



# A VERSATILE WORKFORCE:

HIGHLY SKILLED, HIGHLY TRAINED,  
HIGHLY PAID

OCT 2021

**IBN** | Independent  
Business  
Network

# Contents

01	<hr/> <b>The Independent Business Network</b>	<b>3</b>
02	<hr/> <b>Foreword: John Longworth</b>	<b>4</b>
03	<hr/> <b>Introduction</b>	<b>6</b>
04	<hr/> <b>The absence of an Industrial Strategy</b>	<b>7</b>
05	<hr/> <b>Modernising our Education System</b>	<b>9</b>
06	<hr/> <b>Reviving Manufacturing and the Skills Base</b>	<b>12</b>
07	<hr/> <b>Raising wages and creating jobs</b>	<b>14</b>
08	<hr/> <b>Conclusion and Recommendations</b>	<b>16</b>

# 1. The Independent Business Network

The Independent Business Network speaks for the overwhelming majority of the business community to seize the opportunities Brexit provides. As a business organisation we seek to ensure that following the Covid pandemic British businesses are able to grow and recover from the lockdown.

We believe that Brexit Britain should be pro-enterprise and work to break down the power of monopolies and their domineering influence on public policy and the regulatory landscape. We believe that family owned and family run businesses must have a greater voice in public policy.

The majority of businesses in the UK are family owned or family run. Including the self-employed they constitute 85 per cent of the private sector and they employ almost 55 per cent of all workers. These businesses are the backbone of our economy and we must ensure that following the pandemic they are allowed to flourish so that we can generate the wealth for the public services and investment we need.

The IBN works to ensure the best possible business environment for our supporters, through lobbying, research papers, articles in the press and via our social media. This research paper is a contribution to creating that environment.

When the government wants to speak to a constructive business voice the Independent Business Network is ready and eager to engage.

**Website:** [theibn.org.uk](http://theibn.org.uk)

**Twitter:** @InBusNet

**Facebook:** Independent Business Network

## 2. Foreword:

# John Longworth

Coronavirus has turbocharged the transformation of the world of work. A shift to remote working, the economic downturn, mixed with pre-existing changes to the UK economy means that the demands on the labour market are unprecedented. Preparing the next generation of school leavers, graduates and existing workers to compete effectively in the jobs market poses a unique challenge to policymakers and employers alike.

Increased use of sophisticated software has boosted the need for digital skills. Dissatisfaction with the relevance of higher education has driven demand for more tailored vocational skills. Alongside this, longer term trends are also having a significant effect. A report by Deloitte Access Economics predicts that by 2030 two-thirds of all jobs will be made up of soft-skill-intensive occupations.

To meet these requirements, the Government needs to re-examine the way it funds skills and training to ensure money flows to where it's needed and where it's most effective.

Introduced in 2017, the apprenticeship levy was intended to provide money to improve skills and training provision. However, according to the Chartered Institute of Personnel and Development and its chief executive Peter Cheese, the levy has hindered development opportunities due to the conditions imposed on it in terms of how apprenticeships are organised. Businesses need to be given the flexibility to decide whether apprenticeships are job-based, classroom-based, or both. Furthermore, to avoid confusion over which employees are eligible for the levy, the Government should specify that it can only be used to fund schemes for under 25s and introduce human tax credits for businesses to use for older employees. This would deduct the cost of training from their overall profits, and they would only pay tax on the adjusted amount; a major incentive for business to upskill their existing workforce.

As well as funding for businesses, the way funding is allocated to providers needs to change. Funding from the Adult Education Budget is skewed in FE Colleges' favour. Funding allocations need to be revised to ensure a greater link between quality of provision and teaching standards, ensuring only those providers who maintain high standards receive funding which may include in-house business training.

More work also needs to be done to communicate the advantages apprenticeships have to offer, particularly to young school leavers and their parents. A 2014 independent analysis by the Million Jobs campaign estimated that over a third of all graduates enjoyed lifetime earnings below those of the average higher apprentice. The fact that nearly half of those from post-1992 universities earned less than higher apprentices demonstrates that the obsession with a university education, started by the Blair government and continued ever since, was not necessarily the most prudent policy to follow.

Perceptions, however, fail to match up with this reality. The same study by the Million Jobs campaign found that school-leavers are more than twice as likely to associate university rather than an apprenticeship with providing a good long-term earnings potential and job prospects, while fewer than one in six say they are preferred over university by their parents and friends.

The Government also needs to commit to targeted investment in areas such as job creation schemes, accompanied by the Government's 'Lifetime Skills Guarantee', to fill the need across the country for skilled workers in areas such as engineering. Working with local authorities, this investment would help to fulfil the needs of individual areas, rather than simply creating jobs where they may not be needed. Such targeted investment would help both young people looking to get into the job market, and more experienced workers seeking to retrain, either while in employment or out of it.

Forecasters are positive of the UK's prospects for economic recovery over the next few years. KPMG's global economic outlook report from March this year estimates 4.6 per cent growth this year and 5.6 per cent growth within two years. This, however, relies on businesses and their staff possessing the necessary skills to thrive post-pandemic. Currently, apprenticeship funding is failing the needs of business. Negative perceptions of apprenticeships and further education persist despite often enjoying more favourable earnings and employment rates than university degrees. Apprenticeship funding, particularly the levy, needs to be redefined so businesses can adapt funding to their needs. Meanwhile funding for FE colleges and other providers needs to change to ensure the quality of provision stays high. This must go hand in hand with targeted Government investment in job creation and retraining for sectors that need it most. If all of this happens, the Government stands a better chance of achieving the post-pandemic growth it is yearning for.

# 3. Introduction

In a post-Brexit and in a post-Covid world the United Kingdom is going to need to fundamentally re-examine its longstanding disadvantages and hindrances in education, in training and in skills to ensure that our economy is able to compete with other nations around the world.

The country needs a radical overhaul of skills and training policy focused on long-term economic goals and on restoring our manufacturing prowess. An urgent reappraisal of the current position must be undertaken and reforms put in place to the economy that raises the priority and need of technical qualifications as opposed to our national obsession with a university education.

Successive governments have spoken of increasing the value of technical training and technical qualifications and brought to parity with university qualifications. However, this has not quite come to fruition. This is in part due to the absence of a substantial manufacturing sector in the United Kingdom to utilise such a skills base. Despite this, manufacturing still exist and entrepreneurialism is starting to thrive.

To aid the post-covid recovery and to improve the overall quality and experience of our workforce we need to make it easier for businesses to take on new apprentices workers. We also need to accommodate apprenticeships at an earlier age to allow those who would be better suited to a vocational career to establish themselves in business and/or in industry where it will be possible to train on the job and acquire technical qualifications.

Education generally needs to transform. At present our education system trains people to find employment, as opposed to creating employment, often much to focused on the public sector. A range of measures are proposed in this paper to remedy this and to ensure our young people become more entrepreneurial and that our institutions of learning prioritise practical business skills and preparation for work.

# 4. The absence of an Industrial Strategy

The 2017 Industrial Strategy<sup>1</sup> was recently abolished by the Government,<sup>2</sup> only four years since it was adopted. The Strategy was produced under the premiership of Theresa May with a focus on making the UK's technical education system the best in the world, as well as providing additional investment in mathematics, digital and technical education to address the shortage of skilled workers. There was also a focus on creating a national retraining scheme to support workers in retraining for life long employment.

In four years, in relation to skills and training the government achieved little in promoting its skills agenda. The Independent Business Network published an alternative Industrial and Trade Strategy<sup>3</sup> in November 2020. The strategy was authored by business and industrial leaders and in consultation with businesses around the country. In March, the Government published "Build Back Better: Our plan for growth,"<sup>4</sup> In the document the Government identifies key challenges for the UK.

The Government's Plan for Growth identifies productivity as a key challenge facing the economy, but the plan itself does little to fundamentally alter the fundamentals of the British economy. It is predicated on ensuring the British economy remains heavily dependent on the low pay service sector and does little to revive manufacturing, or high skilled service sector, such as digital design or engineering to provide the high paid jobs that deliver a higher rate of social return, and to provide employment for those seeking technical vocations. The UK will not be able to increase its productivity unless the governments approach to manufacturing is altered.

The Government's plan mentions "manufacturing" on three separate occasions while referring to "services" on 44 occasions. The Government is concerned with driving up productivity through increased skills. In 2018 the OECD demonstrated that services have weaker labour productivity than manufacturing.<sup>5</sup> So while the Government's plan focuses on service sector reliance and increasing skills through training, unless the fundamentals of the British economy are examined the productivity gap will not narrow and the United Kingdom will become less competitive in the world economy.

The plan also acknowledges that the United Kingdom has historically lagged behind other advanced economies in respect of technical skills and basic adult skills.<sup>6</sup> This is something

---

1 <https://www.gov.uk/government/publications/industrial-strategy-the-foundations/industrial-strategy-the-5-foundations#people>

2 <https://news.sky.com/story/kwarteng-axes-star-studded-industrial-strategy-council-with-hint-at-beis-rebranding-12235419>

3 <https://theibn.org.uk/the-independent-business-network-industrial-trade-strategy/>

4 <https://www.gov.uk/government/publications/build-back-better-our-plan-for-growth/build-back-better-our-plan-for-growth-html>

5 [https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ECO/WKP\(2018\)79&docLanguage=En](https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ECO/WKP(2018)79&docLanguage=En)

6 [Higher technical education: the current system and the case for change](#)

business has long since been concerned with. Yet the absence of a comprehensive plan for reviving manufacturing will do little to warrant increased investment in technical training and will not encourage young people into a technical career with little prospect of securing meaningful employment with prospects in a shrinking manufacturing sector in the UK.

The Prime Minister has explained that the Government's priority is to level up the British economy.<sup>7</sup> The objective is to ensure that all regions of the country increase their productivity and competitiveness. At present, the British economy is dominated by London and the South East of England. The Government needs to work in a targeted fashion with local authorities in left behind areas to really fulfil the needs of local economies. Taking inspiration from Preston Council<sup>8</sup> the Government should encourage local investment and procurement to create jobs, levelling up local economies as part of a national economic revival. In Preston alone, spend in the local economy has increased from £38 million to £111 million.

If we are to level up the British economy we are going to need good, well paid jobs. This requires much more focus on skills in the regions but also the facilitation of skills and support infrastructure for good jobs such as 5/6G in the regions. If we examine the case of South Korea, Singapore and Taiwan; In 1945, these countries were some of the poorest countries in the world. They had virtually no natural resources and were reliant on the skills of their people. They are now some of the most successful economies in the world, demonstrating what can be done.

**Recommendation:** The Government should review the "Build back Better: Our Plan for Growth" strategy to make an expressed commitment to revive manufacturing, high value services and entrepreneurialism to increase British productivity and living standards.

**Recommendation:** Government should examine the institutions and policies of high growth economies such as South Korea, Singapore and Taiwan and explore how their approach to growth could be employed in the UK.

**Recommendation:** The Government should work with local authorities to target investment in areas requiring employment support, rather than general job creation schemes that profit areas with low unemployment.

**Recommendation:** Government should support the principle of increasing domestic procurement on as local a level as possible to stimulate local economies and create jobs.

---

7 <https://www.gov.uk/government/collections/new-levelling-up-and-community-investments>

8 [https://www.preston.gov.uk/media/1792/How-we-built-community-wealth-in-Preston/pdf/CLES\\_Preston\\_Document\\_WEB\\_AW.pdf?m=636994067328930000](https://www.preston.gov.uk/media/1792/How-we-built-community-wealth-in-Preston/pdf/CLES_Preston_Document_WEB_AW.pdf?m=636994067328930000)



# 5. Modernising our Education System

Due to the national lockdowns many students have been set back in their learning and development. As well as having the obvious impact to learning the lockdowns have also severely damaged the wellbeing of young people starting out in life. The unemployment crisis caused by the lockdowns had the greatest effect on people aged 25 or under.<sup>9</sup>

The UK does excel in further education and is one of the world leaders in the field. The UK has five of the top twenty universities in the world and has three of the top ten universities.<sup>10</sup> It is estimated that the University sector is worth £10.71 billion in exports and that it contributes £39.91 billion to GDP.<sup>11</sup>

Innovation as well as research and development in British universities combined with private investment led to the successful vaccine being rolled out around the world. However, the UK's education system is increasingly archaic for the modern world in which we now live. Despite our current position, the UK still does not invest anywhere near enough money in Research and Development as our competitors, such as Germany and Japan.<sup>12</sup> Post-Brexit and post-Covid the UK is going to need to step up to survive against its global competitors.

Many students at lower-level universities are wasting their time on humanities and social science courses that actually have little prospect of helping students find their way into well-paid meaningful jobs. This is while the UK is short of STEM Graduates<sup>13</sup> costing employers around £1.5 billion per year.<sup>14</sup> The UK has a persistent technical skill shortage in key sectors such as construction and manufacturing. Only 4 per cent of young people achieve a higher technical qualification by the age of 25, compared to 33 per cent who get a degree or above.<sup>15</sup>

Following the pandemic and following our departure from the European Union the United Kingdom needs to ensure its workforce is able to meet the strategic challenges of the modern era. Leading in innovation and research, enhancing our relationship with AI, securing supply lines and increasing domestic productivity, science and medicine and engineering and technical skills. The Wakeham Review in 2016 highlighted the many weaknesses in the UK in terms of graduate employability.<sup>16</sup> We need to ensure our education system supplies the new demands on our economy.

---

9 <https://www.theguardian.com/society/2021/mar/23/almost-two-thirds-of-people-who-lost-jobs-in-uk-pandemic-are-under-25>

10 <https://www.timeshighereducation.com/news/world-university-rankings-2020-results-announced>

11 <https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2014/the-impact-of-universities-on-the-uk-economy.pdf>

12 <https://instituteforprosperity.org.uk/admin/resources/reports/jmi-germany-pamphlet-final-2-1.pdf>

13 <https://www.hesa.ac.uk/news/16-01-2020/sb255-higher-education-student-statistics/subjects>

14 <https://luminateprospect.ac.uk/the-uks-stem-skills-shortage>

15 DfE (2018), 'Post-16 education: highest level of achievement by age 25: England

16 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/518582/ind-16-6-wakeham-review-stem-graduate-employability.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/518582/ind-16-6-wakeham-review-stem-graduate-employability.pdf)

Forecasts have placed the potential gains of AI as high as £650 billion by 2035.<sup>17</sup> The UK's relationship with artificial intelligence will only grow if the Government maintains a fluid and light touch approach to the industry and high value services, and does not seek to intervene too heavily which at present is the expressed view of government.<sup>18</sup> It will only become stronger if AI is spread effectively through the rest of the economy and other high value activity. We need to ensure that our education system is geared towards providing the skilled workforce to meet this growing industry's needs. Reports show that late adoption by UK firms could reduce the overall potential gains for the economy in the region of 20-25 per cent.<sup>19</sup>

The UK's tech sector continues to grow and attracts huge foreign investment. Since 2016 Tech has grown on average by 7 per cent as part of the UK economy. The UK tech start-up environment is valued at approximately £585 billion.<sup>20</sup> London is now one of the top destinations in the world to set up a tech business. Yet, despite these huge growth figures the UK only 26 per cent of STEM graduates were from the UK in 2020.<sup>21</sup> This clearly has to change if we are to maintain our current Tech industry and capitalize on its potential growth in the years and decades ahead. It is also important to recognize that a burgeoning tech entrepreneurial sector will not translate into long-term wealth creation, increased productivity and employment if start-ups that want to grow to the next stage are eliminated by foreign or corporate acquisitions. When the founders of a start-up do indeed wish to expand but not lose control the access to long term patient capital, particularly loan capital becomes more important.

While the UK has in many ways led the world in the development and successful rollout of the vaccine programme, we are still falling behind other countries in terms of the number of individuals who go on to work in the field with only 9 per 1000 of population working full time in the profession.<sup>22</sup> Given the UK is ranked first in the G7<sup>23</sup> for impact and influence in developing immunity and vaccinations. If we want to maintain this position of prowess we are going to need to ensure our education system entices students into the area of study and on to employment.

**Recommendation:** There is a clear shortage of STEM Graduates in the UK. The government should prioritise and increase FE funding for STEM courses.

**Recommendation:** To encourage the brightest and the best onto STEM courses the government should explore ways in which the tax system could be used to incentivise and accelerate the growth in the take up of these courses.

---

17 <https://www.appg-ai.org/library/growing-artificial-intelligence-industry-uk>

18 <https://www.gov.uk/government/publications/artificial-intelligence-and-public-standards-report>

19 <https://www.mckinsey.com/~media/McKinsey/Featured%20Insights/Artificial%20Intelligence/Artificial%20intelligence%20in%20the%20United%20Kingdom%20Prospects%20and%20challenges/Artificial-intelligence-in-the-United-Kingdom-VF2.ashx>

20 <https://technation.io/report2021/#key-statistics>

21 <https://www.scoonews.com/news/unesco-reveals-countries-producing-the-highest-no-of-stem-graduates-10394>

22 <https://www.statista.com/statistics/264644/ranking-of-oecd-countries-by-number-of-scientists-and-researchers/>

23 <https://www.immunology.org/celebrate-vaccines/policy/uk-research-is-leading-the-world>

**Recommendation:** The UK currently spends around half of what Germany spends on Research and Development. The government needs to increase funding in research and development, working with the private sector, to ensure we are at parity with Germany within the next decade.

**Recommendation:** The UK must continue to maintain its light touch approach to legislation and regulation in respect of AI.

**Recommendation:** The British government must encourage the provision of long term patient capital particularly loan capital to next stage growth entrepreneurs and start-ups, without loss of control and to examine carefully, the impact of unwarranted Foreign Direct Investment in high value technology businesses, industry and science businesses attached to universities and to the NHS.

# 6. Reviving Manufacturing and the Skills Base

The shortage of highly skilled workers with the sort of skills required to take on well paid jobs in industry should come as no surprise to policy makers in the United Kingdom, who, have over a period of time allowed our manufacturing sector to diminish to such a degree that it is no longer appealing for young people to seek careers in the manufacturing sector.

In 2017 only 7 per cent<sup>24</sup> of graduates left University and gained employment and a career in the manufacturing sector compared to 40 per cent who went on to work in public administration, education and health. There are currently around 2.7 million people currently employed in British manufacturing.<sup>25</sup>

The Covid pandemic has demonstrated the need for the UK to increase its own production in essential supplies and products. Manufacturing in the UK did rise to the challenge during the pandemic and production of PPE produced in the UK did increase.<sup>26</sup> Security of supply in strategically important areas of the economy will require an increase in British manufacturing as a proportion of our GDP and a change in our macroeconomic policy to increase investment in this area. Too much focus at present is on encouraging damaging types of Foreign Direct Investment and too little on export support and capital investment.

To make investment in manufacturing more viable, the Government will need to consider a conscious effort not to allow the currency value to rise too far. A more competitive exchange rate will enable the UK economy to rebalance and support our manufacturing sector. A conscious statement by government to this effect should be followed by a revaluation of the rate of exchange reaching as far as parity with the dollar and then sustaining that commitment for a reasonable period of time. Such a move would indeed be of enormous benefit to the lighter manufacturing industries who for the first time since the rise of Asia would be able to compete on the global market. The sector would expand and our as a result would increase,<sup>27</sup> as we have previously demonstrated in our Industrial Strategy and Exports Research Paper.

To meet that need for expansion, we are going to need to produce more graduates and skilled professionals with the necessary qualifications to fill those roles. A present, 34 Universities offer 89 courses related to manufacturing in the UK.<sup>28</sup>

---

24 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/graduatesintheuklabourmarket/2017>

25 <https://www.themanufacturer.com/uk-manufacturing-statistics/>

26 <https://www.gov.uk/government/news/huge-increase-in-uk-personal-protective-equipment-production>

27 <https://theibn.org.uk/the-independent-business-network-industrial-trade-strategy/>

28 <https://www.whatuni.com/degree-courses/search?subject=manufacturing>

It is understood that the government will be prioritizing funding for STEM courses in its Autumn statement later in 2021.<sup>29</sup> But the Government should also include protecting and indeed increasing funding for university courses related to manufacturing.

In Germany, technical training is just as highly regarded as academic training. In the UK, the focus has always been at secondary level on encouraging young people into an academic future at university. As a result, the UK produces a lot of graduates, many of whom would do better pursuing a technical education and path into employment.

The German model is lauded as an exemplary model for technical education and training. In Germany around a half of school leaders undertake some kind of vocational training,<sup>30</sup> compared to just under a quarter in the UK.<sup>31</sup> The Education Select Committee reported that apprenticeships are a vital stepping stone for disadvantaged learners,<sup>32</sup> providing them with an opportunity to enjoy a good career in a well-paid role.

The German dual system of providing education and an apprenticeship is popular and is a combination of government, employers and trade unions to ensure a genuinely employer led training scheme leading to meaningful qualifications and experience.<sup>33</sup> The German model has little cost to the state as the bulk of training is provided by the employer, approved by an official from the local Chambers of Commerce. To make such a model work in the UK the Government would need to incentivise employers to undertake such training and would need to ensure collaboration between business associations and local authorities to supervise the training.

**Recommendation:** As well as protecting STEM subjects the Government should also protect and increase funding for courses related to manufacturing and high level services.

**Recommendation:** The UK government should develop a new bespoke manufacturing career advice stream to offer graduates and non-graduates tailored advice and support on pursuing a career in the manufacturing sector.

**Recommendation:** The UK government should over the course of the next five to ten years seek to transform the way in which technical training is delivered in the UK with a heavier focus on employer led training of workforces as well as implementing a German style dual system of education and apprenticeships combined.

**Recommendation:** The UK government should explore what incentive models could be used to bring employers into taking on a leadership role in the delivery of training and vocational qualifications under the supervision of local council and business partnerships such as training tax reliefs.

---

29 <https://www.theguardian.com/education/2021/may/24/horrific-cuts-in-pipeline-for-english-universities-and-students>

30 <https://instituteforprosperity.org.uk/admin/resources/reports/jmi-germany-pamphlet-final-2-1.pdf>

31 Department for Education paper Education and Training Statistics for the UK 2018

32 <https://committees.parliament.uk/publications/6364/documents/69838/default/>

33 <https://feweek.co.uk/2018/09/21/what-can-we-learn-from-vocational-training-in-germany/>

# 7. Rising wages and creating jobs

The UK's entire system of education and learning is focused on ensuring that when children leave education they are able to go and find a job. Pupils and students are taught in school in order to pass exams so that they can meet nationally recognised criteria that determine their success and subsequent usefulness to employers. At present the focus is on training and learning to get a job, not preparing young people to create jobs. It is in this area where a fundamental culture change is required.

In schools, business studies is taught as an optional extra at both GCSE and A Level.<sup>34</sup> If the UK is to remain competitive in the modern world, we need our young people to be enthusiastic about becoming entrepreneurs and to see the worth of self-employment.

In order to establish a business, you need finance. At present the UK's current tax regime is one of the longest tax codes in the world.<sup>35</sup> If we are to raise the wealth of the population to encourage self-employment and the setting up of new businesses we need to ensure that people keep more of the money they earn. The UK tax code needs to be simplified in order for the UK to remain a popular destination for entrepreneurs to establish themselves.

The Independent Business Network has previously called for VAT to be cut. If the government are serious about creating a society that is more entrepreneurial then it will need to implement radical measures to bring that culture about. The Government should be reducing the tax burden on individuals and businesses to put more money in the hands of consumers, starting with cutting VAT to 10 per cent.

Government also needs to ensure that individuals can have confidence in setting up a new business. The Independent Business Network has previously called for Corporation Tax to be abolished as it is a disincentive to hard work and success. Why would a young person want to go into business when in the first year of his or her work the Government immediately claims significant amounts of money in corporate taxes. In order to change the culture in education to one that encourages young people to create jobs we need to ensure the conditions are as favourable as possible to those young people when they start out. While most start-ups do not pay Corporation Tax to begin with, the government should lift Corporation Tax and/or its replacement all new start-ups for the first three years after incorporation to encourage more young people to start a business and to create jobs.

**Recommendation:** Business studies should be made compulsory from Year 9 onwards, and should include placements in business and industry.

---

<sup>34</sup> <https://www.gov.uk/national-curriculum/other-compulsory-subjects>

<sup>35</sup> <https://www.gov.uk/income-tax-rates>

**Recommendation:** Careers advice services should have a stronger focus on encouraging young people to become self-employed and provide tailored advice to young people seeking to start a business.

**Recommendation:** The Government should cut VAT by 50 per cent creating a new VAT rate of 10 per cent for 2020-2021, saving businesses and individuals £65.07 Billion.

**Recommendation:** By the time of the next general election the Government should abolish Corporation Tax and work with business to find a suitable replacement.

**Recommendation:** Government should lift Corporation Tax and/or its replacement all new start-ups for the first three years after incorporation to encourage more people to start a business and to create jobs.

# 8. Conclusion and Recommendations

Below are the combined recommendations of this report by the Independent Business Network into creating a workforce that is highly trained, highly skilled and highly paid.

The UK is at a crossroads. We can continue to repeat the mistakes of the past and remain in our comfort zone, or we can strike out and find new opportunities for the UK economy in the modern world. To do that we will need to ensure that our workforce is as versatile as possible, and that we have the best trained workforce in the world.

The Government needs to create the conditions in our schools, places of learning, and workplaces where technical skills are valued. It will need to alter our macroeconomic norms to ensure such skills can be fully utilised in the UK. We also have to ensure that our tax system is competitive to encourage young people in particular into self-employment.

The British economy requires a workforce that is versatile and able to compete with the rest of the world. To that end we recommend that the Government undertake to do the following:

- 01 | The Government should review the “Build back Better: Our Plan for Growth” strategy to make an expressed commitment to revive manufacturing to increase British productivity and living standards
- 02 | The Government should examine the institutions and policies of high growth economies such as South Korea, Singapore and Taiwan and explore how their approach to growth could be employed in the UK.
- 03 | The Government should work with local authorities to target investment in areas requiring employment support, rather than general job creation schemes that profit areas with low unemployment.
- 04 | The Government should support the principle of increasing domestic procurement on as local a level as possible to stimulate local economies and create jobs.
- 05 | There is a clear shortage of STEM Graduates in the UK. The government should prioritise and increase FE funding for STEM courses.
- 06 | To encourage the brightest and the best onto STEM courses the government should explore ways in which the tax system could be used to incentivise and accelerate the growth in the take up of these courses.



- 07 | The UK currently spends around half of what Germany spends on Research and Development. The government needs to increase funding in research and development, working with the private sector, to ensure we are at parity with Germany within the next decade.
- 08 | The UK must continue to maintain its light touch approach to legislation and regulation in respect of AI.
- 09 | The British government must encourage the provision of long term patient capital particularly loan capital to next stage growth entrepreneurs and start-ups, without loss of control and to examine carefully, the impact of unwarranted Foreign Direct Investment in high value technology businesses, industry and science businesses attached to universities and to the NHS.
- 10 | As well as protecting STEM subjects the government should also protect and increase funding for courses related to manufacturing and high value services.
- 11 | The UK government should develop a new bespoke manufacturing career advice stream to offer graduates and non-graduates tailored advice and support on pursuing a career in the manufacturing sector.
- 12 | The UK government should over the course of the next five to ten years seek to transform the way in which technical training is delivered in the UK with a heavier focus on employer led training of workforces as well as implementing a German style dual system of education and apprenticeships combined.
- 13 | The UK government should explore what incentive models could be used to bring employers into taking on a leadership role in the delivery of training and vocational qualifications under the supervision of local council and business partnerships.
- 14 | Business studies should be made compulsory from Year 9 onwards, and should include placements in business and industry.
- 15 | Careers advice services should have a stronger focus on encouraging young people to become self-employed and provide tailored advice to young people seeking to start a business.
- 16 | The government should cut VAT by 50% creating a new VAT rate of 10% for 2020-2021, saving businesses and individuals £65.07Billion.
- 17 | By the time of the next general election the government should abolish Corporation Tax and work with business to find a suitable replacement.
- 18 | Government should lift Corporation Tax and/or its replacement all new start-ups for the first three years after incorporation to encourage more people to start a business and to create jobs.



**IBN** | Independent  
Business  
Network