

# All change

Understanding and supporting retraining  
and career change

Stephen Evans and Lovedeep Vaid

October 2023

**NEW**   
**FUTURES**



**Learning and Work Institute**

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## About Learning and Work Institute

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We research what works, develop new ways of thinking and implement new approaches. Working with partners, we transform people's experiences of learning and employment. What we do benefits individuals, families, communities and the wider economy.

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## About the Covid-19 Support Fund

The UK insurance and long-term savings industry launched the Covid-19 Support Fund to help support some of the people hardest hit by the Covid-19 crisis. The Fund raised £104 million, with £83.9 million having been pledged in voluntary contributions from firms within the sector and £20m provided by Department for Culture Media and Sport match funding.

The Fund works in partnership with the Charities Aid Foundation, and a network of partners, including the National Emergencies Trust and Business in the Community.

The key aim is to provide immediate relief to charities affected by Covid-19, as well as a longer-term programme of support for people, communities, and issues where there is the greatest need, including:

- Community-based charities that are under unprecedented strain
- Charities supporting the most vulnerable – in particular, families and children living in poverty and older people in isolation
- Initiatives to promote wellbeing and mental health across society

## About New Futures

New Futures, led by Learning and Work Institute and funded by the Covid-19 Support Fund, is supporting workers who need to reskill and change career as a result of the Covid-19 pandemic. The programme includes:

- Place-based pilots to test potential solutions to reskilling and career change
- Evaluation and analysis
- Sharing what we learn to help shape policy and practice

This research paper was funded by the New Futures programme.

Published by National Learning and Work Institute

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Company registration no. 2603322 | Charity registration no. 1002775

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**1.7 million people**  
switched sectors last year

Young people are  
**3 times**  
more likely to switch sectors  
than older people



Compared to the UK average,  
job-to-job moves are...



**one third higher in retail**



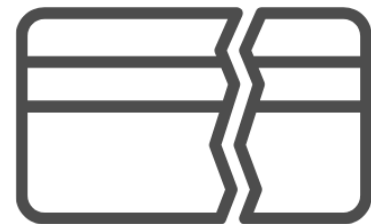
**and double in hospitality**

But people face a career change  
pay penalty of **£3,700 per year**  
for the average full-time worker...



Though their pay can subsequently  
**grow 2.9 times faster**

People needing to train  
**full time for a year**  
before changing career  
could face a  
**£40,000 bill**



The need for career changing and updating skills is likely to grow as 50-year careers become the norm. We need an **extended Lifelong Learning Entitlement** so people get the careers advice they need and extra help with the costs of changing career and learning at all levels.

## Executive summary

**Longer working lives will combine with ongoing economic change to increase the need for people to update their skills and change careers more often. But career changers face an average pay penalty of £3,731 per year and often don't know where to go for help. We need an expanded Lifelong Learning Entitlement to help change that, providing more help with the costs of learning so people and businesses can adapt to change and our economy can grow.**

As well as long-term economic and demographic changes, the pandemic has accelerated some changes too. The workforce is around one million smaller than if pre-pandemic trends had continued, as economic inactivity has risen. The types of jobs have also changed: compared to pre-pandemic trends, 790,000 more people work in health and social care, education, public administration, and transport and communications, while 734,000 fewer people work in distribution, hotels and restaurants, and construction.

**The scale of ongoing change matters for people, businesses and the economy and will mean more people needing to change career. We need to help people make the most of longer working lives, ensure employers can make the most of new opportunities, and boost our economy by helping it adapt to change.**

### Who changes jobs and in which sectors and roles?

A record 7.4 million people started a new job in 2022-23, driven by a 20% post-pandemic spike in job-to-job moves. Most of this was a rise in moves to jobs in the same sector: sector switching remains below rates seen before the global financial crisis. And a shrinking labour force mean employers have struggled to meet all their recruitment needs.

Around 1.7 million people switched sectors last year, with job changing and sector switching more common in some sectors and for some people. Job-to-job moves are one third higher in retail and double in hospitality compared to the UK average, with lots of moves between these sectors.

Most people change to a job in the same occupation, but this varies by occupation and qualification level. People qualified to degree-level and above are 20% more likely to change to jobs in the same sector than those qualified to level 2 or below, but those with lower qualifications are 30% more likely to switch sectors than more highly qualified people. In part this may reflect specialist knowledge needed in some senior roles or that employers prefer to employ senior people with experience in that sector, even if people have transferable skills.

Young people aged 16-24 are twice as likely to change jobs in the same sector and 3.5 times as likely to switch sectors as older people, in part reflecting their progression from working while studying to finding a career that works for them and progressing within it.

**Older people, people working outside retail and hospitality, and people who are more highly qualified are the least like to sector switch today.**

## What happens to career changers?

**The average sector switcher working full-time faces a £3,731 (14%) per year pay penalty – people often have to take a step down to take a step across.** This pay penalty is larger (30%) for people switching out of construction and retail, but smaller (5-10%) for switching out of accommodation and food services.

Subsequent pay growth is 2.9 times faster for people changing job than those staying in the same job. But the initial drop in income can be challenging to manage, particularly if training is required too: a one-year full-time course would cost the average worker £30,000 in lost wages plus course fees, potentially meaning a £40,000 total bill for retraining.

## How can we better support career change?

For some people, changing jobs or careers is an active choice to find a role that suits their skills, ambitions and circumstances. For others it is a decision forced by loss of their current job, lack of similar opportunities, or a change in circumstances such as caring responsibilities. It can be a relatively simple switch or require substantial retraining.

L&W's Adult Participation in Learning Survey in 2022 showed that people thought they would need training (31%), financial help (25%), and advice (23%) to retrain. Almost one quarter (23%) weren't sure what help they would need. Too often these needs are not well addressed. Lots of people aren't sure what opportunities are out there, how they might access them, what training is needed, and may struggle with the financial costs and risks.

We need the right help for people who aren't sure about their options and better help for those who might struggle with the time and financial commitment of making a bigger leap. The Government is introducing a Lifelong Learning Entitlement, as we proposed, but it needs widening to provide more support to more people, including career changers:

- **Awareness and advice.** Campaigns to raise awareness of the opportunities for career change, focused on key transition points in people's lives and backed by high quality information, advice and guidance including expanding Career MOTs;
- **Flexible and tailored learning.** We need more training that fits around people's work and home lives and offers a guaranteed job interview at the end. That could include expanding schemes like apprenticeships for career changers and Skills Bootcamps, but they need to open to a wider range of people – for example, three quarters of bootcamp participants already had a level 3 (A level equivalent) qualification; and
- **Financial help.** Expanding Train and Progress rules so benefit claimants can train for up to one year. Strengthening the Right to Request Time Off to Train so people can remain employed while retraining during a one-year unpaid career break, with access to a maintenance loan to support living costs. This would be more in line with similar schemes in Austria, Germany and France and help support people maintain incomes.

**Without better support to manage longer working lives and economic shifts, people and businesses will find their opportunities limited and economic growth will be held back. Policy and practice need to change to reflect 21<sup>st</sup> century reality.**

## Trends in the labour market

**Seismic shifts in demography, technology and policy are reshaping our labour market, and will mean people updating their skills and changing roles more often during 50-year careers. The pandemic has accelerated some of this, with the hospitality and construction sectors smaller than on previous trends and health and social care larger.**

Our economy and labour market are changing all the time, with people and employers responding to and driving these changes. Much of this happens naturally, with around seven million people starting work or changing jobs each year. This helps people find the best opportunities for them and businesses to meet their changing needs.

However, there are a number of seismic shifts ahead:

- **Demography.** Our population is ageing meaning longer working lives – for young people, 50-year careers may well be the norm – and a growing number of older people – by the 2040s there will be two people of working-age for everyone over state pension age, compared to three people today. This is linked to a rising prevalence of ill health and long-term health conditions.
- **Technology.** The first phases of the current wave of globalisation, including advances in communication technology and the emergence of China in the global economy, meant cheaper manufactured goods as lower value-added manufacturing moved, while the internet has transformed many sectors. In the decades ahead, advances in Artificial Intelligence (AI) and other advances in technology are likely to transform our economy and society still further.
- **Policy.** The global drive to net zero will create new jobs and industries and change or displace many others. And the pandemic and slow economic growth in many countries may create an age of deglobalisation, with many countries wanting to promote (including through subsidies) domestic industries particularly in lower income areas, as well as ensuring security of supply of key goods and services.

This combination of an ageing population with longer working lives, advances in technology, and changing patterns of global trade and industrial policy will have profound and uncertain effects. No one should pretend they can predict these with accuracy, but we can pick out some likely implications or directions of travel.

First, people will need to update their skills and change careers more often. That reflects both longer working lives and the scale of change that will take place during them. Sometimes that will be an active choice people will make, other times it will be the result of structural change reducing demand for their current sector or role.

Second, structural changes will arise from an ageing population (for example, increasing demand for health and social care will rise) plus the drive to net zero and changing global



trade patterns and policies (creating new ones and leading some existing ones to decline). For example, there is currently a greater focus on resilience to global shocks and a move back to more interventionist measures, such as the Inflation Reduction Act in the US which provides support for some green industries in lower income parts of the US.

Third, technology will have large and uncertain impacts. For example, Goldman Sachs estimated that up to 300 million jobs could be replaced globally by AI.<sup>1</sup> Nobody knows what the impact of AI will be; previous changes in technology have replaced some jobs, augmented others, and created new ones. But these future waves of technological change are likely to affect jobs throughout the income scale and across a wider set of industries.

Fourth, the future is unknown and precise predictions will be wrong. We need to focus on understanding likely directions of travel, ensuring people and employers have good information on which to base decisions, and supporting them to be flexible and adaptable.

Fifth, there are huge potential opportunities ahead but, without action, the opportunities and the negative impacts of change will not be evenly distributed. Public policy has a clear role in helping everyone adapt to and make the most of change. The future is not something that will simply happen to us, as a society our choices will help determine the impacts of change and how its costs and benefits are distributed.

**All of this matters for people, businesses and the economy. For people, it is about how we help them make the most of longer working lives and not be negatively impacted by economic change. For employers, it is about how they have the skilled workforces they need to quickly make the most of new opportunities. For the economy, it is about boosting growth and minimising the time to adapt to change.**

### **The impact of the pandemic**

The pandemic had a stark impact on levels of employment, the size and make-up of the workforce, and the types of jobs available. For example, our research has shown the workforce is about one million smaller than if pre-pandemic trends had continued, driven by a growth in older people and disabled people outside the workforce.<sup>2</sup>

Some changes in the economy and patterns of employment were temporary, for example the spike in online shopping has now reverted back towards its long-term upward trend.<sup>3</sup>

Other changes appear, at this stage, to be more lasting. There are 561,000 (5%) more people working in public administration, education, and health and social care than if pre-pandemic trends had continued, and 228,000 (7%) more people working in transport and communications.

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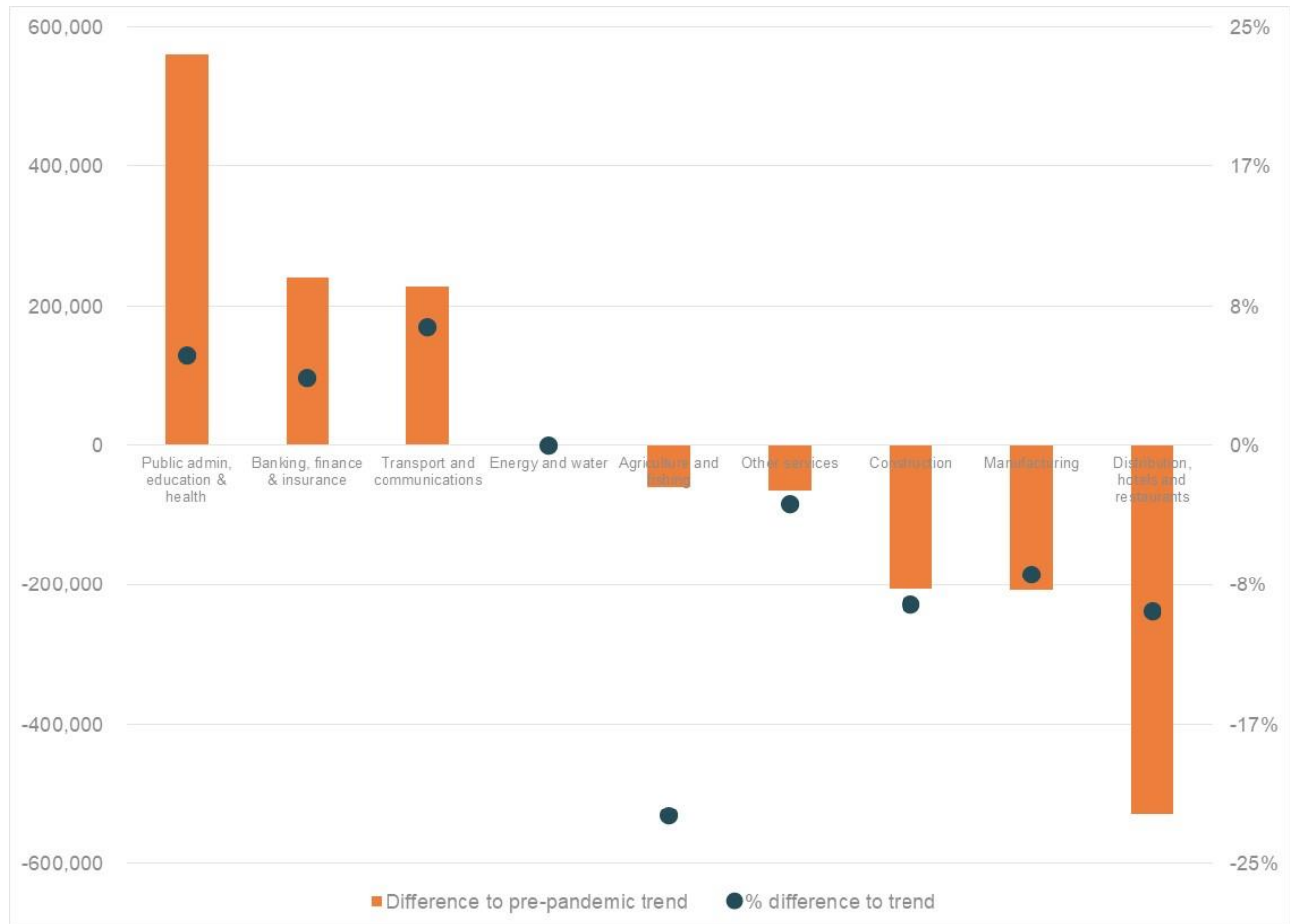
<sup>1</sup> The potentially large effects of artificial intelligence on economic growth, Goldman Sachs, 2023.

<sup>2</sup> Missing workers: understanding trends in economic inactivity, L&W, 2023.

<sup>3</sup> How our spending has changed since the end of the coronavirus restrictions, ONS, 2022.

By contrast, there are 528,000 (10%) fewer people working in distribution, hotels and restaurants than if pre-pandemic trends had continued, and 205,000 (10%) fewer working in construction.

**Figure 1: Changes in employment by sector compared to pre-pandemic trends**



In most cases these are acceleration of previous trends, such as growth in health and social care. Others may reflect the general flatlining of the economy since 2020 or adjustments to changes in trading relationships with the EU, for example construction and manufacturing. They are likely to be a mix of shifts in consumer demand, longer-term changes in our economy, and also challenges in some sectors recruiting workers to meet need.

**Taken together, this suggests some acceleration of previous trends through the pandemic, but no giant leap. The decades ahead are likely to see significant change driven by an ageing population, technological advances, and changes to globalisation. We need to help people and employers successfully ride these waves of change.**

## Patterns of career change

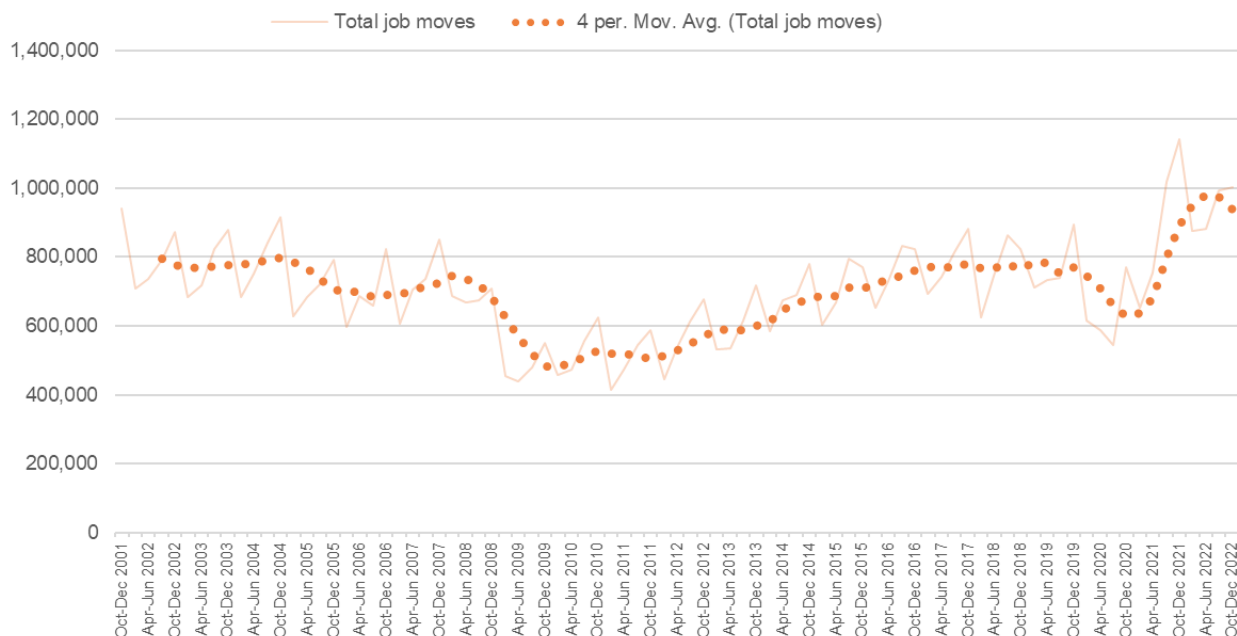
**Lots of people change jobs each quarter, but most stay in the same sector: rates of sector switching are lower than before the global financial crisis. However, there were 1.7 million moves between sector in the last year and sectors including retail and hospitality have much higher rates of sector switching.**

People move into new jobs from unemployment, economic inactivity or from another job. The UK's labour market is dynamic: 7.6 million people started a new job during 2022-23, of which: 3.6 million people changed jobs; 1.5 million people moved from unemployment to work; and 2.4 million people moved from economic inactivity to employment.<sup>4</sup>

This chapter focuses mostly on job-to-job moves, differentiating between job changers (people moving to a job in the same sector) and sector switchers (people moving to a job in a different sector). Data is drawn from the Labour Force Survey. People can move jobs for a variety of reasons, whether by choice or necessity. And they can move to jobs with similar skills requirements or make bigger shifts to a new career.

In October-December 2022, around one million people moved jobs, 20% higher than pre-pandemic as more people moved jobs as pandemic-related restrictions ended.

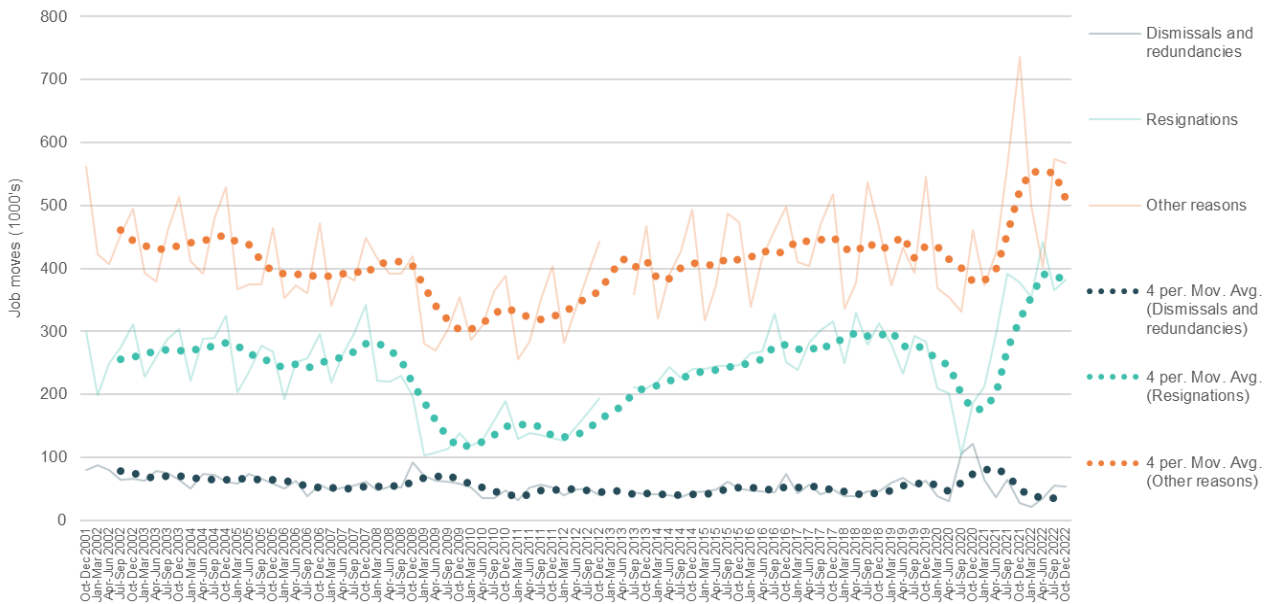
**Figure 2: Number of people moving jobs by quarter**



Looking at the reasons people give for moving job reinforces the ideas of a surge in post-pandemic job-to-job moves by choice. The big growth is in resignations (voluntary moving) rather than dismissal or redundancy (involuntary moving).

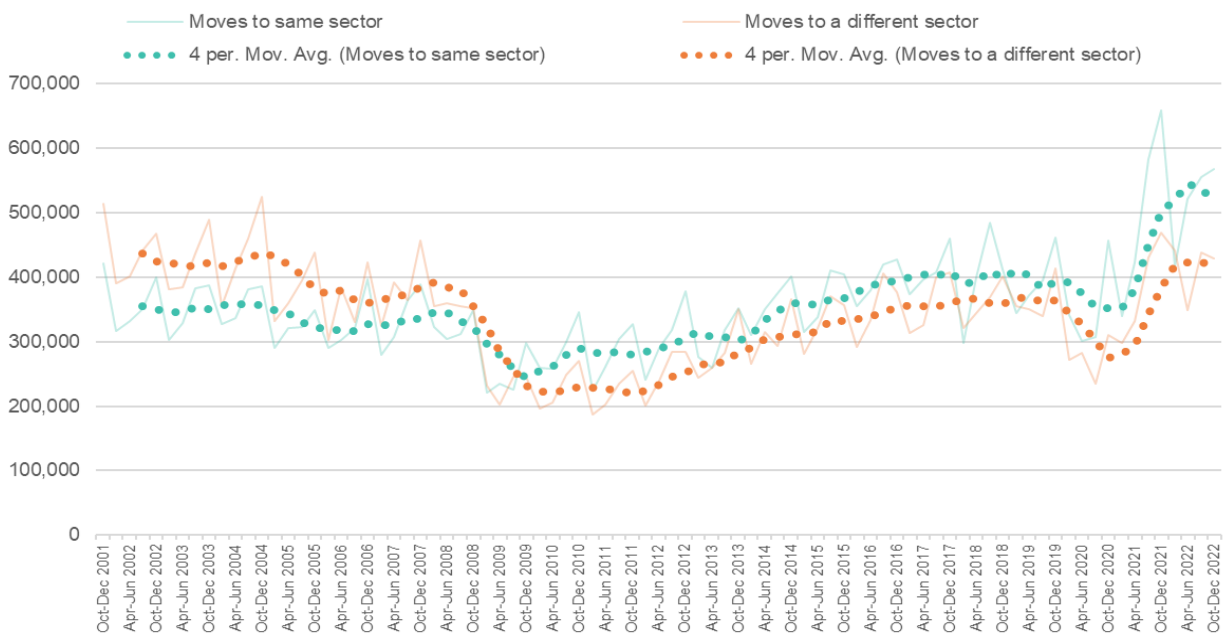
<sup>4</sup> Labour Force Survey, ONS, 2023.

**Figure 3: Reasons for job-to-job moves**

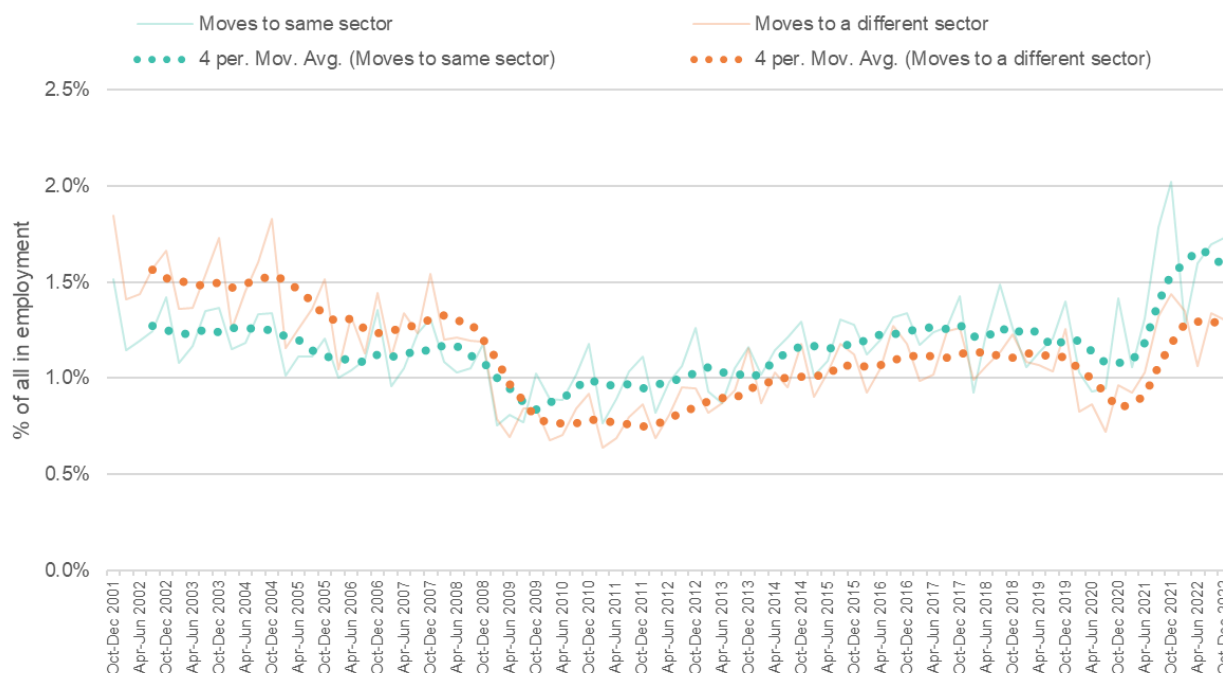


The growth in job-to-job moves has been largely driven by people moving to another job within the same sector (job changers). This has increased to around 550,000 per quarter, compared to around 400,000 pre-pandemic. The number of people moving to a job in a different sector (sector switchers) has recovered back to pre-pandemic levels (400,000). This means there were 1.7 million sector switchers in the last year. But this is still below levels seen in the 2000s before the global financial crisis. Population growth means this equates to a fall in the proportion of people switching sectors.

**Figure 4: Number of people switching jobs and changing careers**



**Figure 5: Proportion of people switching jobs and changing careers**



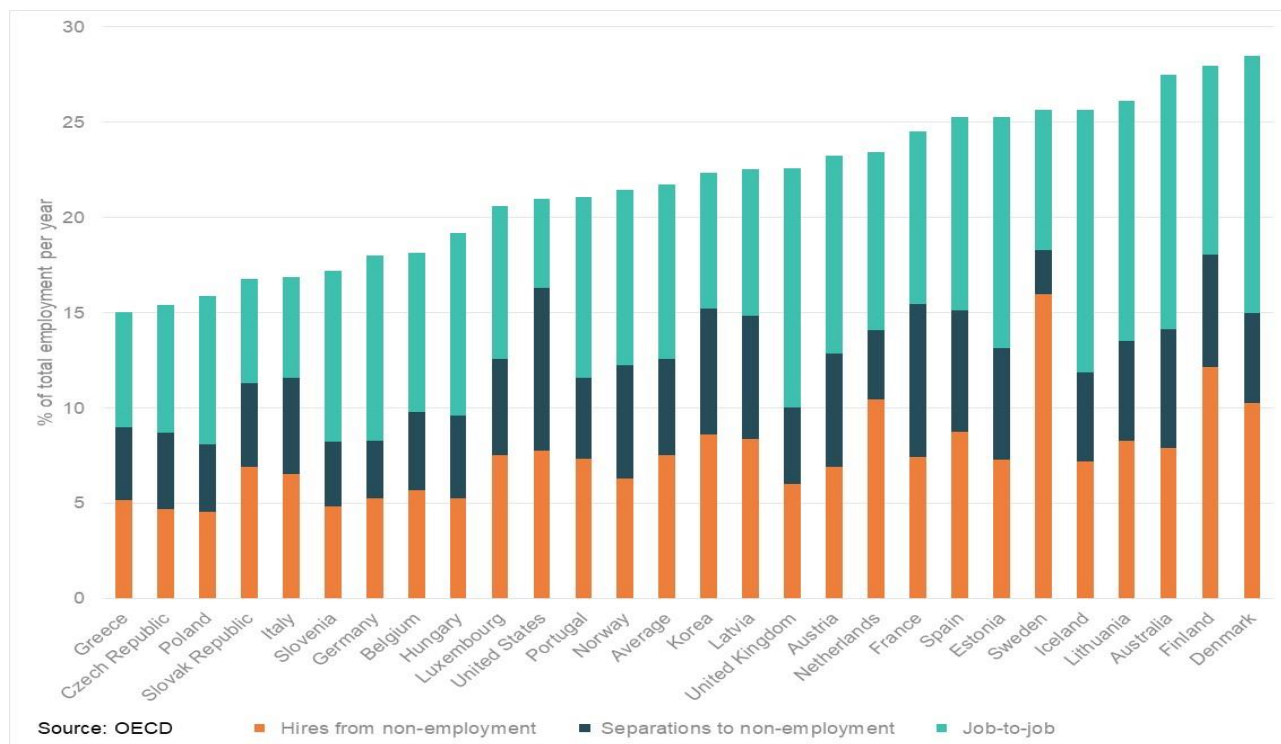
There are signs that the levels of job-to-job moves are now easing after their post-pandemic spike, and there is no sign of an increase in the number of sector switchers. Given the trends discussed in the previous chapter, of longer working lives and ongoing economic change, this highlights the challenge ahead: there is likely to be an increased need for people to change careers.

### International comparisons

The UK had comparatively high job-to-job move rates pre-pandemic, according to the OECD.<sup>5</sup> On average during 2017-19, almost 13% of employed people changed jobs in the UK. That is in line with rates seen in Denmark, Lithuania and Australia, and more than double the rates seen in Italy and Poland.

<sup>5</sup> Retaining talent at all ages, OECD, 2023.

**Figure 6: Labour market transitions as a proportion of total employment, 2017-19 average**



However, it can be challenging to measure job-to-job moves on a consistent basis across countries. For example, a study of US Census data suggested that about 5% of US employees change jobs each quarter, higher than the 3% seen in the UK and above the levels indicated by the OECD data above.<sup>6</sup>

Meanwhile separate Eurostat data looks at quarterly job-to-job moves for 15-74 year olds (a broader age range than generally analysed in the UK). This finds job-to-job moves highest in countries like Denmark, Finland and Lithuania (all at 5% of total employment), and lowest in the Czech Republic, Greece and Poland (1%), with the UK middle ranking at 3%.<sup>7</sup> This is broadly consistent with the OECD data.

The broad conclusion is that the UK has relatively high job-to-job moves by international standards, though lower than in many Scandinavian countries and the USA. Comparable data on career change rates is even more challenging to find. Further research is needed to shed more light on differences by country.

<sup>6</sup> Job-to-job flows: new statistics on workers reallocation and job turnover, US Census Bureau, 2017.

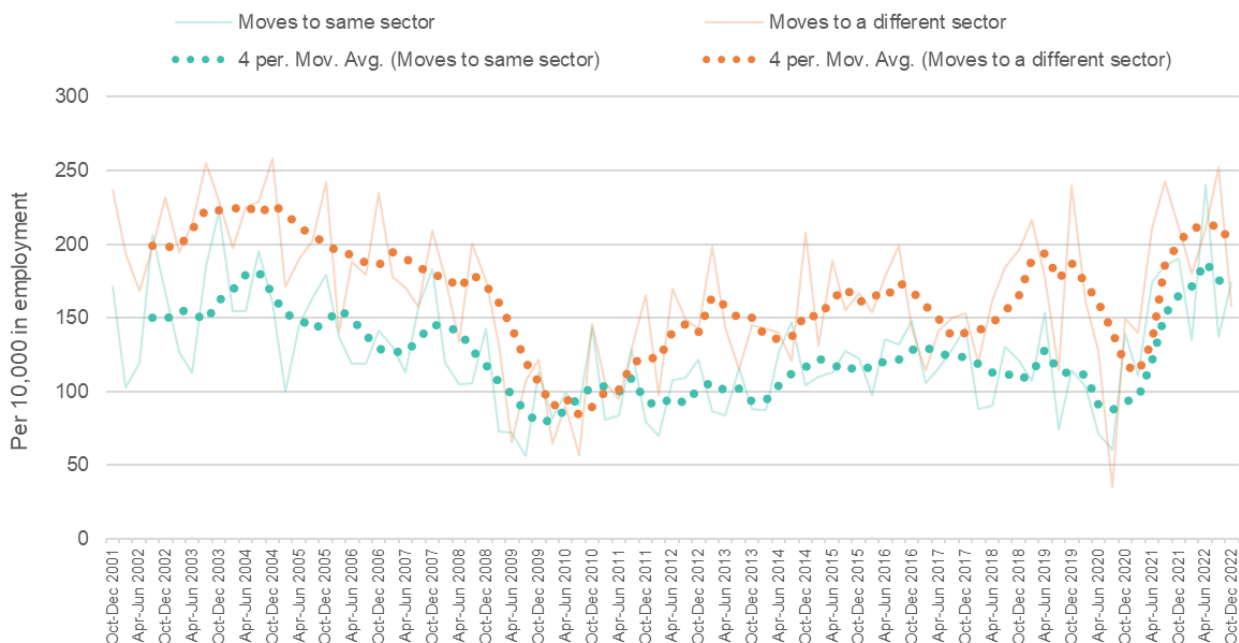
<sup>7</sup> Job-to-job transitions by sex and age, Eurostat, 2023.

# Differences by sector and occupation

Job-to-job moves are higher in sectors like retail and hospitality, which also see more moves between sectors than other parts of the economy. However, two thirds of job changers stay in the same occupation and most people who have a spell out of work return to a job in their previous sector.

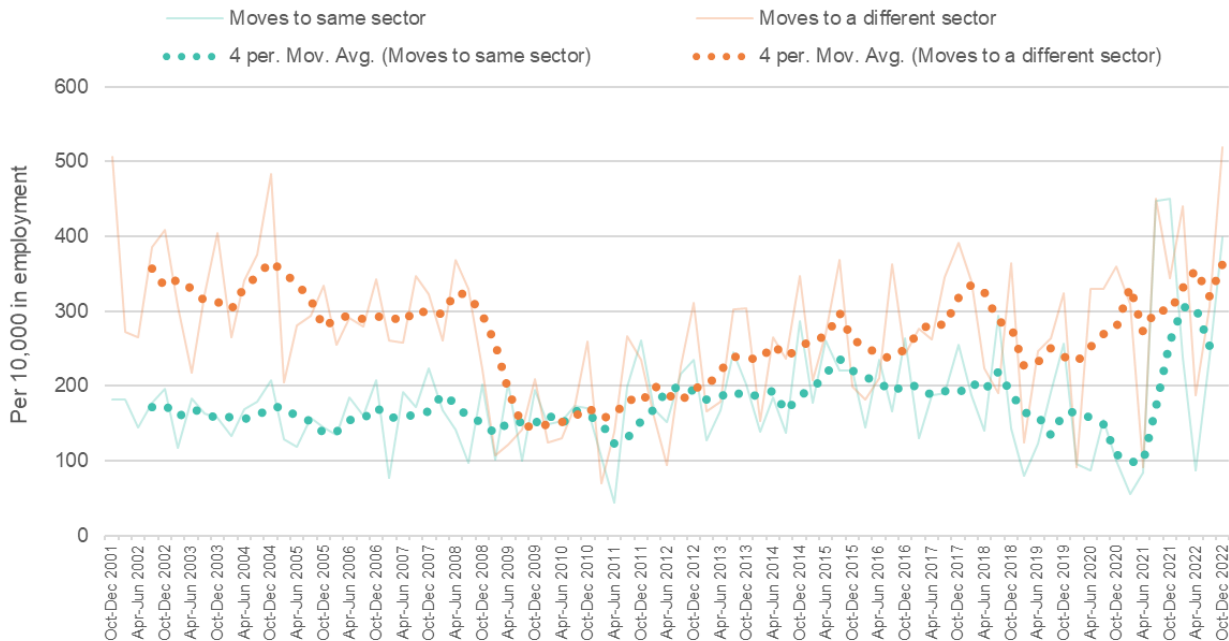
Job-to-job moves are higher in sectors like retail (one third higher) and hospitality (double) than in other areas of the economy. These sectors also stand out as having higher rates of sector switching than job changing, the opposite of the pattern in the economy as a whole. In other words, these sectors are characterised by relatively high turnover and relatively high rates of people switching to other sectors.

**Figure 7: Job to job moves by people working in retail, per 10,000 employees**



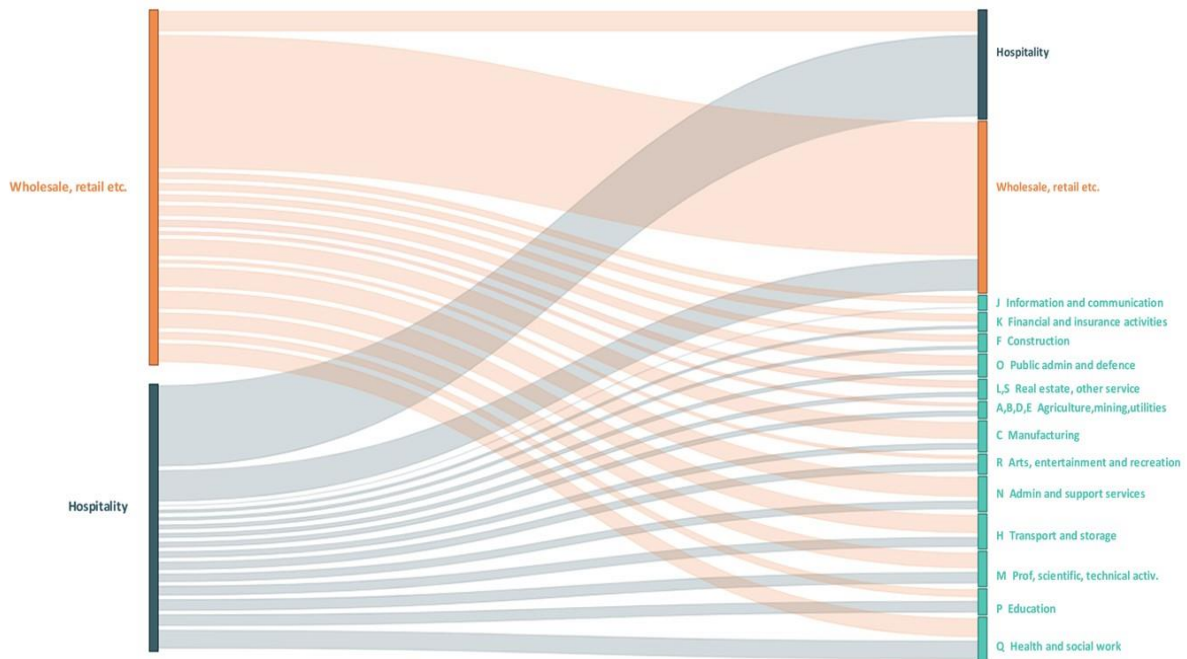


**Figure 8: Job to job moves by people working in hospitality, per 10,000 employees**



Where are these workers moving to? There is significant movement between retail and hospitality. Other popular destinations include health and social care, admin and support services, manufacturing, and transport and storage.

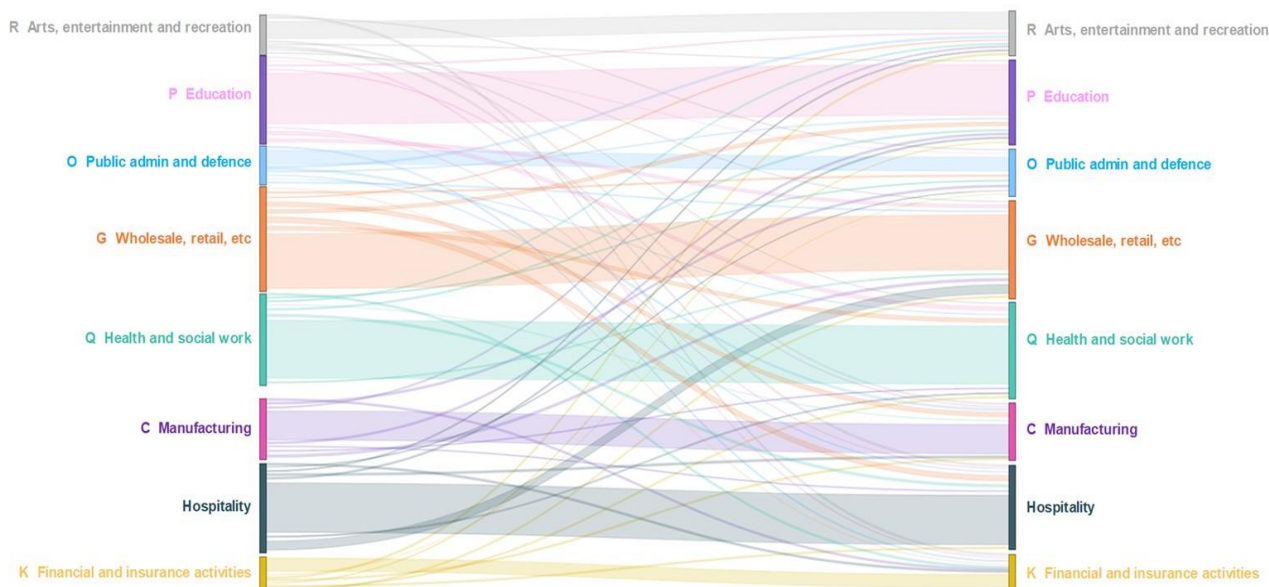
**Figure 9: Job to job moves for those working in retail and hospitality by sector**





In addition, some people have a period out of work before starting a new job. Figure 10 looks at which sector people move into after less than two years out of work (so it does not capture sector switching by people who are out of work for longer periods of time), looking at their previous and new sector.

**Figure 10: Employment by previous and new sector for people with a period of up to two years out of work**



This highlights that most people go back to work in their previous sector of employment, even after a period out of work. For some people this will be a conscious choice, for others it may represent limited opportunities or knowledge about opportunities. But it also highlights where sector switching takes place: as above, between retail and hospitality, but also (at smaller volumes) between a wide range of other sectors.

In part this is likely to relate to people undertaking similar occupations in a different sector (to some extent a partial rather than full career change). Figure 11 shows the starting and destination occupation for people changing jobs.

**Figure 11: Distribution of job-to-job moves by start and end occupation**

		Moved to major occupation group (main job) .....								
Major occupations		1 'Managers, Directors And Senior Officials'	2 'Professional Occupations'	3 'Associate Professional And Technical Occupations'	4 'Administrative And Secretarial Occupations'	5 'Skilled Trades Occupations'	6 'Caring, Leisure And Other Service Occupations'	7 'Sales And Customer Service Occupations'	8 'Process, Plant And Machine Operatives'	9 'Elementary Occupations'
Major occupation group (main job) moved from .....	1 'Managers, Directors And Senior Officials'	67%	10%	10%	3%	1%	1%	1%	3%	3%
	2 'Professional Occupations'	4%	83%	6%	2%	1%	2%	1%	1%	0%
	3 'Associate Professional And Technical Occupations'	4%	12%	63%	7%	1%	4%	3%	2%	4%
	4 'Administrative And Secretarial Occupations'	3%	10%	9%	62%	2%	3%	7%	0%	4%
	5 'Skilled Trades Occupations'	1%	6%	6%	2%	67%	3%	2%	4%	9%
	6 'Caring, Leisure And Other Service Occupations'	0%	4%	5%	4%	1%	71%	4%	3%	8%
	7 'Sales And Customer Service Occupations'	2%	5%	10%	11%	1%	8%	53%	2%	8%
	8 'Process, Plant And Machine Operatives'	1%	2%	5%	3%	4%	3%	5%	64%	13%
	9 'Elementary Occupations'	2%	4%	6%	6%	4%	6%	10%	5%	56%

The analysis shows that roughly two thirds of people move to a job in the same occupation. But this varies from 83% of those in professional occupations (which can include quite specific and technical roles) to 53% of those in sales and customer service occupations (with admin and secretarial and associate professional and technical occupations the most common destinations).

**Taken together, most people move to jobs in the same sector and/or occupation. But sectors like retail and hospitality have higher rates of sector switching and people in related occupations like sales and customer service are more likely to shift to other occupations. Whatever the current patterns, economic and social change is likely to increase the imperative to switch sectors and change careers.**

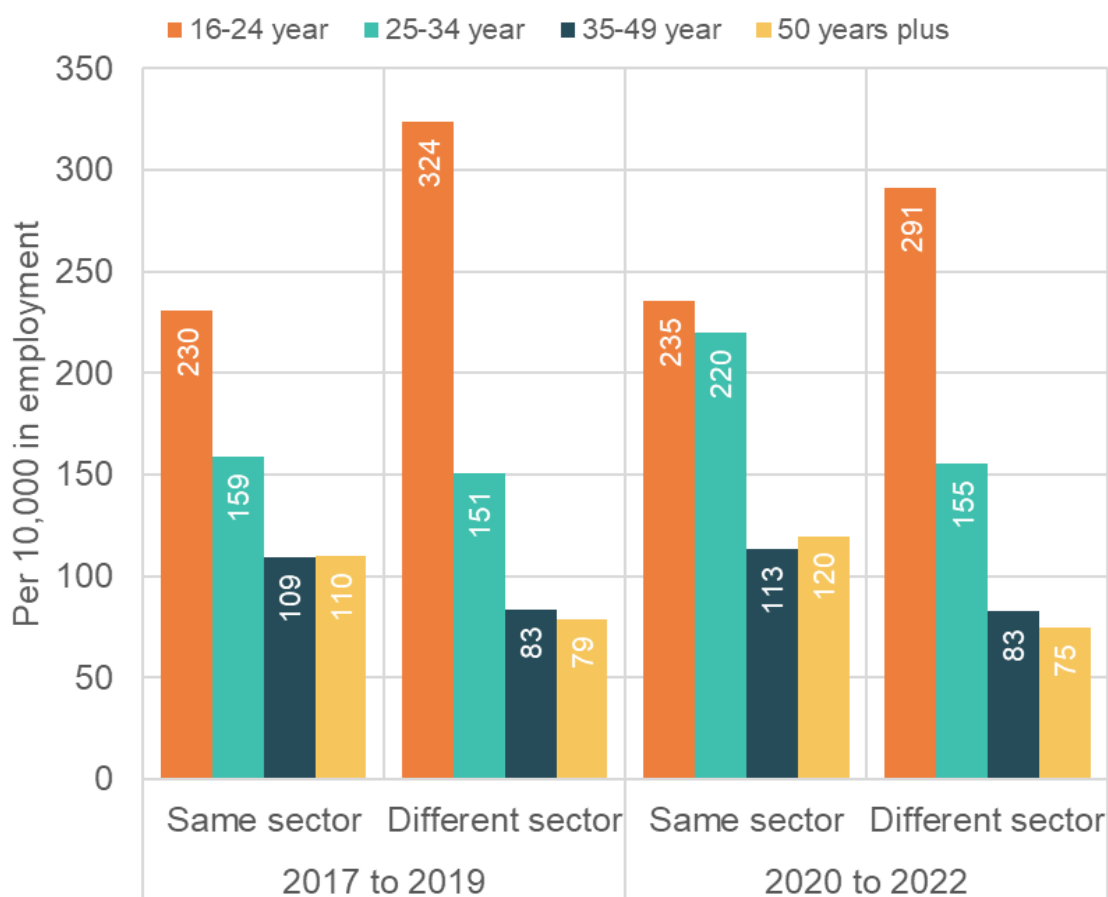
## Who changes careers?

Young people are much more likely to change job or sector, in part reflecting patterns of starting a career after full-time education and then progressing. People with lower qualifications are more likely to switch sector, while those with higher qualifications are more likely to move *within* their sector. Job changing and sector switching varies geographically, in part due to population and sector profiles.

### Age

Young people aged 16-24 are twice as likely to change jobs in the same sector and 3.5 times as likely to switch sectors as older people. To an extent this is relatively unsurprising as young people start out in their careers, or work while studying before moving on to a career once they've left full-time education.

Figure 12: Job-to-job moves per 10,000 people in employment by age

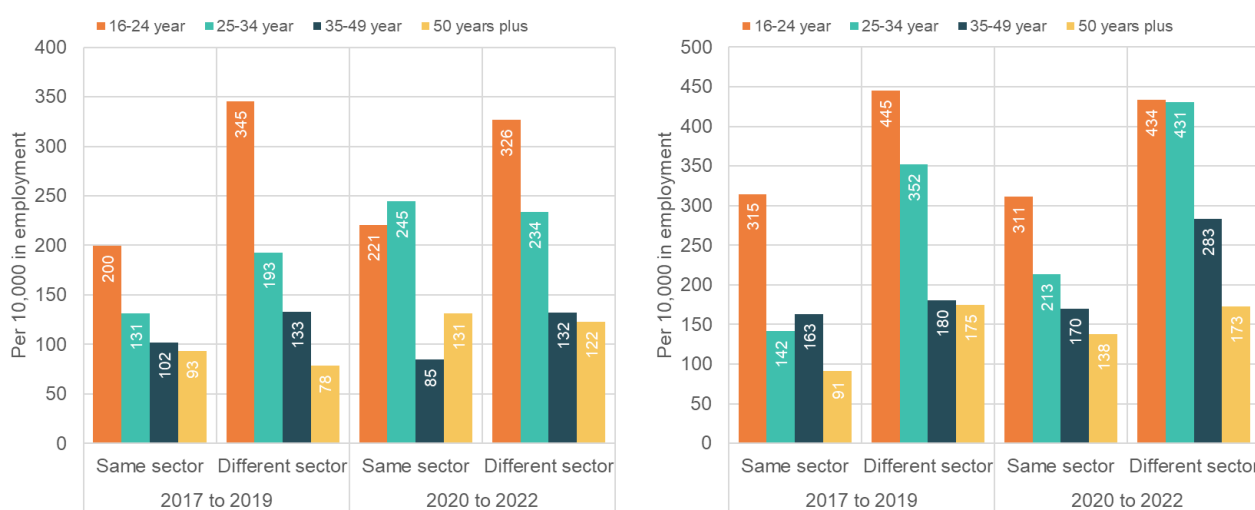


Job change and sector switching rates remain elevated for 25-34 year olds, again suggesting an early career pattern where people change jobs and sectors more often. It will be interesting to see the extent to which rates of job changing and sector switching rise for older age groups in the years ahead, as the impacts of longer working lives and global economic changes continue.

The same is true when looking at job change patterns by age for those working in retail and hospitality, though with higher levels of job change for all age groups reflecting the higher turnover for these sectors discussed in the previous chapter.

Young people have similar job change rates in these sectors to the levels seen for these age groups overall; the big difference is that sector switching rates are one third higher in hospitality than for young people overall. Again, this is likely a combination of young people moving out of sectors they worked in while studying and also trying out different sectors and careers.

**Figure 13: Job-to-job moves per 10,000 people in employment by age for retail (LHS) and hospitality (RHS) and hospitality (RHS)**



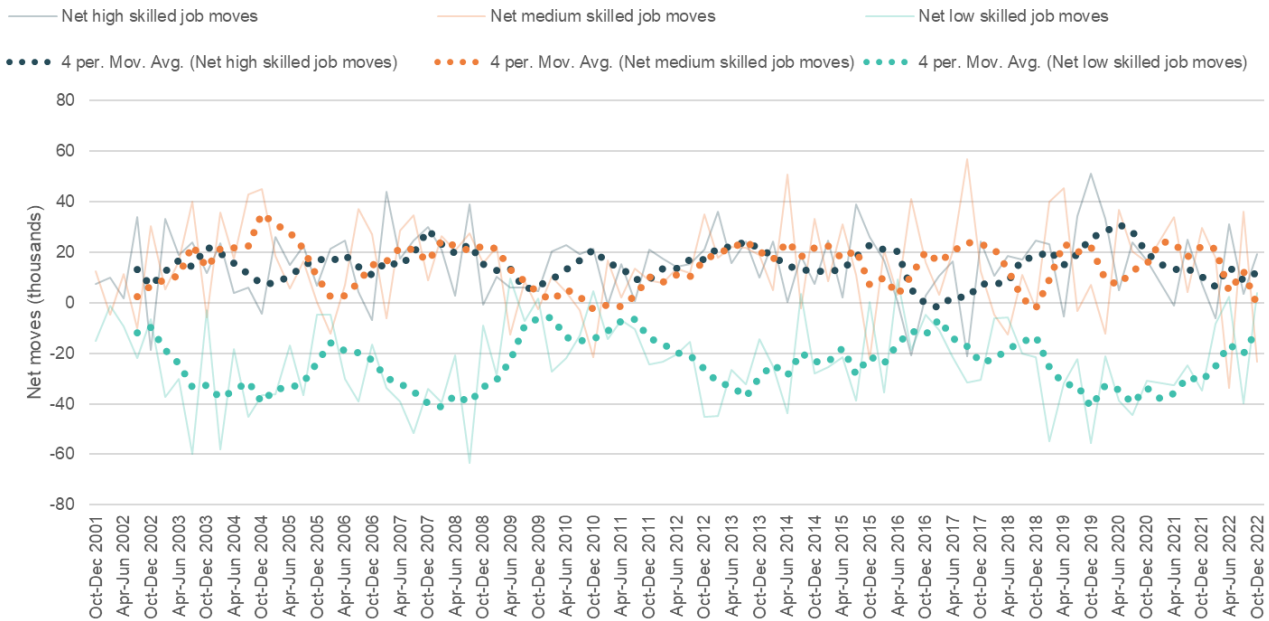
But in addition, people aged 50 and over and working in hospitality are twice as likely to move to job in a different sector than people aged 50+ as a whole. People aged 50+ and working in retail are 50% more likely to move to another sector than those aged 50+ as a whole. Higher switching to other sectors is common among employees of all ages in these sectors.

### Occupation skill level

The Office for National Statistics classifies occupations (discussed in the preceding chapter) into skill levels: high = managerial, professional and associate professional; medium = administrative, skilled trades and caring and leisure; low = sales and customer services, process, plant and machine operatives, and elementary occupations.

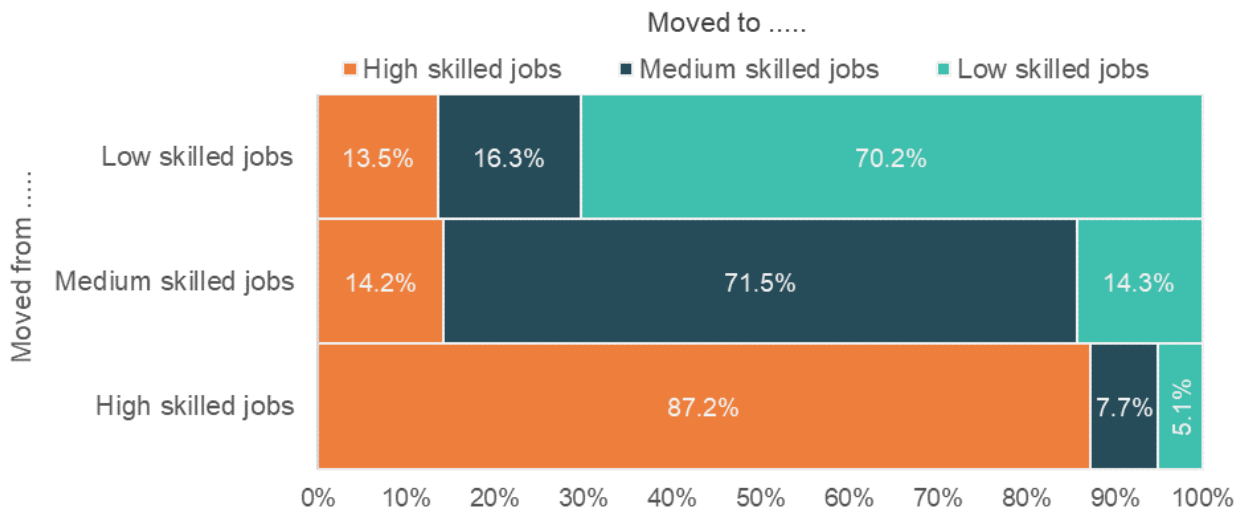
Over time, the net number of job-to-job moves (that is, those moving into a job in a given skill level minus those moving out to a different skill level) have been higher for high and medium skill jobs. This reflects overall shifts in the economy, with a general pattern in growth of the proportion of jobs in these occupations.

**Figure 14: Total net job-to-job moves by occupational skill level**



Breaking this down, most people move to a job in the same occupational skill level. This is most true of those in high skill jobs: nine in ten job moves for people in high skills roles is to another high skill role. Almost one in three people in low skill jobs who move to another job move up the occupational ladder, showing some labour market progression (though this will include those who move from working alongside education on to a career after education).

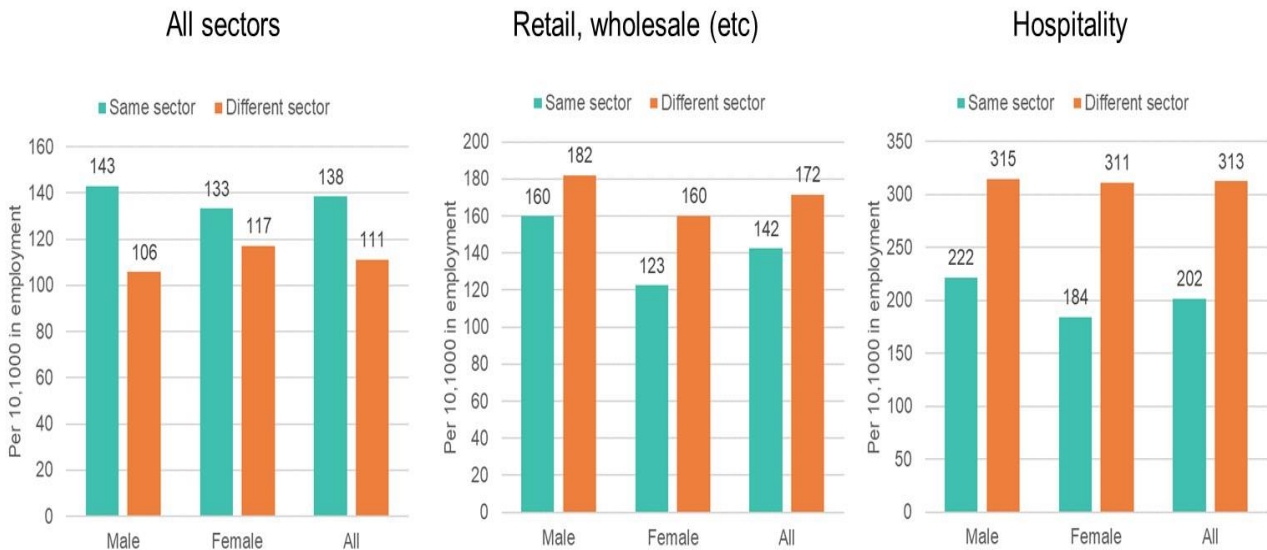
**Figure 15: Job-to-job moves by start and end occupational skill level**



## Sex

Men are slightly more likely (7%) to change jobs in the same sector while women are slightly more likely (9%) to switch sectors. However, these differences are not statistically significant.

**Figure 16: Job-to-job moves by sex, per 10,000 in employment**



## Qualification level

Rates of job-to-job moves don't vary hugely by highest qualification level. However, job changing is 20% higher for people qualified to degree level and above (level 4+) than for those with low qualifications (level 2 or below) and sector switching is 30% higher for people with low qualifications than for those with high qualifications.

This is consistent with those with higher qualifications being more likely to attain a senior level in their sector, making them less likely to want to or be able to (given any specialist knowledge particular sectors require) switch to a similar level in another sector. Whereas those with lower qualifications may be better able to switch in this way, particularly if their occupation and skills are more easily able to translate into another sector.



**Figure 17: Job-to-job moves per 10,000 in employment by highest qualification level**

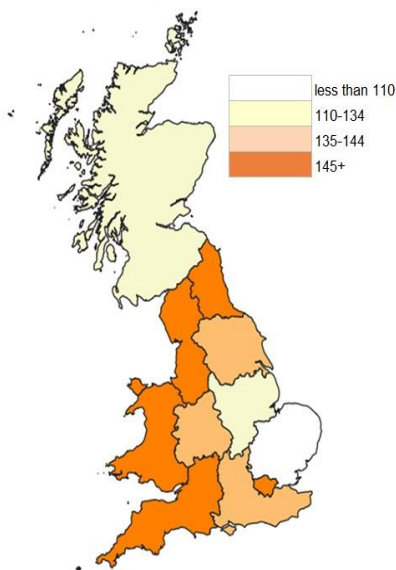


### Nation and region

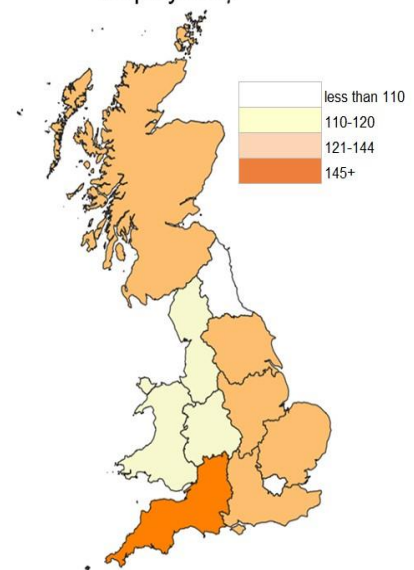
Rates of job-to-job move in the same sector are highest in the North East, North West, London, South West and Wales, and lowest in the East and Scotland. Switching to a different sector is most common in the South West (possibly in part reflecting the seasonality of some employment in e.g. tourism) and lowest in the North East and, perhaps surprisingly, London.

**Figure 18: Patterns of job-to-job moves by nation and region**

To the same sector, per 10,000 in employment



To a different sector, per 10,000 in employment



Per 10,000 in employment

Region	Same sector	Different sector
North East	155	77
North West	145	106
Yorkshire and The Humber	140	126
East Midlands	134	124
West Midlands	141	100
East	96	129
London	155	84
South East	139	125
South West	152	145
Wales	178	105
Scotland	117	121

These data should not be over-interpreted, not least as data availability means quite wide margins of error. They will reflect a combination of the age profile of a region (given young people are more likely to change jobs), its sector profile, and differences in the numbers of people moving between nations and regions of the UK too. For example, rates of sector switching out of hospitality are higher in the South West than elsewhere in the UK and this contributes to higher sector switching in the South West as a whole. This perhaps in part reflects the seasonality of some hospitality employment where it is dependent on tourism.

**Figure 19: Job-to-job moves by people working in hospitality per 10,000 people employed in that sector<sup>8</sup>**

Per 10,000 in employment

Region	Same sector	Different sector
North East	196	360
North West	100	332
Yorkshire and The Humber	222	298
East Midlands	257	415
West Midlands	181	289
East	147	537
London	206	288
South East	170	381
South West	364	326
Wales	273	285
Scotland	307	366

It was not possible to examine job-to-job moves by other characteristics, such as ethnicity, due to data limitations. These should be the subject of further research, including examining other data sources.

<sup>8</sup> Combining quarterly Labour Force Survey data sets from Jan-March 2020 to Oct-Dec 2022.

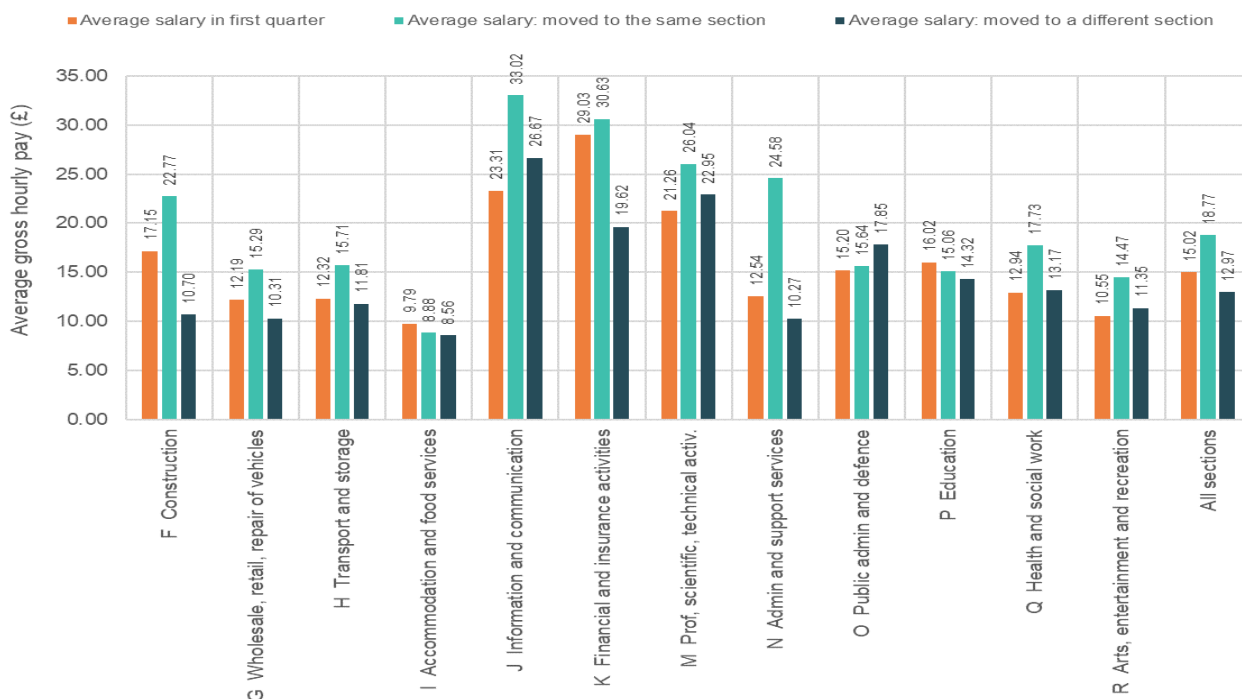


## The impact of career change

Hourly earnings are usually lower for people in new jobs: the average career changer has hourly pay 14% lower when starting a job in a new sector compared to those staying in the same job, equivalent to £3,731 per year for a full-time worker. However, pay subsequently grows 2.9 times faster for people changing jobs compared to those staying in the same job. The initial drop in income can be challenging to manage, particularly if full-time training is needed too.

Many people face a drop in earnings once they've started a job in a new sector. Figure 20 shows that most people moving to a job in the same sector (the turquoise bar) see an increase in their hourly pay according to the Labour Force Survey. However, moving to a different sector often results in a fall in hourly pay – an average 14% career changer pay penalty, equivalent to £3,731 per year for a full-time worker.<sup>9</sup> This is consistent with ONS findings that people who have been in their job for more than one year have average hourly earnings 17% higher than those who have been in their job for less than one year.<sup>10</sup>

**Figure 20: Hourly salary before and after job-to-job moves by sector**



This career changer pay penalty ranges from 30% (£11,739 per year for a full-time worker) in sectors like construction and finance and insurance services, 15% in retail and admin and support services (£3,422), to around 5-10% (£928-£2,239) in transport and storage

<sup>9</sup> Assuming a 35 hour working week.

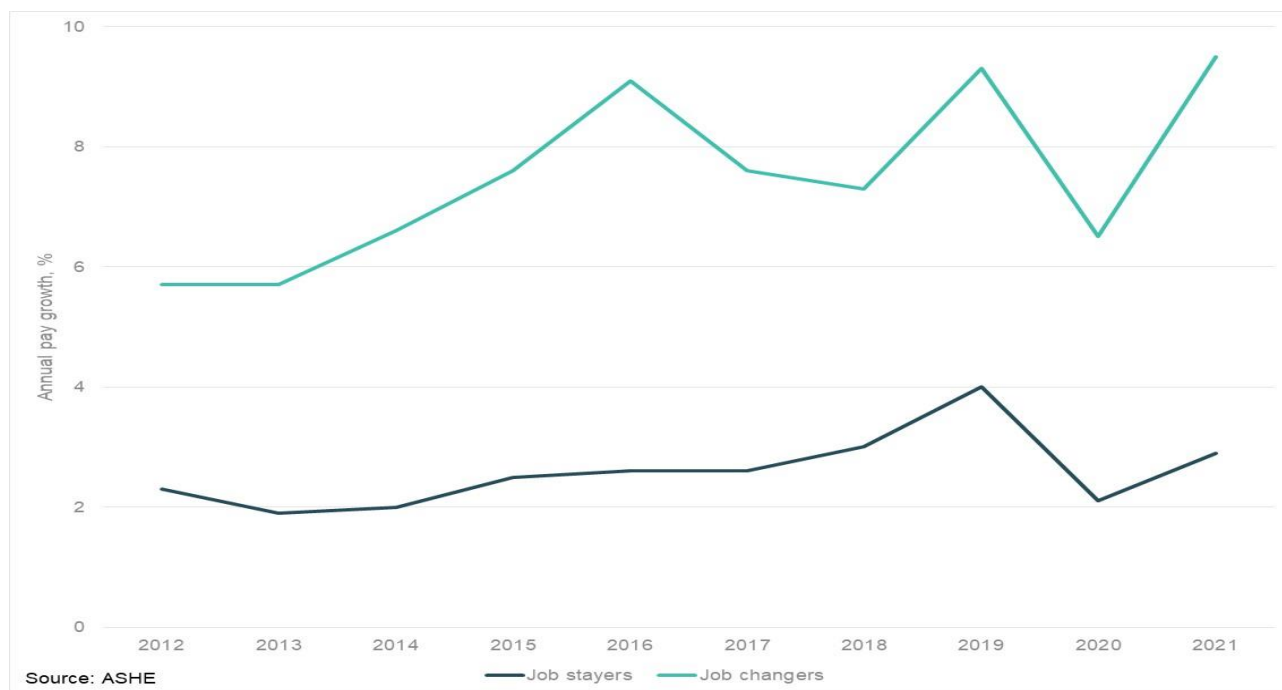
<sup>10</sup> Job changers and stayers: understanding earnings – April 2012-April 2022, ONS, 2022.

and accommodation and food services.<sup>11</sup> There is a small pay gain from switching out of some sectors, particularly health and social work, public administration and defence, and arts, entertainment and recreation.

People can face further costs if their sector switch requires retraining. For example, a full-time one-year course could cost someone on average earnings £33,000 in lost earnings as well as (depending on the nature of the course) course fees on top. Along with the subsequent drop in earnings in the new job, this could amount to a total retraining cost of £40,000 for those making the biggest changes of career.

However, people's earnings generally grow faster (from this lower base) once in a new job or sector compared to those who stayed in the same job.<sup>12</sup> Over the last decade, annual pay growth has been 4.9 percentage points higher for those changing jobs compared to those staying in the same job, that is 2.9 times faster growth.

**Figure 21: Annual pay growth for job stayers and job changers**

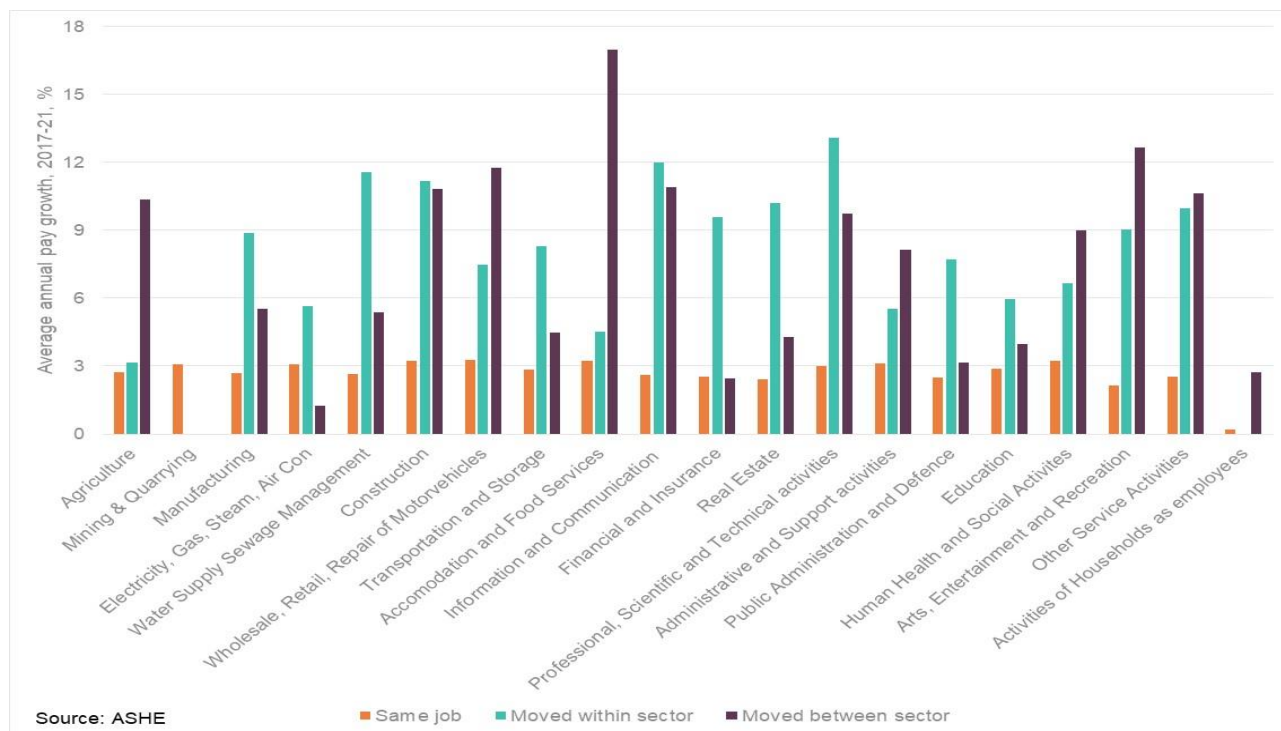


But the picture varies depending on whether people are moving to a job in the same sector or a different sector. Sectors like retail, accommodation and food services, and health and social care have faster wage growth for those switching out of that sector compared to changing to another job in the same sector.

<sup>11</sup> When looking at people's earnings when they have been in their new job in a new sector for less than three months.

<sup>12</sup> Changing jobs: change in the UK labour market and role of mobility, Resolution Foundation, 2022.

**Figure 22: Average annual pay growth for job stayers, job switchers and career changers, 2017-21**



Measuring earnings is challenging, and each measure has pros and cons. The Labour Force Survey is a survey of households, and so relies on people accurately remembering their (and/or others in the household's) earnings levels. It gives a measure of people's circumstances over five quarters, so can help to show changes over that period of time but doesn't track people for longer.

The Annual Survey of Hours and Earnings is a survey of employers and can make use of their administrative records. But it can underrepresent some types of employment and is only annual: it can give a better view of annual changes, but not dynamics within a year.

The general overall picture suggests that for many people career changing can involve costs (such as retraining) and lead to an initially lower salary, even if there is subsequently higher wage growth. This tallies with the finding that those who have been in their job for more than one year on average have higher earnings, but lower wage growth, than those who've been in their job for less than one year.<sup>13</sup>

This is a mixed picture: for some people (e.g. people qualifying to move into professional jobs) there is a clear routeway and payoff; for others (e.g. those moving out of lower paid sectors) career changing may not be an active choice and the routes into the job or career they ultimately want may not be clear.

<sup>13</sup> Job changers and stayers: understanding earnings – April 2012-April 2022, ONS, 2022.

## Supporting career change and retraining

**People wanting to or needing to change career get too little help. This can limit the number of people changing career or risk people not making the best choices for them. We need an expanded Lifelong Learning Entitlement to provide more help with course and living costs, plus the right to time off to retrain for those in work and benefit changes to allow more people to retrain for up to one year while out of work.**

Some people change jobs or careers as an active choice: perhaps looking to progress, try something different, or find the right role for them. Others must do so through necessity: perhaps as their current role is ending and no similar roles are available, or if their current job no longer fits with caring responsibilities or health needs.

The support people may need to change jobs or switch sectors will depend in part on whether the move is a choice or a necessity. People may also need more support if they are looking to make a bigger change, particularly if there are significant costs associated with this, or have more limited networks to identify options.

Retraining can be limited by: awareness of the jobs available; advice and support; understanding of the transferable skills people have and the extra skills they will need; tuition and living costs while retraining; and potential for lower earnings after the switch.<sup>14</sup> Research suggests people think they need training (31%), financial help (25%), and advice (23%) to retrain, but with a substantial minority (23%) not sure what help they may need.<sup>15</sup>

However, support hasn't yet caught up with the emerging reality of 50-year careers and multiple job and career changes:

- Employment support focuses on getting any job as quickly as possible. Jobcentre Plus Work Coaches can refer to training of up to 16 weeks (Train and Progress). But longer training is not usually allowed, and benefits are low compared to average earnings;
- Most skills investment is focused on young people. There is less support for older people or taking a qualification at a level you are already qualified to; and
- Little support for living costs while learning or if changing career results in a drop in income. This can be particularly challenging given the financial commitments to rent or mortgage and family that people often accumulate over time.

For higher education a maintenance loan of up to £12,667 is available for people studying their first course full time (or a lower amount for part-time students where the course intensity is a minimum of 25%), dependent on factors including household income.<sup>16</sup>

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<sup>14</sup> Reskilling for career change, L&W, 2021; Careers advice for longer lives, Phoenix Insights, 2023.

<sup>15</sup> Reskilling for career change, L&W, 2021.

<sup>16</sup> [Student finance for undergraduates: Overview - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/overviews/education/skills-and-training/student-finance-for-undergraduates)

Maintenance loans and grants will be available to adults studying in person through the Lifelong Loan Entitlement, subsequently renamed the Lifelong Learning Entitlement.

For further education (up to and including level 3) support is more limited. People who are out of work can take part in up to 16 weeks of learning if their Work Coach agrees it will help them find work. More generally, adults must rely on limited and discretionary support distributed via their learning provider if they are in financial hardship.

However, awareness of current support is limited, it doesn't provide enough help to enough people, and having to apply for it only once in learning and facing financial difficulty is likely to put some people off going into learning.<sup>17</sup> People in work also have a right to request time off to train from their employer. But this can be refused by employers, may be unpaid, and must be focused on skills for people's current jobs.

### Implications for policy and practice

Employment, learning and skills policy and practice need to better reflect the 21<sup>st</sup> century reality of longer working lives and ongoing economic change. We need a simpler, more joined-up system that ensures people have the information, advice and support they need when they need it, and reducing the risks (including financial risks and the career changer pay penalty) people face when switching career.

Our Time to Learn report argued for a new Lifelong Learning Entitlement to increase access to and demand for lifelong learning including for career change, including:<sup>18</sup>

- Greater **national and local promotion of lifelong learning** to raise awareness of the benefits of learning and demand for learning opportunities;
- Expanded **information, advice and guidance** so that adults can make informed choices about their learning;
- More **help with course and living costs**, including simplifying existing complicated entitlements for free courses, extending access to maintenance loans, and including a new system of Learning Accounts for individuals, employers and the Government to invest in learning together; and
- Increased **provision of flexible and blended learning** opportunities, so that people can better fit learning around work and home life.

The Government has since announced a Lifelong Learning Entitlement (renaming its previously planned Lifelong Loan Entitlement). While welcome, this is limited to tuition fee and maintenance loans at higher education level. Expanding to learning at all levels and deepening to provide more support as we argued would provide a more joined-up system.

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<sup>17</sup> Cost barriers to learning at level 3, L&W, 2023.

<sup>18</sup> Time to learn, Evans, L&W, 2023.

## Awareness and advice

There is lots of general interest in retraining or changing career – in 2021, one third of people said they wanted to change job or career in the next two years.<sup>19</sup> However, this does not always (nor should it always) translate into action and many people may not know what opportunities are available or how to access them. Concrete interest often comes at transition points, for example a change in caring responsibilities, loss of your current job or moving to a new area.

People need the right information and guidance at these transition points. That includes open provision of career maps that show the other jobs, sectors and careers your current skills and experience could open up, information on what else you might need to make that move and where to go for help. It should also include expanded provision of Career MOTs, which L&W successfully trialled.<sup>20</sup> Our research on career progression suggests promoting this through trusted intermediaries like housing associations, local authorities, trades unions and others is most likely to reach groups who may not otherwise come forward.<sup>21</sup>

## Flexible and tailored learning

Training needs to be tailored to people's needs and available flexibly to fit with work and home life, as our New Futures pilots have shown.<sup>22</sup> Public provision in England includes **Skills Bootcamps**, training courses of up to 16 weeks with a job interview at the end, and **Sector Based Work Academies**, funded by the Department of Work and Pensions for benefit claimants and involving up to six weeks pre-employment training, work experience placement, and a job interview or help to apply for a job.

In addition, **returnerships** have been designed by employers and subject to Government investment in 2018 and 2023 (though with no data on take-up or success). These are generally defined as a kind of high-level internship acting as a bridge back to senior roles for experienced professionals who have taken an extended career break.<sup>23</sup>

These are in general sensible approaches, but the Government needs to ensure widely accessible routes into a broad array of jobs and careers. For example, three quarters of Skills Bootcamp starters to date already have a level 3 qualification and almost one in five have a post-graduate qualification.<sup>24</sup> What about the 16 million (38%) working-age people not qualified to level 3 who want to or need to retrain?<sup>25</sup>

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<sup>19</sup> Reskilling for career change, L&W, 2021.

<sup>20</sup> [Mid life career review](#), L&W, 2015.

<sup>21</sup> Evidence review: supporting progression from low pay, L&W, 2019.

<sup>22</sup> [New Futures - Learning and Work Institute](#)

<sup>23</sup> [What is a returnership](#), RSMUK, 2018; [Returner programmes: best practice guidance for employers](#), Government Equalities Office, 2018.

<sup>24</sup> Skills Bootcamp evaluation.

<sup>25</sup> Annual population survey, ONS, 2023.



An **apprenticeship** can also be a great way for people to change careers and help to minimise the cost of doing so as people earn while they learn. But there is relatively little data on the extent of use of apprenticeships for retraining or how to ensure effectiveness.

In all of this, employers have a responsibility and interest in ensuring they have a high quality workforce and talent pipeline. That means engaging in public programmes, investing in their own recruitment and training, and providing clear and diverse routeways into their roles. The Government can help by supporting and sharing best practice.

### Help with course and living costs

A core part of the new, expanded Lifelong Learning Entitlement should be increased help with living costs for people both during learning and for career changers. In Austria, people can take a one-year career break for continuing education (two years for part-time learning) and receive a continuing education allowance while they do so.

Germany is developing plans for people to be able to take a one year career break if their employer agrees, with the Government paying the equivalent of higher-rate unemployment benefits (60% of income for single people, 67% for people with a child).<sup>26</sup> This responds to concerns that support programmes are too complex, with limited support for updating skills (though there are loan and grant schemes).<sup>27</sup> Other countries, including France and Belgium, support living costs up to a certain level for people on training leave.<sup>28</sup>

For **people out of work and looking to change career**, our Time to Train report recommended extending the current Train and Progress benefit rules to allow full-time **training of up to one year** (up from 16 weeks now) for people not required to look for work and for people, such as women returners or career switchers, who agree with their Work Coach that this will improve their long-term job prospects.

For **people in work and looking to change career**, we argued that the current Right to Request Time Off to Train should be strengthened and extended. This could better help career changers by: covering all accredited learning (not just relevant to current work); being extended to all employers (not just large employers); and becoming a right to time to train (rather than right to request) for those working at large firms.

People would remain employed during up to **one-year unpaid career break** meaning they could return to their current employer after training either in a different role or if retraining does not work out for them. This helps to reduce the risk to people of retraining by ensuring they have a job and employer to return to. The burden on employers would be minimised by making the leave unpaid, but people would be entitled to a **maintenance loan** from the Government to support with living costs while learning.

As well as course and living costs while learning, career changers also face a **pay penalty** of an average £3,400 per year for a full-time worker. Depending on income and personal circumstances, **Universal Credit** may be able to cushion some of this fall – lower income

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<sup>26</sup> [How Germany plans to offer employees up to a year's paid leave for further training - The Local](#)

<sup>27</sup> Continuing education and training in Germany, OECD, 2021.

<sup>28</sup> Getting skills right: future-ready adult learning systems, OECD, 2019.

may mean increased Universal Credit payments. In addition, the level at which **National Minimum Wage** rates are set, and the impact of this on the pay distribution, will also affect the nature and extent of this pay penalty. The Government should keep Universal Credit and minimum wage rates under review so that everyone (including career changers) has a good standard of living in and out of work, and that work and progression at work pay.