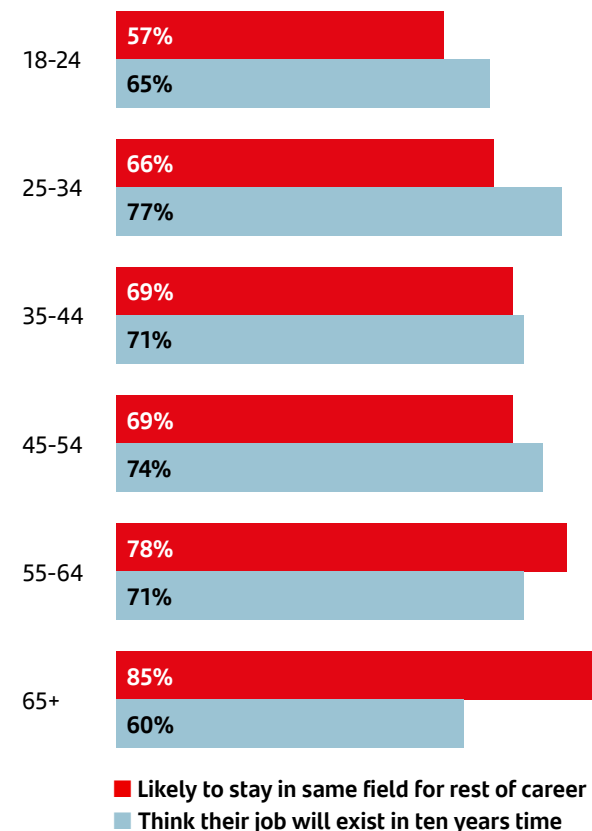
To truly improve the country's productivity, the Government needs to ensure its skills strategy is accessible and focused on upskilling the UK workforce to respond to the societal shifts we've identified, prioritising leadership, green and digital skills. In short, we need to reconnect skills provision to the country's economic needs.

The Government has already signalled that the key skills for the future will be green and digital through Skills England. Focusing our skills provision on these three areas presents greater economic opportunities than just improving productivity. Economic shifts create significant opportunity for innovation and new technological advances. By harnessing these shifts through investment in skills, the UK can lead the way in global economic trends, for instance hydrogen production and new cloud technology. Research by Oxford Analytics and Energy UK shows that an accelerated transition to net zero could boost the UK's economy by £240 billion in 2050, more than current trajectories and equivalent to the UK's entire manufacturing sector.⁸ The UK workforce will need to upskill to embrace these value creation opportunities and stay ahead of the curve in a changing world. If we fail to do this, we risk being left behind.

The scale of the challenge is enormous: six in 10 workers will require training to adapt to economic shifts before 2027, but only five in 10 are seen to have access to adequate training opportunities today.⁹ Change is happening. Are UK workers prepared for the changes to come in the world of work? And how can governments take advantage of these shifts to upskill the workforce and tackle our chronic productivity problem?

We polled 3,000 adults across the UK to answer these questions and to look at the support that workers in the UK need from businesses and the Government to boost productivity.

Our research shows that as things stand, the UK workforce is unaware of how the societal shifts we identified could impact their roles. In fact, 69% of workers think they will stay in the same field for the rest of their career and 72% think that their job will still exist in 10 years. However, 58% of UK workers do recognise that they will need training to adapt to their role in the future.



⁷ Employers spending a fifth less on employee training than a decade ago | New Economics Foundation

⁸ Net Zero is an economic opportunity - Energy UK (energy-uk.org.uk)

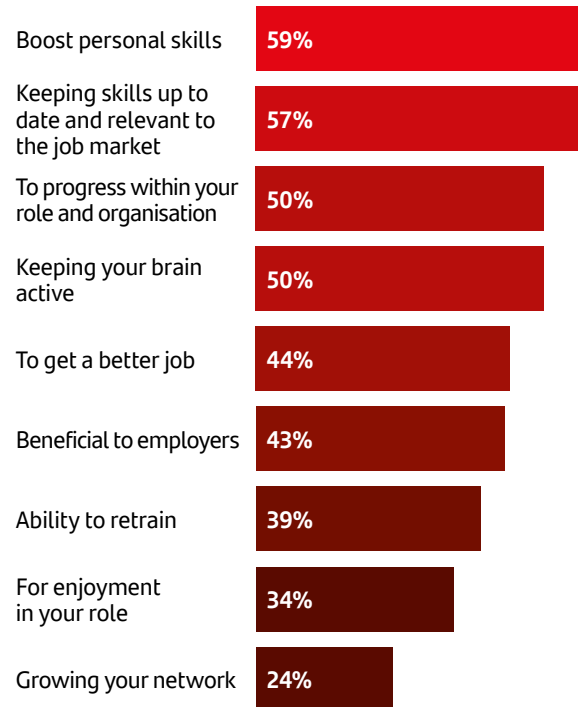
⁹ The Future of Jobs Report 2023 | World Economic Forum (weforum.org)

Given the profound impacts these shifts will have on the UK economy, we need to act urgently to incentivise and enable the workforce to respond to changes in our economy and society. A world-class skills system is key to achieving this, and ultimately for Britain's success and productivity. Only by having new skilled talent entering the workforce will businesses thrive and prosper.

Our world-leading higher education system is a recognised way of preparing the UK public for the future of work, but it is often not realistic for workers to return to higher education once they join the workforce. This is for a number of reasons: cost, time and lack of flexibility to fit learning around their jobs or family lives. The proportion of young people going to university has also fallen consistently over recent years, again reiterating the need for a skills system that reaches beyond full-time education.

Many people want to access educational opportunities while in work. In fact, our research has shown that 86% of respondents think it is important for adults to have access to professional skills training throughout their lives. The main benefits of this are seen to be:

The main benefits to having access to professional skills and training throughout adulthood



It is vital that businesses and government work together to support people in work with training and skills development to respond to our changing economy and to boost productivity. This has worked in other countries. In Germany, the Mittelstand model ensures that employers are closely involved in updating training provision so they prepare workers for new challenges, particularly in the digital space. By doing similar things, we can only benefit from helping equip people with the skills that are critical to the future of the economy.

In this paper, we set out each of the three societal shifts we've identified to demonstrate public perceptions of how the world of work is changing, barriers to adapting to these shifts, and what governments and businesses can do to upskill workers in each of these areas.



Key findings

- When asked whether new ways of working post-Covid were positive for the UK economy, 65% of 25–34-year-olds and 56% of 35–44-year-olds agreed. This compares to just 27% of 55–64-year-olds.
- Only one in eight UK workers are willing to commute more than an hour for their current job.
- Our research found that there was no real consensus around any particular number of days a week in the office as the ideal working week.
- Half of UK workers (50%) feel the most important quality of a leader is to empower others, and a similar proportion (46%) say that inspiring others is important.
- Most respondents said that the primary thing they want is a job that interests them. All generations ranked this above one which provides flexibility or the best salary.

SHIFT 1:

Changing attitudes to the world of work amongst different generations, posing new challenges for managers and business leaders

Changing attitudes to the world of work amongst different demographics have been widely documented in the UK media recently, not least the supposed preferences and attitudes of younger generations, particularly Gen Z – those born between 1997 and 2012. This shift in attitudes is creating new challenges for business managers and leaders, who will need to employ careful strategies to motivate, retain and attract the best talent into their businesses.

Changing attitudes towards working from home

Since the Covid-19 pandemic, the most remarkable manifestation of changing attitudes to work has been the palpable shift in the number of UK workers now working from home, at least part of the week. According to ONS data, around 40% of adults in 2023 worked from home, compared to just 4.7% in 2019.¹⁰

ONS data also highlights something of a generational divide in uptake of working from home. Working from home is slightly higher amongst younger generations, although more amongst Millennials rather than Gen Z. In 2023, 52% of 35–44-year-olds and 47% of 25–34-year-olds either worked fully remote or on a hybrid basis. By comparison, this falls to 38% amongst 55–64-year-olds.

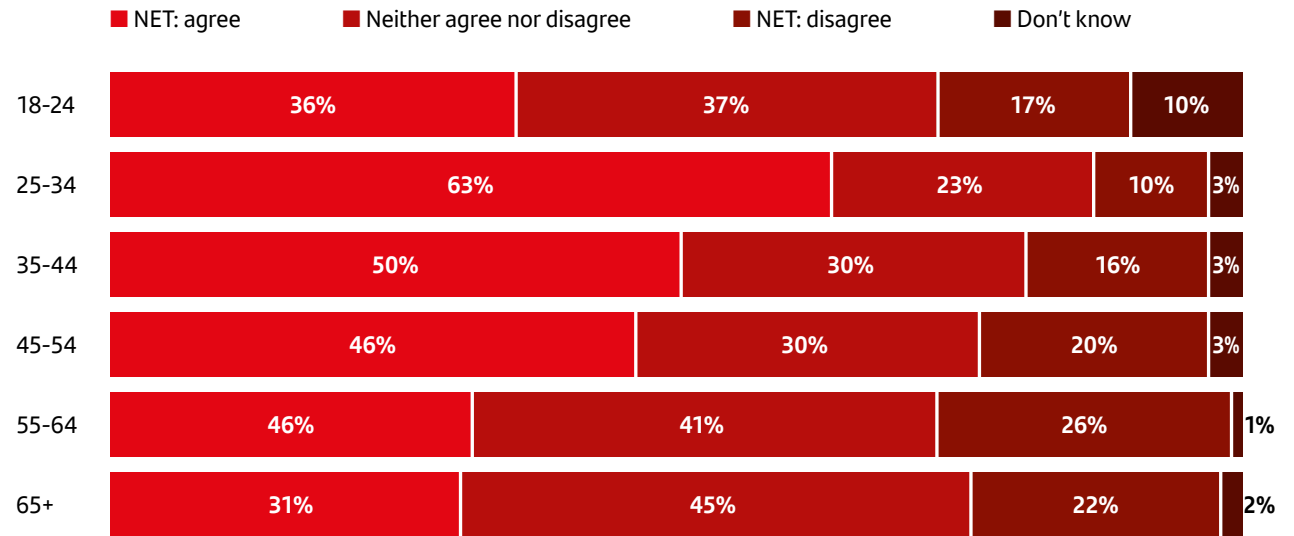
Our own research supports this, finding that it is younger generations that generally view home working more favourably both for themselves and the economy. When asked whether new ways of working post-Covid were positive for the UK economy, 65% of 25–34-year-olds and 56% of 35–44-year-olds agreed. This compares to just 27% of 55–64-year-olds.

¹⁰ Characteristics of homeworkers, Great Britain – Office for National Statistics (ons.gov.uk)

Younger generations also tended to believe that working from home improved both their work-life balance and their productivity. As with the ONS data on actual work from home adoption, the highest levels of agreement were found amongst Millennials, i.e. those in their late 20s or 30s. This is perhaps in part explained by the fact that many in this bracket are likely to have recently started families or bought homes. According to the ONS, the average age for mothers is now 30.9 (33.7 for fathers), and the average first-time home buyer is now 34. Another factor potentially driving attitudes to home working is that first-time buyers are compromising on where they buy, and as a result are now living further away from their nominal place of work. Only one in eight UK workers are willing to commute more than an hour for their current job according to our latest research, whilst Santander research from earlier this year into first-time buyers found that 77% of people would be willing to compromise on proximity to work to buy their first home. Being further away from work may contribute to a more positive view on working from home, at least some of the week.



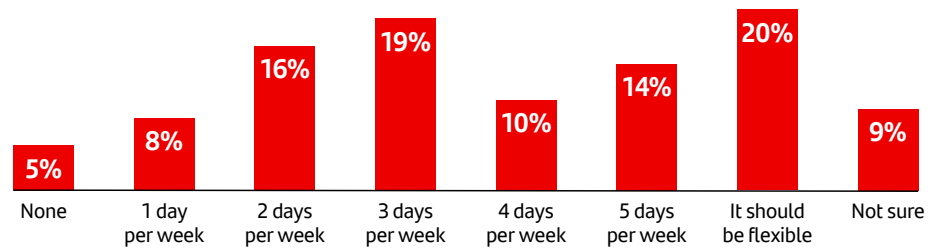
Q: To what extent do you agree, or disagree, with the following statement:
My Work-life balance is better now that it was before the pandemic



Yet while younger generations are, on balance, more positive about working from home, the challenge for managers and leaders is how to balance this with a preference for teams to work together, which is vital for collaboration and the development of a positive company culture. Moreover, many younger workers value the benefits of office working for different reasons, such as mental health or because of limited workspace at home.

What makes it harder still for managers is that there seems to be little to no agreement on what the 'ideal' working week should be. Our research found that there was no real consensus around any particular number of days a week in the office as the ideal working week.

Q: Assuming a regular five day working week. How many days per week do you think office workers should go to work in person? This is assuming they are working at home/remote the rest of the week



Case study *Liza*

Liza is 51 and works as head of recruitment at a social enterprise. She feels that ways of working have drastically changed since the pandemic.

Liza feels that it's far harder to create a team environment since the pandemic, as she and her colleagues work from home 4 days a week. She says it's harder to be a manager now as it's more difficult to offer support than when they were in the office everyday.

However, Liza feels more productive when working from home. She doesn't face distractions like she does in the office and can work longer when needed, as she doesn't face a lengthy commute.

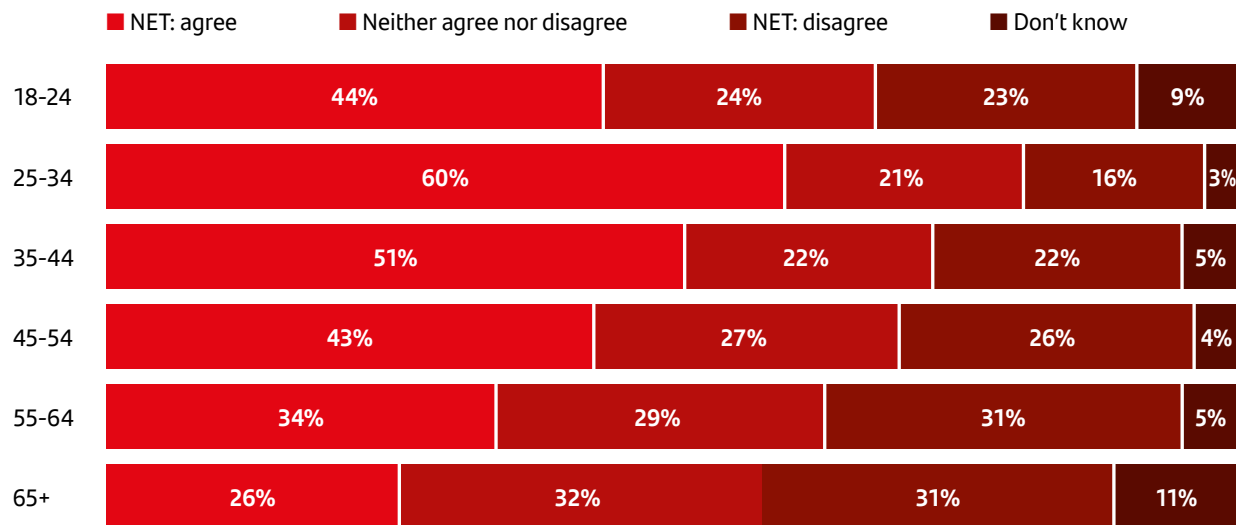
Liza says she's fortunate to work for a company that offers lots of learning opportunities. Liza frequently chooses to take up training courses and believes it is incredibly valuable to have access to continuous learning, it helps boost her personal skills and has helped her progress throughout her career. Liza claims she is a better manager as a result of her training as she feels she can better understand her staff and their needs.



What do people want from their managers and leaders?

Our research found that younger generations said that their leaders and managers had a greater impact on their performance at work. Perhaps unsurprisingly, older, more established workers who had done the 'hard yards' so to speak, said they had less of an impact. Interestingly, we also found that younger workers felt it was more important that their manager was aware of what was going on in their personal lives.

Q: To what extent do you agree, or disagree, with the following statement:
It is important to me that my line manager is aware of my personal life



When it comes to expectations of the types of approach managers should employ though, this was fairly consistent across age groups, with 40% of UK workers most valuing a manager who does not micromanage. Other valued qualities are managers who allow their colleagues to work flexibly (39%), empowers others to make their own decisions (37%), gives others responsibility (30%) and provides regular and constructive feedback (29%).

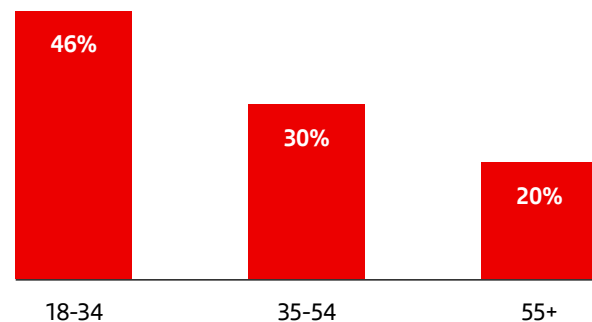
There were similar levels of agreement on what qualities business leaders should have. Half of UK workers feel the most important quality of a leader is to empower others, and a similar proportion (46%) say that inspiring others is important. These are followed by interpersonal skills (42%), collaborating with all parts of the business (35%), being across the detail of the business (21%), a voice of the company (19%), and public speaking (16%).



What do people want from work more broadly?

Most respondents said that the primary thing they want is a job that interests them. All generations ranked this above one that provides flexibility or the best salary. Contrary to common stereotypes that Gen Z are less interested in money and that people lose interest later in their career, our research found that older generations were even more likely to prioritise this, perhaps because they have already had long careers and may have achieved relative financial security. The only area we found a clear difference amongst younger generations was on career progression, where unsurprisingly younger people had a preference for jobs which will give them good career progression.

Q: when looking for a job, which of the following attributes, if any, do you consider to be the most important... The job that gives good career progression



Better management is key to achieving better productivity

Ultimately the UK's patchy approach to upskilling managers is a problem for the wider economy – and has been for decades. According to recent research from the Chartered Management Institute (CMI) as many as 82% of UK managers are being promoted into their role without formal training and many people in the UK are going into management roles without the required skills. This is leading to "reduced productivity, hindered growth plans and diminished staff morale and well-being".

Our research found there are barriers to managers acquiring new skills, with over a fifth (21%) lacking personal interest in this area, followed by a similar proportion (20%) who cite the cost or budget constraints as barriers. Others include lack of incentive/recognition (18%), competing priorities (17%) and not having the time/not being allowed the time (15%).

Focusing on the necessary skills and qualities of leadership and management is even more important given the changing attitudes of younger workers. Managers will need to be able to motivate and lead diverse teams and better training will help to unlock better outcomes for individual businesses and for the economy. Whilst nearly two-fifths believe the government should fund training opportunities to help upskill managers and leaders, the primary driver of change in this area clearly lies with businesses themselves.

Case study **JAMES**

James is a 52-year-old production manager in a leadership position without any formal leadership training.

James rarely takes up learning opportunities as his employer doesn't provide any tools to help him and his colleagues access training. Outside of his workplace, he doesn't know where to look to find the right training course or relevant information.

James believes it's now more important than ever to be accessing learning opportunities throughout his career as the world faces constant skill shifts, for example digital skills. He says that skills are essential to keeping up with the job market and accessing better job opportunities. James would be encouraged to take up more learning opportunities if he knew potential employers would be interested.

James has progressed throughout his career and is now in a leadership role but hasn't had any formal training to get there. James believes having the right skills and training would have a positive impact on his salary. If he had access to the relevant training and skills, he thinks he would have been in his role a lot sooner in his career and that his career would have progressed far quicker.



Key findings

- 56% of the respondents feel worried about the world becoming more digital, and this figure rises to 74% among 55s and over.
- A large majority (87%) believe AI will have a significant impact on society in the future, but three-fifths (61%) think it will be impactful on their jobs.
- Over half (54%) of workers have used AI at some point in the workplace, but 1 in 10 workers use AI daily in the same setting.
- Despite concerns about the impact of AI, 63% of workers recognise that they will need training to be equipped with new technology as part of their jobs.

SHIFT 2:

The advent of a new technological wave driven by AI, which could have potentially far-reaching consequences for the UK economy

Technological change has had a constant impact on working practices in recent decades, but the dawn of AI has led many to predict that this latest wave of technological change will be the most impactful yet. A recent report by Goldman Sachs claims that AI could replace the equivalent of 300 million full-time jobs¹¹ suggesting it could be the most disruptive technological development we have ever seen.

68% of large companies in the UK have now incorporated at least one AI technology and over a quarter of finance firms have adopted AI to some extent. Subsequently, AI is already making a significant contribution to the UK economy: in 2022, AI contributed £3.7bn to the economy and the current market is worth more than £16.8bn, and is expected to grow to £801.6bn by 2035.¹²

For the moment though, adoption has primarily focused on integrating generative AI models, such as chatbots, and virtual assistants like Siri and Alexa, which have a place in one in five UK homes.¹³ More recently, expectations around the scale of potential change have surged, following the recent proliferation of large-language models (LLMs) such as ChatGPT, which will potentially have a much wider range of commercial implications.

Understandably though, many are nervous about what this next wave of change could look like. In research conducted by Forbes, 59% of the British public said they were concerned about the use of AI, particularly regarding over-dependency on the technology as well as job displacement and impact on employment. In fact, 66% of UK adults think it is likely that AI will increase unemployment.¹⁴

Yet according to a report by Deloitte, the benefits of harnessing AI are expected to be improved efficiency and productivity among employees, reduced operations costs and increased innovation and growth.

To truly integrate this new technology and reap the benefits of this new technological shift, it is vital that businesses and the government work together to take advantage of the opportunities these new technologies will offer whilst also identifying and mitigating concerns.

¹¹ www.goldmansachs.com

¹² www.forbes.com

¹³ www.gov.uk

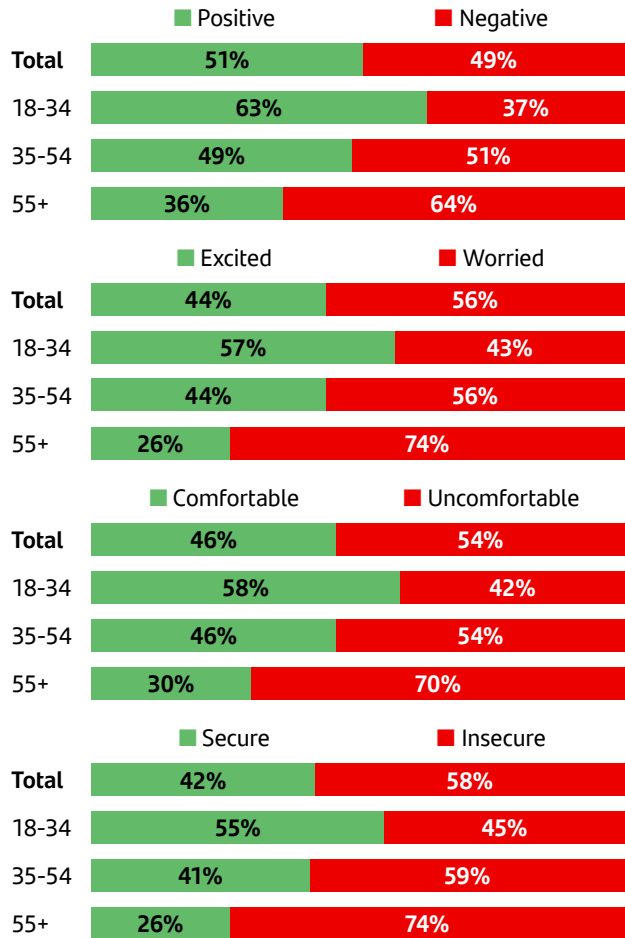
¹⁴ www2.datainnovation.org

¹⁵ [State of Generative AI in the Enterprise 2024](#)

Attitudes to AI differ across generations

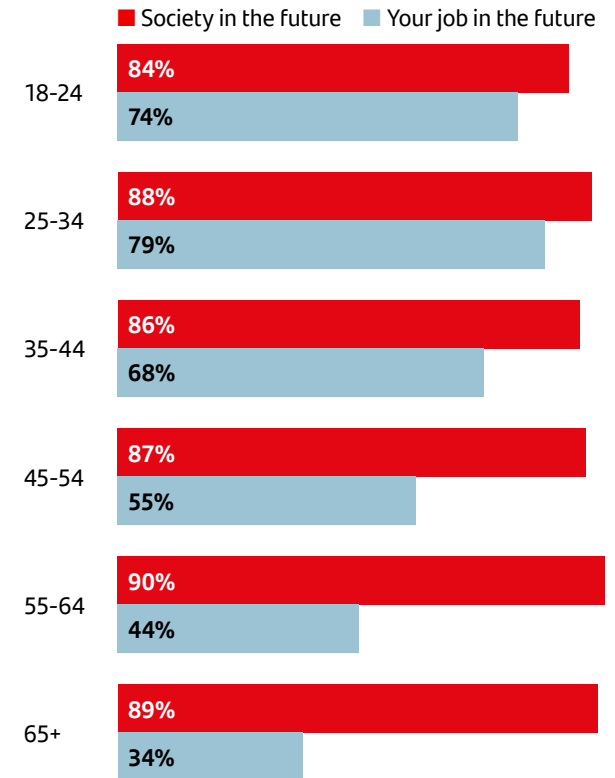
Our research found that younger generations are most optimistic when it comes to the potential impact of new digital technologies such as AI. Only 36% of over 55-year-olds feel positive towards the world becoming more digital, whilst 64% feel negative. By comparison, 18–34-year-olds are far more receptive towards the digital world: two-thirds are positive (63%) while only a third are negative (37%).

Q: Considering the growing use of AI, amongst other technologies, how do you feel towards the world becoming more digital?



87% of respondents believe AI will have a high impact on society but when it comes to impact on employment, expectations change: 61% believe AI will have a significant impact on their job in the future. However when split by age, a third (34%) of 55-year-olds and over believe AI will have no impact whatsoever on their job in the future – though this could be because they are closer to retirement age.

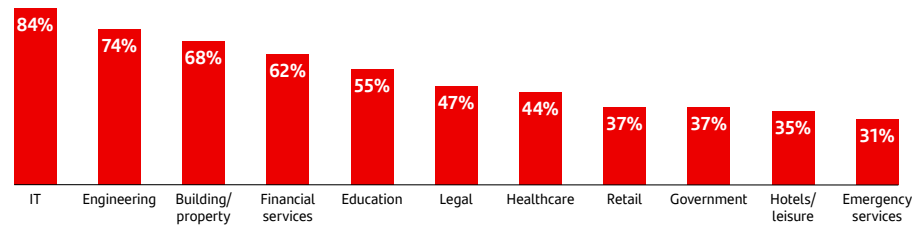
% saying they think AI will have a high impact on the following:



Only 19% of workers aged 55 and over think their job could be replaced by AI in the future, whereas among workers aged 18-34, this figure more than doubles to 47%.

When ChatGPT launched in November 2022, it only took 5 days for the platform to reach one-million users.¹⁶ It now has 200 million monthly active users worldwide. 13% of UK residents are currently using large-language model (LLM) based chatbots regularly.¹⁷ In the workplace, our research shows that one in ten UK workers are using AI daily, but less than a third (29%) of workers aged 55 and over have ever used AI tools such as ChatGPT in the workplace. Three quarters (72%) of workers aged between 18-34 have experience with AI tools in the same setting.

% Used AI at the workplace – split by industry



Embrace, adapt, but manage concerns

For businesses to embrace AI and use it to its full potential and increase productivity, they need a workforce equipped with skills to utilise the newest technology. A report by PWC says that sectors that are exposed to AI are experiencing nearly 5 times higher growth in labour productivity.¹⁸ PWC's 2024 Global CEO Survey shows a majority of CEOs whose companies have begun to adopt AI believe it will increase efficiency in their employees' time at work.¹⁹

Despite some concerns, particularly among older groups, there is a large willingness to adapt to future changes. As technology advances, 63% of workers recognise that they will need training to be equipped with new technology as part of their jobs, suggesting they are receptive to further technological developments. Almost half (45%) believe businesses should be embracing AI to increase productivity.

However, not all employees are able to acquire the digital skills needed to keep up with technological developments. In fact, 28% cite cost or budget constraints within their organisation as a barrier to upgrading their technological skills, 20% claim a lack of awareness or knowledge as another barrier.

When asked how the Government should encourage people to upskill in this area, over two-fifths of the public said subsidising courses or giving grants to help people access technology training courses would be beneficial. Providing more training courses and raising awareness of such courses would encourage people to upskill.

Both Government and businesses have a role to play in helping people to upskill. If more employees gain digital skills, the UK will be more prepared for the next digital shift and will not be a step behind other nations.

¹⁸ <https://www.pwc.com/gx/en/issues/artificial-intelligence/ai-jobs-barometer>

¹⁹ Ibid

Case study **KAREN**

Karen is a 54-year-old accountant who is well-equipped with the latest technologies, but is worried about the latest digital shift, AI.

Karen has been an accountant for 25 years and has adapted to several digital shifts in her career. Despite being apprehensive about her workplace becoming digital 10-15 years ago, she has come on a massive journey to now harness its benefits. However, she feels she has gone back to square one of that journey, this time with AI.

Karen feels worried about the impact AI might have at her workplace. She works with numerical information and her employer has started to talk about introducing AI to the workplace. Though Karen can see some benefits of AI, she is worried that AI could replace her in the future. Although she would be happy to work alongside AI, ultimately, she has a mistrust towards it and would want to make sure it is accurate.

As technology advances, Karen feels that she needs training to be equipped with new technology as part of her job, so she can harness AI to its advantage, otherwise she feels she might be left behind. She believes AI could help her be more productive, particularly with time-consuming tasks, giving her more time in her workday.

Though her employer offers opportunities to upskill, Karen does not have the time to take on these learning opportunities. She doesn't see an incentive to spend time on training courses unless there is a direct link to her job or, it will help with career progression.



Key findings

- 73% of respondents think climate change will have an impact on their future. This rises to 81% between the ages of 25 and 34.
- To tackle this, the UK public is taking personal action with 63% reusing and recycling, 53% reducing food waste and 49% using less energy.
- Despite this concern about the threat of climate change on their lives, people do not associate this with their work. Only 35% of workers claim that climate change currently has an impact on their jobs.
- When asked if climate change will have an impact on their job in the future, less than half (48%) of workers responded that they thought it would.

SHIFT 3:

The transition to Net Zero is shifting from ambition to delivery, with tangible steps now being implemented to reach 2050 emissions reduction targets

The shift to a low-carbon economy is not a new concept. The 2016 UN Paris Agreement provided international consensus and a legally binding framework to limit global temperature increase to 1.5° (with the Kyoto 1997 Protocol preceding this). The Paris Agreement set a 2030 interim emissions reduction target of 45% to reach net zero by 2050. As this interim target approaches, we're now seeing governments having to take significant steps to reduce emissions. Building a skilled workforce to support this is key.

There is also an economic opportunity in getting this right. A Morgan Stanley survey recently showed that 85% of companies making over £100m per annum think value creation is the key reason why businesses should pursue sustainability strategies.

This will have broader societal benefits: according to the Climate Change Committee, between 135,000 and 725,000 net new jobs could be created by 2030 in existing and emerging low-carbon sectors, such as renewable

energy generation, building construction and retrofit, and electric vehicle manufacturing.²⁰ Alongside these manufacturing jobs, we expect sustainability to become embedded in workforces across the economy through new business models and creative strategies that meet increasing regulatory and political demands to achieve the goals of the Paris Agreement.

A significant portion of the UK workforce will need to undergo skills training to enable this, particularly those who currently work in high-emitting sectors. We are already seeing large corporates and banks taking the lead on this. This will involve a mixture of technical skills, such as solar panel installation and battery operation, climate mitigation and resilience skills, such as pollution prevention, and soft, cross-sectoral skills, such as digital and data skills and communication. Because of these needs, green skills and jobs have been in the spotlight in recent years. The Green Jobs Taskforce was launched in 2020 to set the direction for the job market in transition to a high-skill, low carbon economy, but was concluded in 2021.²¹

²⁰A Net Zero workforce - Climate Change Committee

²¹Green Jobs Taskforce - GOV.UK

Despite such efforts, LinkedIn's annual Global Green Skills report from 2023 found that the UK is trailing several major economies when it comes to green skills, despite the Government's ambition to be a global leader in this space. According to their data, just one in eight of the UK workforce possesses skills such as sustainable design or climate action planning, which is only just above the EU average.²²

Ultimately, we need a transformation in the green skills landscape to plug the current gaps in our workforce and support the UK's shift to a low-carbon economy. This is essential to improving the rollout of low-carbon technology and to creating jobs in all parts of the UK. The House of Lords Environment Committee recently blamed lack of heat pump engineers for the poor rollout of the Boiler Upgrade Scheme.²³



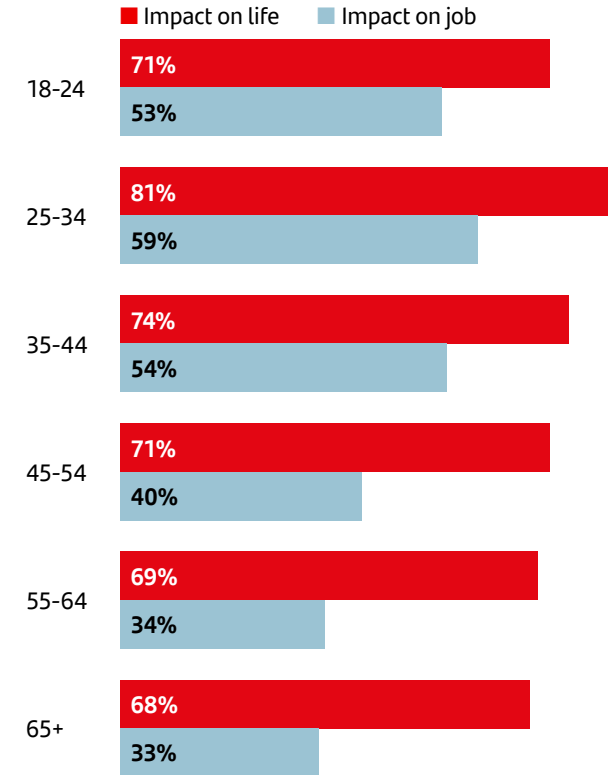
What do people think about climate change and its impact on their jobs?

For the most part, people across all age groups are worried about the threat of climate change and 73% of respondents think it will have an impact on their future. This rises to 81% of respondents between the ages of 25 and 34.

To tackle this, the UK public is taking personal action with 63% of respondents reusing and recycling, 53% reducing food waste and 49% using less energy. Interestingly, these metrics all track higher across those aged over 55, even though they are the age group least concerned about the threat of climate change.

Despite this concern about the threat of climate change on their lives, people do not associate this with their work. Only 35% of workers think that climate change currently has an impact on their jobs, although this does rise to 52% for workers aged between 25 and 34. This low number is surprising. According to research by Gallagher, half of UK businesses have reported being impacted by the effects of global warming.²⁴ Even when asked if climate change will have an impact on their job in the future, only 48% of workers responded that they thought it would.

% saying they think climate change will have a high impact on the following:



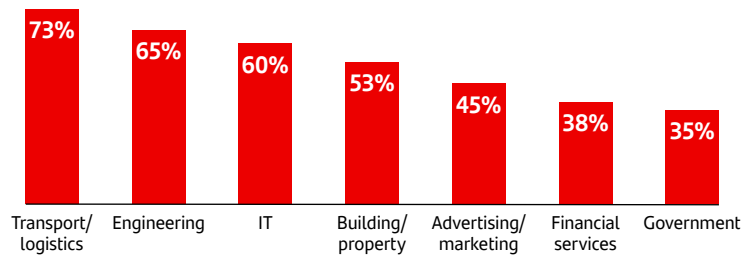
²² Global Green Skills Report 2023

²³ The Boiler Upgrade Scheme is failing to deliver, says Lords committee

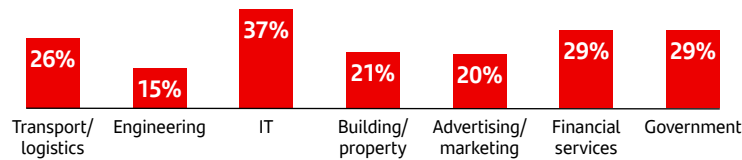
²⁴ Half of UK businesses already impacted by climate change | Gallagher UK

Understanding the impact of a shift towards a low carbon economy on jobs varies between sectors. In sectors related to manufacturing and production, such as transport and logistics, awareness of how climate change will impact jobs is high, but this is significantly lower in the services sector and the government. This will mainly be due to the clearer path set out for manufacturing sectors, for example electrifying transport, than in the services economy.

% saying they think climate change will have a high impact on their job in the future – split by industry

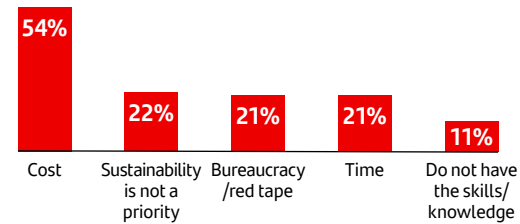


% saying their company has taken measures to make itself more sustainable – split by industry



When asked if their company has already taken measures to become more sustainable, awareness among the workforce was also low, with less than a third of workers confident that they know what their company is doing to cut its carbon emissions. Interestingly, where awareness of the future impact of climate change on their industry (for example engineering and transport) is highest, people are least confident about what their company is currently doing. In the engineering sector 15% of workers say that the company they work for has tried to become more sustainable, and in transport and logistics it's 26%.

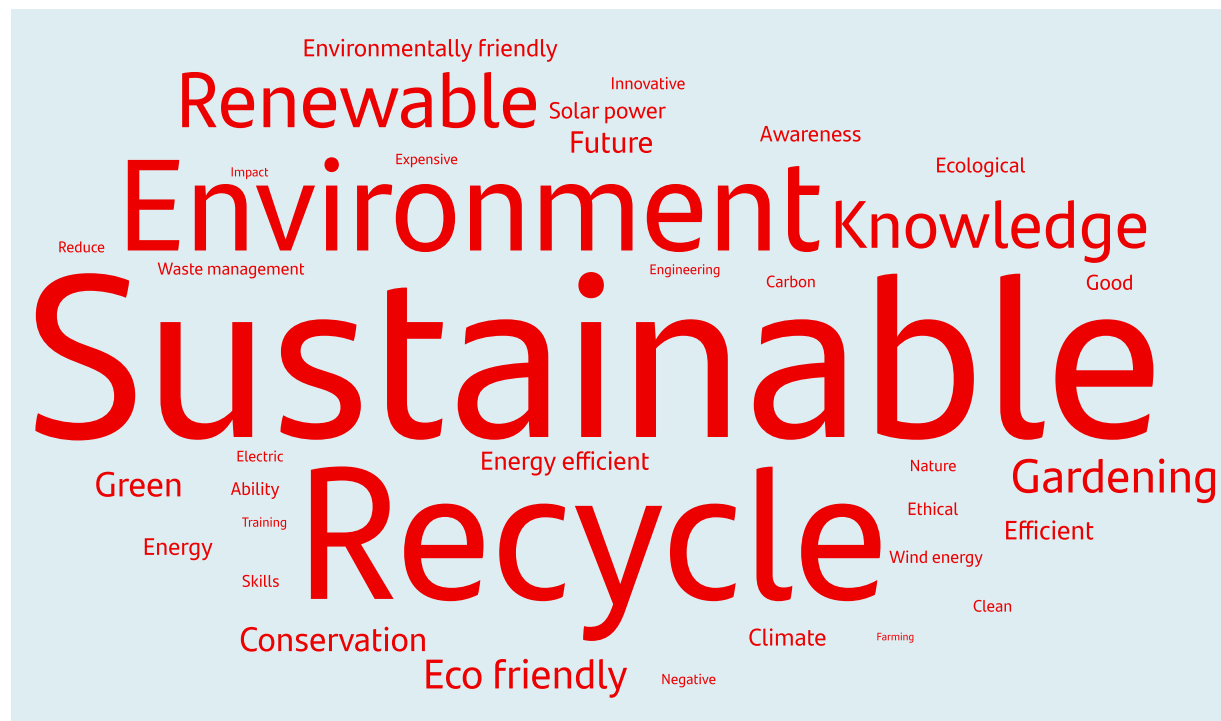
Q: What barriers, if any, do you think the company you work for faces from being more sustainable?



Demand for green skills

Our data suggests that one of the reasons for the lack of public awareness about the impact of climate change on the world of work appears to be a low understanding of how businesses will transition to net zero, and therefore the skills that people need to develop to support this.

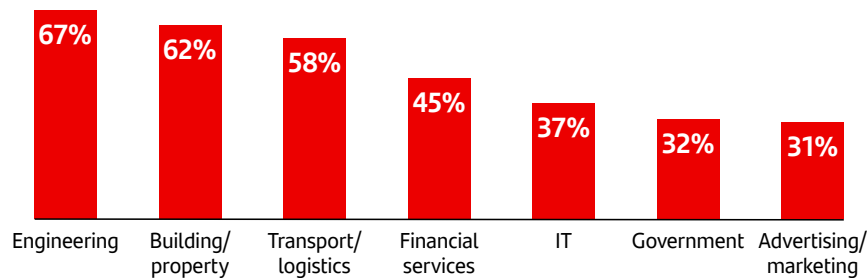
Research carried out by The Prince's Trust and Public First has found that only 27% of all young people have heard the term 'green jobs' and could explain what this means.²⁵ This comes through in our data: when asked what words they associate with green skills the most popular responses were "climate", "efficiency", "recycling" and even "gardening".



However, LinkedIn data reveals that the skills profile for the average job changed 24% between 2015 and 2022 — and that green skills are increasingly among the newly added skill requirements.²⁶

Despite this, less than half of the people we surveyed think a green skills course would be beneficial for their career. Again, this rises among sectors where the path to decarbonisation is clearer, for example engineering, but is lower in sectors where the sustainability challenge is less tangible on a day-to-day basis.

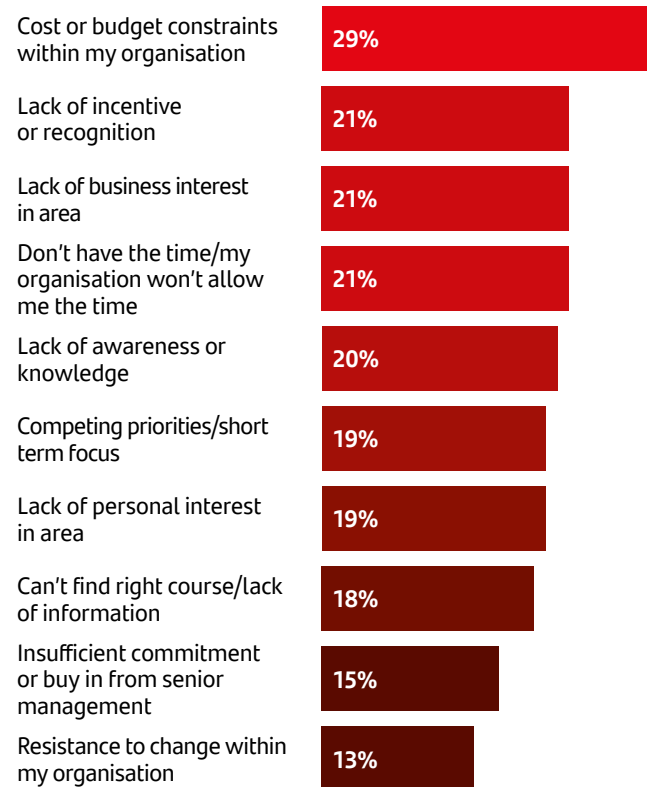
% saying they think a green skills course would help them in their career – split by industry



This poses a risk to sectors such as financial services and the public sector, where jobs from product designers to procurement leads will require green skills to be performed more sustainably in the future and reach emissions reductions targets.

There are several other barriers identified to developing green skills, which also need to be overcome to support the rollout of a more sustainable workforce.

Q: What do you think the barriers are to upskilling your green skills, if any?



²⁶ Global Green Skills Report 2023



What does the Government need to do?

Awareness and perceptions of what green skills are and how to build them needs to be raised, or there is a risk that we will not have the right skillset to support the UK's transition to net zero and unlock green growth. Getting this right is an essential part of moving from ambition to delivery, meeting our net zero targets and reaping the economic benefits of developing low carbon solutions and technology.

People feel that the Government is well placed to lead the charge on this. In fact, 71% of respondents think the Government should be doing more to support businesses with sustainable practices, including upskilling their staff. There is no clear consensus on what this support should be, but the most popular options were funding and grants for courses (43%), providing training courses (38%) and raising awareness and advertising courses (37%).

Government support for green skills is already taking place in other countries. The US Inflation Reduction Act, Canada's Sustainable Jobs Plan, and the European Union's Green Deal all allocate substantial funding to creating jobs that are fully or partially focused on reaching net zero. In the six months immediately following the passage of the Inflation Reduction Act, the climate nonprofit Climate Power estimates, US employers created 100,000 clean energy jobs.²⁷

To do this, we support the recommendation of the Green Jobs Taskforce for the Government to establish a UK-wide body to ensure momentum and coherence in the development of green skills among the workforce. Leadership from Whitehall on this will fundamentally change the way the UK works, and should be driven by a cross-Government strategy to reach net zero. This should show how each sector of the economy will transition and upskill, encouraging cross-sectoral projects and collaboration on skills, and working directly with local government, businesses and education providers on skills development.

There's also a role for businesses – 61% think banks should be doing more to support businesses with sustainable practices, and this rises to 72% among 25-34 year olds. That's why Santander UK is taking an active role in the green skills landscape. Our support ranges from providing our business clients with sustainability solutions, such as carbon accounting, to our new sustainability skills course, which will look to raise awareness of sustainability in the workforce and support the UK public to take the first step on its green skills journey.

²⁷ Clean Energy Boom 100K Report

Case study *HOLLY*

Holly is 26 years old and is doing an apprenticeship in business administration. Holly is very environmentally conscious and wants to upskill her green skills but doesn't know how.

Holly is very worried about climate change and knows it could have a significant impact on our lives in the future. She does her bit as an individual and participates in campaigning too. She understands her organisation is sustainable to an extent, but could do more. However, she feels sustainability is not a priority for her workplace or her colleagues. She thinks if there was more funding, her organisation would do more to tackle climate change.

Holly has a keen personal interest in green skills and believes it is important to have the knowledge and understanding of how to limit impact on the climate. She wants to be the go-to sustainability representative at work, but is aware she would need training to do that. She doesn't think her employer offers this but doesn't know where else to look for a course with green skills. She wishes the Government could help with funding courses and incentivise people like her employees to upgrade their green skills.



CONCLUSION

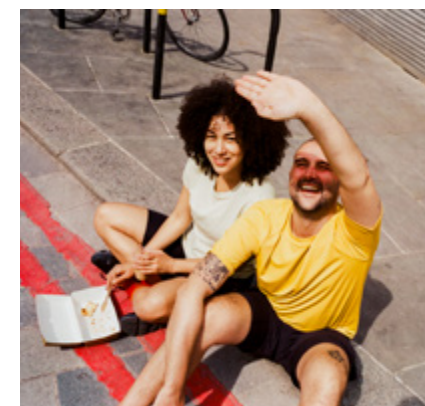
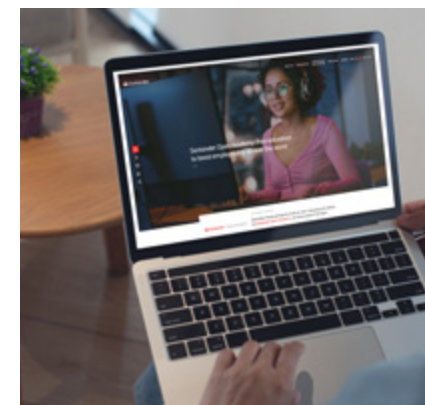
Whilst the UK's productivity challenges are not new, the challenges facing the economy at present are different in scale and complexion to anything faced in recent memory. Whilst the three shifts this paper identifies could have significant impacts for both the UK workforce and the economy, if harnessed correctly, they can help drive growth in the UK and improve levels of productivity.

Our research finds that UK employees are keen to adapt their skillsets and access new learning opportunities. Whilst there is a strong role for government in this, businesses also have a clear responsibility to raise levels of investment in training and skills. In fact, when asked who is most responsible for providing adult professional learning opportunities, our data showed that respondents think both Government (48%) and businesses (33%) have a role to play.

That's why at Santander we've recently invested significantly in Santander Open Academy, a digital learning platform that allows people across the UK access to on-demand training and skills led by experts in their field. The platform is open to everyone in the UK for free, not just Santander employees or customers. Responding to the shifts highlighted in this report, we're launching three new courses on Santander Open Academy on Leadership, Digital, and Net Zero skills. We've developed these free courses to fit into the schedules of working people. They're video-led, bitesize modules that will be updated regularly to reflect changes in technology and policy, so they'll always be featuring the most relevant content. We have built this in partnership with xUnlocked, a UK Edtech scale-up. The result is an intuitive and engaging learning environment that delivers genuinely impactful learning outcomes

However, our programme and others like it can only be effective if they work alongside a long-term strategy for skills set out by the government. The new Government has committed to ensuring that 3 million adults are supported to improve their skills in the next decade through its National Plan for Skills. This will focus on meeting the wider ambitions set out in the Industrial Strategy and the Green Prosperity Plan. Equivalent skills plans exist for the devolved nations, which are linked to their plans to drive economic growth.

To make sure this strategy is effective, the Government needs to identify national need and direction, enabling it to further tailor the offer and help individuals pick appropriate courses that hold more opportunities to meet future skills needs.



CONCLUSION continued

Labour's Industrial Strategy has four central missions: delivering clean power by 2030, caring for the future, harnessing data for public good and building a resilient economy. None of these can be achieved without improving the UK workforce's capabilities in the three areas laid out in our paper.

To achieve its goal of upskilling the workforce, the government has set up Skills England, a national body to support their National Plan for Skills. Our data shows that Skills England should co-ordinate and roll out digital, leadership and green skills courses, primarily focusing on providing:

- Funding and grants for courses
- A one-stop shop for courses across these three areas
- Formal recognition and qualifications
- Partnerships with educational institutions and businesses

To support the delivery of the Green Prosperity Plan, a Green Jobs Taskforce should be set up to report into Skills England. This body should work with the devolved nations to ensure these courses meet the needs of all areas of the UK.

For the National Plan for Skills to work, it needs to be a genuinely collaborative initiative between central and local government, businesses, training providers and unions. Productivity and skills gaps, and ultimately growth, in this country will only be addressed through a long-term plan equipping our workforce with the skills they need to respond to economic shifts. Businesses like Santander UK stand ready to play our part.

At Banco Santander, we believe that investment in the three pillars of education, employability, and entrepreneurship is fundamental for creating dynamic and competitive economies. This is clear from Tomorrow's Skills, a new report from Santander UK – investment in talent and skills helps economies to grow, with people and businesses prospering. By understanding our customer's perspectives on the skills they need we can better tailor our programmes and products to help them

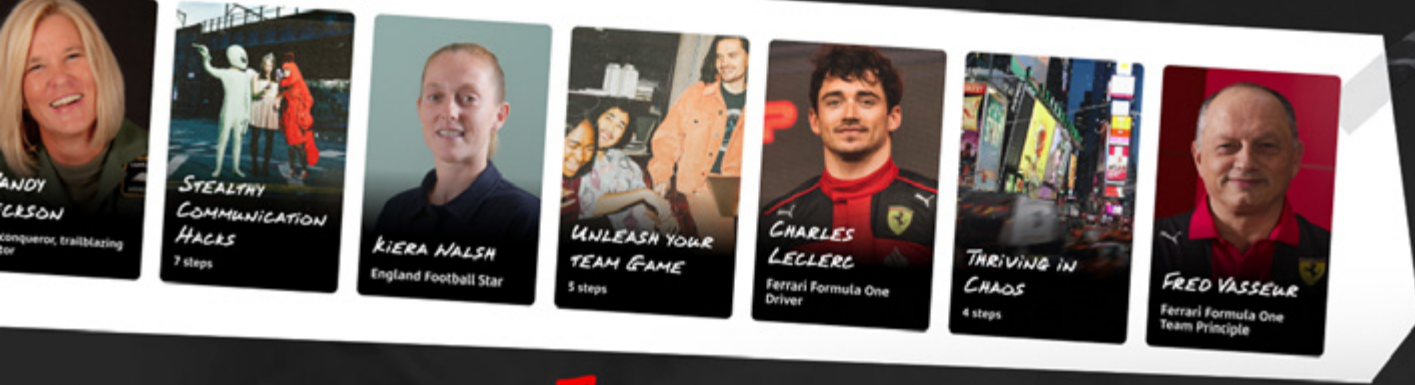
We are global leaders in this mission. Our commitment focuses on the three pillars: We help people choose a well-rounded education, professionals develop throughout their career, and entrepreneurs get the support they need to set up and grow a business.

Through this work, we focus our efforts on ensuring that people and businesses are able to face the big challenges on the horizon for the coming decades. Tomorrow's Skills clearly lays out what these challenges are for the UK economy, and I'm proud to say that our new courses reflect these global trends, upskilling people to make the most of the industries of the future.



Javier Rogla
Group Chief People and
Culture Office & Global Head of
Universities, Banco Santander





ANNEX

Research methodology

The research presented in this report was conducted by Opinium. Opinium carried out an online survey up to 20 minutes, which was conducted between 19 July and 5 August 2024. The survey was fielded online among 3,000 UK adults, excluding those who are fully retired.

Quotas were set to be nationally representative as based on the UK 2021 census, excluding those fully retired. The data was weighted on age, gender, region and working status.

Case studies are real members of the public that completed the initial survey. They gave consent to be contacted following the survey and had a 20-minute conversation with a member of the Santander UK Public Affairs team to form the case study, which they then approved.



NET ZERO

