

# No train no gain

**Can the UK boost job mobility and pay growth  
over the next decade?**

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## About Learning and Work Institute

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## Foreword from Learning and Work Institute

We live in a time of ongoing change. Technological changes like Artificial Intelligence combine with demographic changes like an ageing population and longer working lives. The collision of these trends should mean an increased need for career switching, retraining and upskilling.

And yet career change is down since the global financial crisis and has stayed down. With 50-year careers going to be increasingly the norm for today's education leavers and 80 per cent of our 2035 workforce having already left compulsory education, how can this be and how can we change it?

Part of the reason for this seeming contradiction is ongoing economic stagnation. Low economic growth contributes to slower growth in roles at the top for people to progress to. This holds back people, prosperity and our economy.

Training can help to change that, making us all better off and improving social mobility. Our research shows that access to training helps people in lower socioeconomic groups climb two rungs of the occupational ladder on average. This is twice as far as those who do not take part in training. Those who take part in training also earn more across their career than those who don't, again with the gains biggest for those in the lowest socioeconomic groups.

It is therefore deeply troubling that as a nation we're investing less in skills, both employers and the Government, and that those with the lowest qualifications have been hardest hit by these cuts.

This report makes a clear case for change, showing the benefits of training to people's pay and life chances. Put simply, training works, and more people should have access to it.

**Stephen Evans, Chief Executive, Learning and Work Institute**



## Foreword from Alan Johnson

I left school two months after my fifteenth birthday with no qualifications. But the world of work I entered in the 1960s had a focus on lifelong learning and adult education that has largely vanished. Apprenticeships, evening classes, correspondence courses, a vast network of libraries, and a strong trade union movement dedicated to the cause of self-improvement. This appetite for adult education was soon to find a further outlet in Harold Wilson's Open University. However, many of the doors that were open for school leavers like me are now firmly closed.

The evidence is stark. People who get training earn more, progress faster, and are better equipped to change careers when they need to. The biggest gains go to those starting on the lowest rungs: the very people who are least likely to get training in the first place. Administrative assistants stuck in dead-end roles; factory workers facing automation with nowhere to turn; young people entering a job market demanding qualifications their parents never needed. Without training, they're trapped in what this report rightly calls a doom loop: low pay, low training, low skills, low pay.

This didn't happen by accident. Since 2010, government investment in adult skills has fallen by a billion pounds. Employers are spending a quarter less per worker on training than they did two decades ago. Those aren't just dry statistics - they represent lives held back, potential wasted, communities left behind.

This would be a disaster if our nation was basking in a sea of tranquility, but as the report points out, we're heading into a decade of massive change. AI, automation, and the green transition means that entire sectors are being entirely reshaped. This won't just affect a future workforce; four out of five people who'll be working in 2035 are already in jobs today. We can't train our way out of this challenge by focusing only on young people coming into the labour market. We need millions of adults to retrain, upskill, move into new roles, and new sectors.

The Growth and Skills Levy already provides the foundation to build something fit for purpose: a system that works equally for the school leaver starting an apprenticeship and the 45-year-old needing to learn new skills. A Skills Tax Credit, modelled on the successful precedent set for research and development, would provide the necessary incentive for employers to invest. These are essential tools for stability and growth.

Training isn't a luxury. It's not something to do when times are good and scrap when money is tight. It's fundamental: to people's prospects, to productivity, to building an economy that works for everyone. The evidence in this report is overwhelming. The need is urgent.

**Alan Johnson, Former Secretary of State for Education**

A handwritten signature in black ink that reads "Alan Johnson". The signature is written in a cursive, slightly slanted style.

## Executive summary

Access to training is a boon for people's pay and careers. People who receive and participate in training are paid more; experience quicker and more sustained salary growth; and are more likely to move into highly skilled roles. The training dividend is greatest for those on the lower rungs of the occupational ladder, helping them go further, faster.

However, reductions in funding for training have been substantial and long lasting from both government and employers. Cuts in public funding have fallen hardest on Level 2 qualifications which most benefit those in lower paid work and lower socioeconomic groups. The distribution of employer-funded training across sectors and earning categories is also deeply unequal. Those better paid and working in industries with a high graduate workforce are more likely to receive training at work. For those in lower-skilled occupations and lower paid roles, the absence of training can have an anchoring effect, locking people in a doom loop of low pay – low training – low skills – low pay.

In an environment where training is strongly linked with improved pay and career progression, cuts to training appear to be impacting salary growth and job movements. Real earnings have flatlined for nearly two decades. As well as being an endemic feature of the labour market, pay stagnation also appears to be a major challenge in people's career journeys, with real terms wage growth evaporating for many by age 40. Despite this, and despite five-decade careers becoming more common and economic change ongoing, career change is not yet the new norm. Last year, moves between sectors fell to almost half the level seen in the early 2000s.

This cannot continue. A decade of labour market changes lies ahead. The sum of these changes will spur job demand in some sectors compared to others, while also increasing demand for intermediate and higher-level skills. Industries increasing or decreasing job numbers cannot rely on new entrants alone. With 80 per cent of the 2035 workforce having already left compulsory education, there is a need for significant upskilling and retraining. Positively, there is strong evidence that access to training is enabling more people to move into growing occupational categories and transition out of roles where demand is decreasing.

Ramping up training can therefore help firms to retain and create jobs, while allowing more people to move into highly skilled, high-value, well-paid employment. However, failure to do so risks thwarting the potential of people, businesses, and the economy, and leading to significant economic scarring and job displacement. The Government and employers both have a key role to play.

## Key stats

- Across the economy, those who receive training receive £3,400 gross monthly income on average, compared to £2,950 for those that do not.
- Workers in the lowest socioeconomic categories who receive training are paid roughly 15 per cent more than those who do not
- Workers beginning in routine and semi-routine occupations climb two socioeconomic categories on average when they receive training. This is twice as far as when they do not.
- Over two fifths (42 per cent) of those in the lowest occupation groups who receive training progress to a higher occupational group compared to the 17 per cent who do not receive any training.
- Pay increases have evaporated for many after their 30s. Those in administrative, secretarial, and elementary occupations experience real terms pay growth of between 12 and 14 per cent between their 20s and 30s. From their 30s to 40s, the increase stands at only one to three per cent on average.
- In the early 2000s, 5.6 per cent of all employed people moved to a different sector each year on average. Last year, moves between sectors were only half this level.
- Money and career progression are consistently the most cited reasons for changing jobs, given by over one fifth (20.5 per cent) of job movers. However, career decisions are also shaped by a broader set of factors, including better career prospects (17 per cent) and more interesting work (12 per cent).
- Anticipated employment growth is concentrated in professional occupations, expected to increase by 20 per cent by 2035.
- Training associated with movement into higher skilled roles where demand is greater. For example, 15 per cent of administrative workers who received training progressed into associate professional and technical occupations. This is more than double the rate of their counterparts who did not receive training (seven per cent).
- Jobs requiring higher-level qualifications are projected to expand by over 2.5 million by 2035. Jobs requiring only GCSE or equivalent level attainment are expected to reduce by close to 1.8 million over the same period.

## Introduction

The main aim of the data analysis was to explore the impact of training on pay, job mobility, and people's ability to either change sector or climb the occupational ladder. To achieve this, we used the following sources of data:

**Understanding Society**, the **UK Household Longitudinal Study (UKHLS)**, is led by Institute for Social and Economic Research (ISER) and is a large panel survey with a sample size of 40,000 households from the UK or approximately 100,000 individuals. The survey consists of information about the same individuals at regular intervals and so can be used to track changes in people's lives over time<sup>1</sup>.

The training variable used asks if the individual has done any training schemes or courses which include any part-time or evening courses, training provided by an employer, day release schemes, apprenticeships and government training schemes, in the last 12 months. As we have restricted the analysis to those in full-time jobs, most training is likely to be employer related training.

The ONS's **Annual Survey of Hours and Earnings (ASHE)** provides data on the **levels, distribution, and make-up of earnings** for employees, based on a one per cent sample from HMRC's PAYE records<sup>2</sup>.

For the ONS's **Two Quarter Longitudinal Labour Force Survey** and **Quarterly Labour Force Survey** we have combined quarters to increase the sample size. These have been weighted to the UK population. The training variable relates to job related training or education (in work) in the past three months.

The **Employer Skills Survey (ESS)** is used to understand the skills challenges faced by employers, both within their existing workforce and when recruiting. The survey gives insights into how they respond to these challenges through investment in training and workforce development. Over 22,000 employers across the UK participated in the 2024 wave.

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<sup>1</sup> We have used all the waves of data available at the time of the report. This covers the years 2009 to 2023 and we have followed individuals regardless of when they joined or left the survey. We have only included those aged 16-64, that indicated they received training or not, worked 30 hours or more and had at least two job classifications in the 13 waves, leaving us with a sample size of just over 11,000 individuals. Salary figures have been adjusted to 2023 prices (the final wave of data) using the CPI index. It should be noted that the results are not weighted to the UK population and are based on the individuals in the sample.

<sup>2</sup> It should be noted that the ASHE sample often under-represents jobs in small, young, private-sector organisations. Non-response is higher in some occupations, particularly those with higher pay, which can lead to an underestimation of earnings. The analysis is based on real term increases after adjusting for inflation.

**Labour market and skills revised projections: 2020 to 2035 (Working Futures)<sup>3</sup>**

presents historical trends and future prospects by sector for the UK. The prime focus of The Skills Imperative 2035 projections is on the demand for skills as measured by employment by occupation. The data up to 2020 is based on historical estimates while data from 2021 onwards are projections.

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<sup>3</sup> These projections, which represent the latest in a series of quantitative assessments of the employment prospects in the UK labour market, have been published under The Skills Imperative 2035 banner by the DfE. The previous results were published under the Working Futures banner. The data up to 2020 is based on historical estimates while data from 2021 onwards are projections.

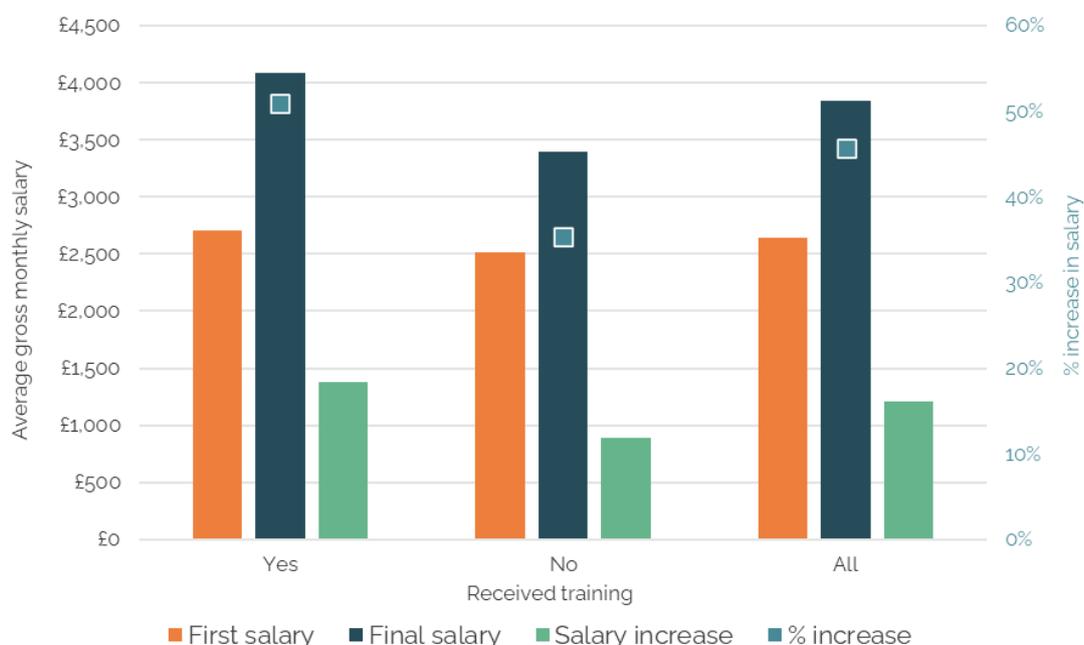
# Chapter 1

## Training can help underpin career progression, and improve people's pay

### When it comes to pay, there is a clear training dividend

Access to training and skills development helps to raise people's earnings, accelerate the pace of pay progression, and increase their earning potential<sup>4</sup>. Figure 1<sup>5</sup> uses data from Understanding Society<sup>6</sup>. This survey runs for 14 years and tracks individuals from the point they join the survey (which can differ) to the end of the time period. Figure 1 shows gross monthly income across all industries and occupations for people who have received training, and those who have not. It also shows the relative salary increases experienced by these two groups.

**Figure 1: Average real gross monthly income by whether received training or not**



Source: Understanding Society, all waves 2009 to 2023 (adjusted for inflation)

Initial salaries for those who received training were roughly eight per cent higher than their counterparts who have not received training (£2,700 compared to £2,500). This

<sup>4</sup> Learning and Work Institute (2019) [Time for Action](#)

<sup>5</sup> Uses all waves: 2009 to 2023 of Understanding Society. It follows individuals and does not matter when they joined or left the survey. The sample size is 11,280. It only includes those that indicated they received training or not, worked 30 hours or more and had at least two job classifications in the 13 waves. Salary figures have been adjusted to 2023 prices (the final wave of data) using the CPI index.

<sup>6</sup> Understanding Society consists of 13 surveys that interview the same individuals from January 2009 to March 2013. For this report we have downloaded individual data from each survey and matched personal identifiers to track them throughout their time during this time period. Individuals can participate in the survey at various times, so their length of time on the survey can vary.

pay difference may be reflective of the employer's perception as to which employees are likely to have a higher return on investment for training. Those employees who are higher paid are likely to be perceived as "more productive". Employers are more likely to offer training to them as they believe that training may further increase their productivity and have an overall positive outcome on the firm. It may also be that firms who are more likely to offer training are also more likely to pay higher salaries.

For final observed salaries, the difference is even greater. Those who have received training earn around £4,100 per month while those who have not received any training earn around £3,400 per month, a 20 per cent difference. Across the economy, those who receive training receive £3,400 gross salary on average, compared to £2,950 for those that do not. This reflects both the potential for training to boost earnings, to some extent the characteristics and skills of those receiving training and the types of firms most likely to offer training, but also the unequal distribution of training across sectors and earning categories as we will come on to examine in the next chapter.

Those who receive training not only enjoy higher gross monthly pay but also larger percentage increases in earnings. On average, across the time period measured by Understanding Society, real incomes of those receiving training increased by 50 per cent. Meanwhile, those without training received far smaller increases of 30 to 40 per cent. In line with having a higher pay ceiling, those who received training took longer to reach their highest salary level, four years on average. Without training to support progression, people reach their salary peak earlier, after just two years, before seeing their pay stagnate.

When we chart things over a longer period (Figure 2), we can see that access to training is correlated with an improved career trajectory. In the early stages of people's careers, training appears to act as a springboard, supporting those that receive it into higher earning brackets more quickly. At the mid-career stage, training appears to help sustain salary progression, while those who do not receive it begin to see their pay stall.

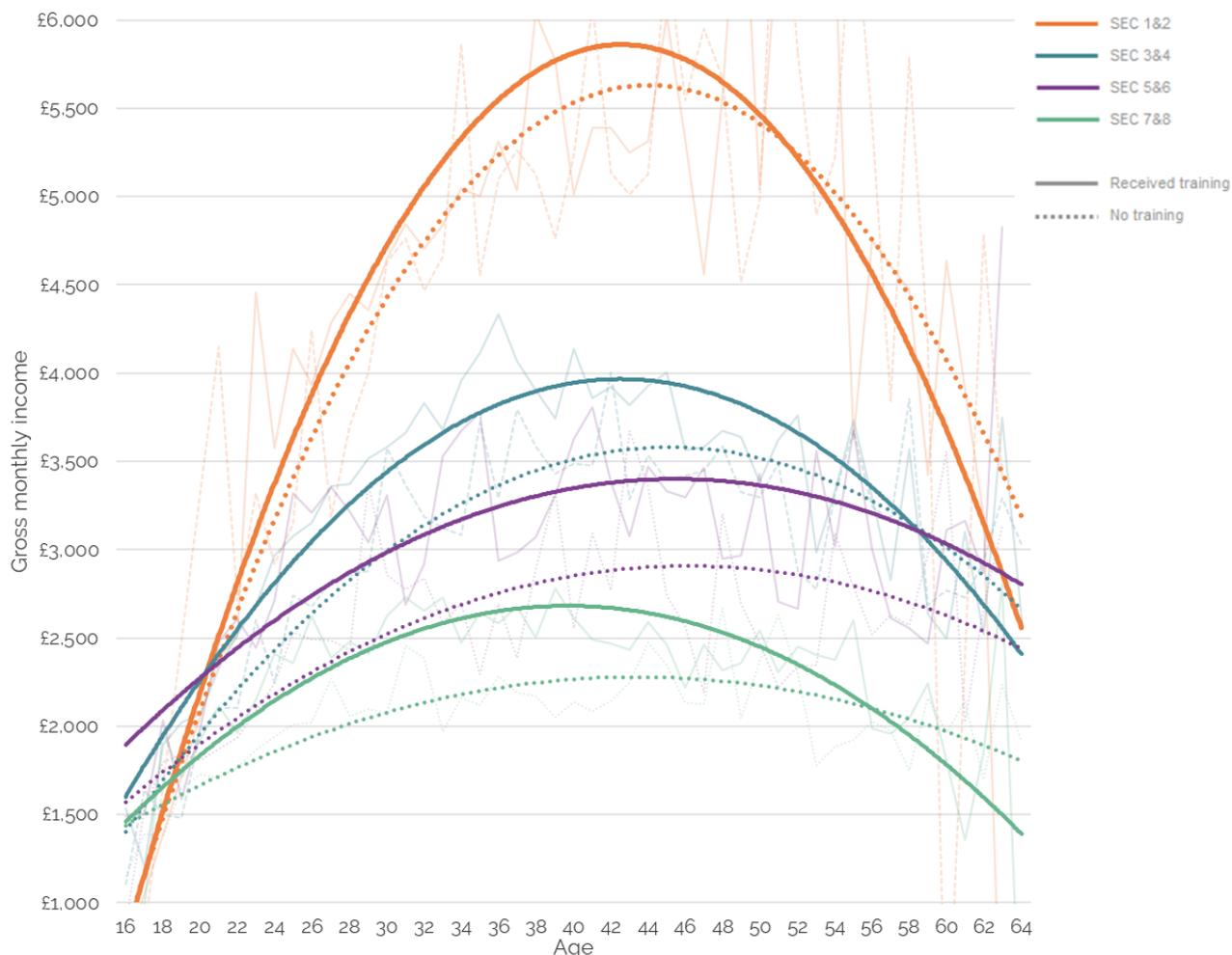
The association between access to training and salary increases is strongest for workers in the lowest socioeconomic categories. Workers in Lower Supervisory and Technical roles (SEC 5 and 6) who accessed training earn on average, 17 per cent more than those that did not (£3,100 per month compared to £2,650). The equivalent difference was 15 per cent (£2,400 compared to £2,100 per month) for those in the Routine occupations (SEC 7 and 8), like cleaners, labourers, and waiting staff. The difference was 14 per cent (£3,600 per month compared to £3,200) for those in Lower Management, Professional and Intermediate categories (SEC 3 and 4).<sup>7</sup>

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<sup>7</sup> Findings from Figure 2 should be interpreted carefully. The data is subject to fluctuations due to the relatively small sizes. To smooth these fluctuations, polynomial trendlines were applied but some peaks, particularly for those in the intermediate classification may be exaggerated.

For those that do and do not receive training, salaries tend to decrease towards the back of people's careers. The steeper dips observed among workers in management and professional roles in later life may be explained by early retirement<sup>8</sup> or reduced hours<sup>9</sup> among higher earners which bring down the average earnings amongst those in 50s and 60s age range.

**Figure 2: Average gross monthly income by age and socioeconomic classification**



Source: Understanding Society, all waves 2009 to 2023 (adjusted for inflation)

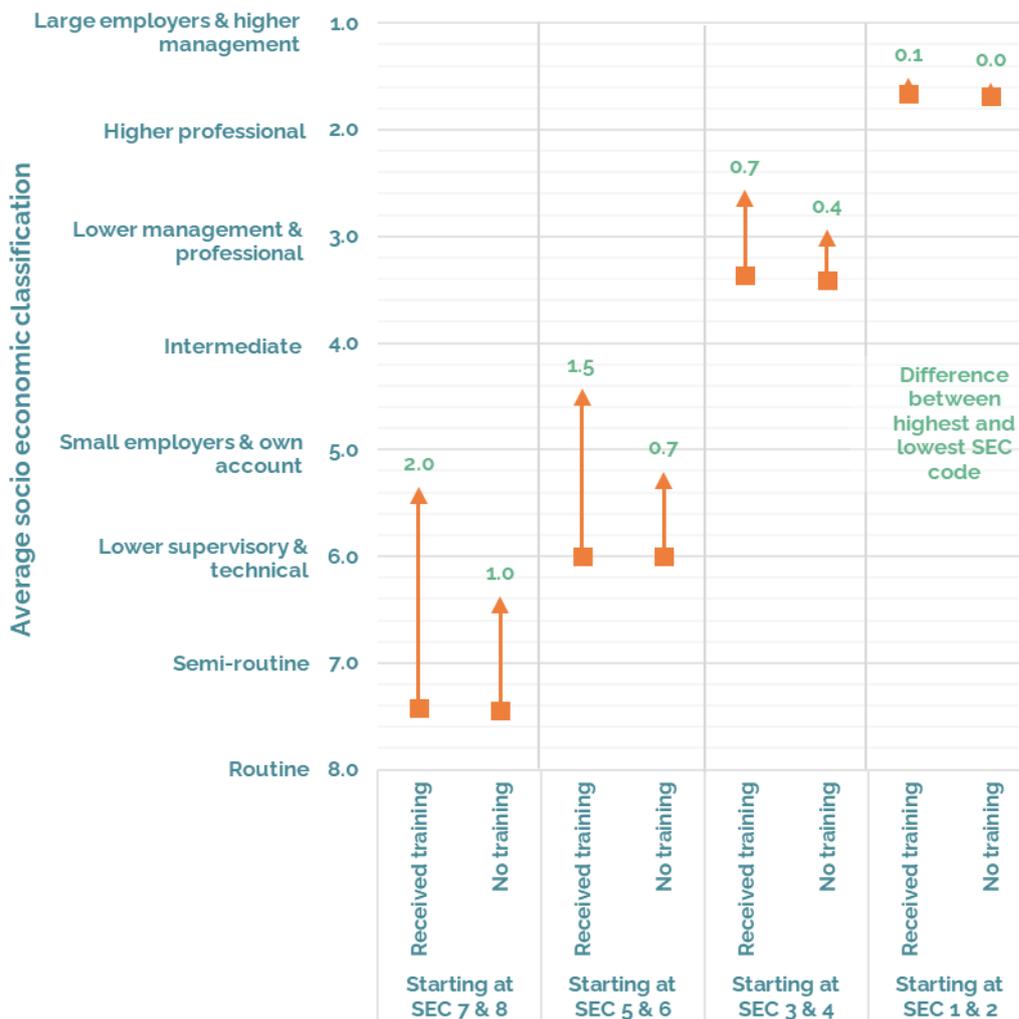
### Training can help people climb the occupational ladder, especially those on the lower rungs

As well as pay, training can support people to progress into higher socioeconomic classifications (SEC). Figure 3 uses data from Understanding Society to show the relative progression up the occupational ladder by those who receive training, compared to those who don't. This tracks individuals who have joined the survey at any time during the 14 years the survey was conducted.

<sup>8</sup> Centre for Ageing Better (2024) [The State of Ageing](#)

<sup>9</sup> Institute for Fiscal Studies (2022) [The rise in economic activity among people in their 50s and 60s](#)

**Figure 3: Progression in socioeconomic classification (SEC) by training status**



Source: Understanding Society, all waves 2009 to 2023

Workers in the lowest SEC categories appear to have the most to gain from training, and by extension, the most to lose by missing out. Workers starting in routine (SEC 8) and semi-routine occupations (SEC 7) advanced by an average of two SEC levels if they received training, the most of any group. By contrast, those who did not receive training advanced just one SEC level on average. With SEC categories strongly linked to pay, this indicates two things. Firstly, access to training is associated with higher occupational mobility for lower earners. Secondly, a lack of training can contribute to people being trapped in lower SECs and lower-paid roles even when they want to and are able to progress. We know from other research conducted by L&W that those in lower SECs are less likely to benefit from training at work.<sup>10</sup> This highlights how a lack of training can keep people in a doom loop of low pay – low training – low skills – low pay.

<sup>10</sup> Learning and Work Institute (2024) [The great skills divide](#)

The ability of training to underpin career progression is also seen for those starting further up the ladder. For those in lower supervisory and technical roles (SEC 5), training can help workers to advance by almost 1.5 SEC levels. Those without training progress less than half as far. At the top of the ladder, however, the training dividend is limited, as workers reach a natural ceiling on progression.

### **Training can underpin career progression and help people change jobs**

Access to training can also help people to change jobs and become more mobile in their career. We know from other research conducted by L&W that changing jobs can unlock pay growth 2.9 times faster than for those that stay in the same sector, though career changers often take an initial drop in pay.<sup>11</sup>

Figure 4 and Figure 5 track job-to-job movements of major SOC2000 groups who did and did not receive training, over a 14-year period using data from Understanding Society. It shows that workers are more likely to change job type if they have benefited from training.

Access to training is most associated with job moves for those in lower and mid-skilled occupations. Among administrative and secretarial workers who receive training, only 56 per cent remain in the same occupation, with almost a quarter moving upward into managerial or associate professional roles.

However, without training, 78 per cent remain in administrative work, with more limited upward progression. For those in elementary occupations, the lowest socioeconomic group, the difference is even greater. Fewer than three fifths (58 per cent) of those who receive training stay in this occupation group, compared to 83 per cent of those who do not. This again indicates how a lack of training can contribute to people remaining in low paid roles.

As well as enabling people in lower and mid skills roles to move up the occupational ladder, access to training also appears to enable those in higher skilled occupations to shift to something different. For managers and senior officials, the highest group, 68 per cent of those who receive training stay in the same occupation, compared to 76 per cent that do not.

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<sup>11</sup> Learning and Work Institute (2023) [All change](#)

**Figure 4: Job to job movements, major SOC2000 groups: those who received training**

		Last job								
		1 Managers and Senior Officials	2 Professional Occupations	3 Associate Professional and Technical Occupations	4 Administrative and Secretarial Occupations	5 Skilled Trades Occupations	6 Personal Service Occupations	7 Sales and Customer Service Occupations	8 Process, Plant and Machine Operatives	9 Elementary Occupations
First job	1 Managers and Senior Officials	68%	6%	12%	5%	2%	2%	2%	1%	2%
	2 Professional Occupations	11%	70%	11%	2%	1%	1%	0%	1%	1%
	3 Associate Professional and Technical Occupations	13%	8%	66%	5%	1%	3%	1%	1%	1%
	4 Administrative and Secretarial Occupations	12%	6%	15%	56%	1%	2%	3%	2%	2%
	5 Skilled Trades Occupations	7%	4%	7%	1%	71%	0%	0%	8%	3%
	6 Personal Service Occupations	5%	5%	8%	4%	1%	73%	1%	2%	2%
	7 Sales and Customer Service Occupations	16%	4%	16%	13%	3%	3%	40%	2%	4%
	8 Process, Plant and Machine Operatives	5%	2%	4%	3%	6%	1%	1%	72%	7%
	9 Elementary Occupations	8%	1%	6%	4%	6%	5%	2%	10%	58%

Source: Understanding Society, all waves 2009 to 2023

**Figure 5: Job to job movements, major SOC2000 groups: no training**

		Last job								
		1 Managers and Senior Officials	2 Professional Occupations	3 Associate Professional and Technical Occupations	4 Administrative and Secretarial Occupations	5 Skilled Trades Occupations	6 Personal Service Occupations	7 Sales and Customer Service Occupations	8 Process, Plant and Machine Operatives	9 Elementary Occupations
First job	1 Managers and Senior Officials	76%	4%	9%	4%	2%	0%	3%	1%	1%
	2 Professional Occupations	6%	82%	6%	2%	1%	1%	0%	1%	0%
	3 Associate Professional and Technical Occupations	10%	5%	76%	3%	1%	1%	1%	2%	1%
	4 Administrative and Secretarial Occupations	7%	2%	7%	78%	0%	1%	2%	0%	2%
	5 Skilled Trades Occupations	4%	1%	2%	1%	80%	0%	1%	7%	4%
	6 Personal Service Occupations	4%	2%	5%	2%	0%	83%	1%	1%	4%
	7 Sales and Customer Service Occupations	11%	1%	5%	7%	1%	1%	68%	2%	4%
	8 Process, Plant and Machine Operatives	1%	1%	1%	1%	3%	0%	2%	85%	6%
	9 Elementary Occupations	2%	0%	2%	2%	3%	2%	1%	5%	83%

Source: Understanding Society, all waves 2009 to 2023

When moving jobs, those who have received training also appear to move into better paid work. Figure 6 unpacks salary gains for those that change jobs and explores the relative increase experienced by those who receive training versus those who do not. This indicates that changing jobs unlocks salary gains across the board, but much more so for workers who receive training. Trained workers had a higher base gross weekly income (£650 compared to £600) and saw higher increases in salary as well (four per cent as opposed to three per cent) when changing jobs.

**Figure 6: Change in salary for those that changed jobs by whether received training**



Source: Two Quarter Longitudinal Labour Force Survey, 8 Quarters combined: Apr-Jun 23 to Apr-Jun 25

## Chapter 2

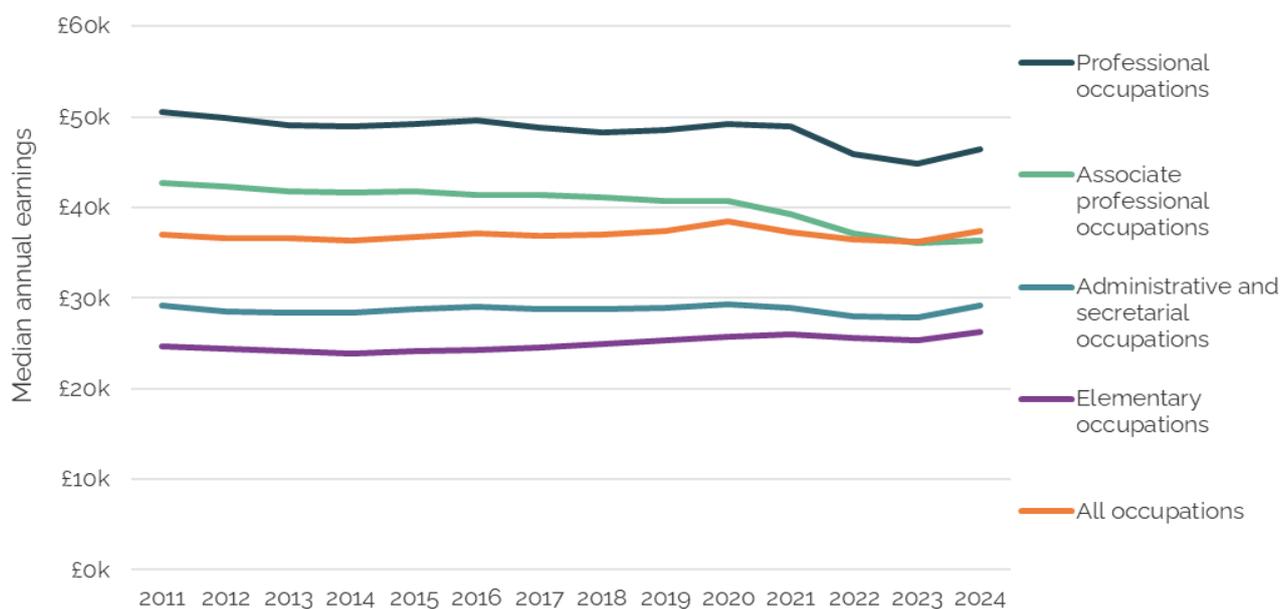
### Cuts to training may be impacting pay growth and job moves

#### Flatlining pay is a day-to-day reality

Access to training then is strongly associated with pay progression, job mobility, and climbing the occupational ladder. However, these things appear to be a relatively weak position within the UK economy.

Real earnings growth in the UK has been sluggish over two decades, growing just 1 per cent in real terms between 2011 and 2023 (£37,430 vs £37,052). The Resolution Foundation puts average weekly earnings at just £16 higher than 2010 in real terms<sup>12</sup>. This story of stagnation is seen across all occupation types, although with some differences (Annual Survey of Hours and Earnings<sup>13</sup>, Figure 7 ). Median real terms pay in professional occupations has come down 11 per cent from £45,000 to £50,000 over this period. Meanwhile, elementary occupations have seen a modest increase in earnings of about six per cent, supported by repeated above inflation increases to national minimum wage rates by successive governments over this period.

**Figure 7: Median annual earnings for selected occupations, working age**



Source: Annual Survey of Hours and Earnings (adjusted for inflation)

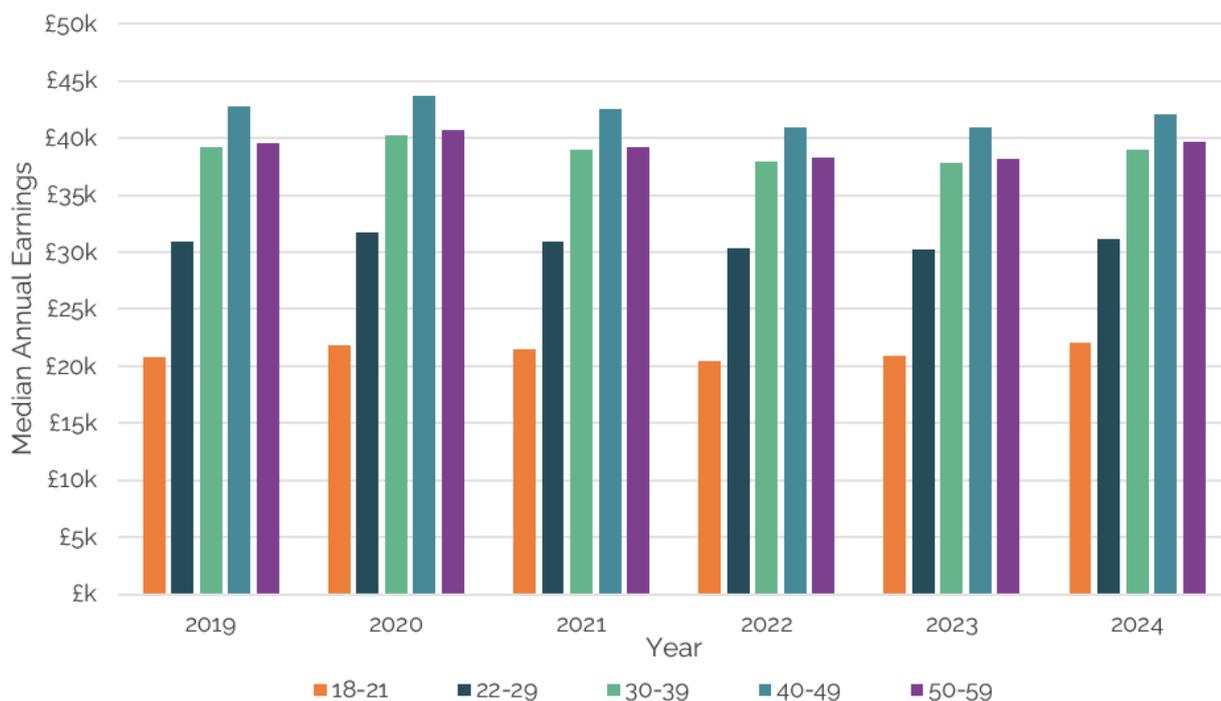
As well as being an endemic feature of the UK labour market, pay stagnation also appears to be a major challenge in people's career journeys. Figure 8 depicts the pattern of median annual earnings data by age group from 2011 to 2024 using data

<sup>12</sup> Resolution Foundation (2024) [Job done?](#)

<sup>13</sup> The ASHE sample often under-represents jobs in small, young, private-sector organisations. Non-response is higher in some occupations, particularly those with higher pay, which can lead to an underestimation of earnings.

from the Annual Survey of Hours and Earnings (ASHE). Across all occupations, earnings rise more strongly in people’s early careers, typically in their 20s and 30s as workers build skills and experience. However, again, across all occupations, pay growth is limited for many after their 30s. We also know income progress for younger generations has not kept up with previous generations, with the typical annual income for those born in the early 1980s almost £1,400 lower than the incomes of those born 10 years earlier at age 30<sup>14</sup> in real terms. Some of this relates to the general economic stagnation of the last 15 years.

**Figure 8: Median annual earnings by age & year (all occupations)**



Source: Annual Survey of Hours and Earnings (adjusted for inflation)

Those in administrative, secretarial, and elementary occupations experience a real terms pay increase of between 12 and 14 per cent between their 20s and 30s. From their 30s to 40s, the increase stands at only one to three per cent on average. On the other hand, those in professional occupations, show a stronger early-career wage growth, reflecting the wage premium attached to higher qualification and specialist skills. Earnings tend to climb steeply between their 20s and 30s, with an average pay increase of 45 per cent. From their 30s to 40s, this dips severely, to an average increase of 16 per cent, almost a 30-percentage point drop. We also see median pay decrease towards the end of people’s careers. However, this may be influenced by the highest earners leaving the labour market or reducing their hours or role before the state pension age. These findings indicate that even in higher-skilled roles, progression plateaus relatively early, leaving mid-career workers often facing pay stagnation.

<sup>14</sup> Resolution Foundation (2023) [An intergenerational audit](#)

## But this isn't leading more people to change their job or career

With five-decade careers becoming more common, and many people hitting a dead end on pay increases around the age of 40, one might expect to see an uptick in the numbers of people changing jobs and careers over recent years. Indeed, as shown in the previous chapter and prior research conducted by L&W, changing jobs helps people earn more, and faster.<sup>15</sup> However, despite this, career change is not yet the new norm and job moves have fallen off over recent years.

Evidence from the Labour Force Survey (Figure 9) shows the long-run trend in total job-to-job moves in the UK from 2001 to 2025. Quarterly job moves averaged around 750,000 between 2001 and 2008. This declined sharply shortly after the financial crisis, reaching an average approximately 500,000 between 2008 and 2011, the lowest in two decades. From 2012 onwards, job moves gradually recovered, reaching levels seen before the financial crisis between 2017 and 2019. The immediate post-pandemic brought about a significant but short-lived churn, with a tight labour market and high vacancies leading more people to change job. This was also linked to some 'catch up' after job moves fell during the pandemic. Job moves exceeded one million per quarter in 2021. However, job moves have since returned to similar levels seen in 2013, at around 600,000 moves a quarter.

**Figure 9: Total job moves (000s) from 2001 to 2025, people aged 16-69**



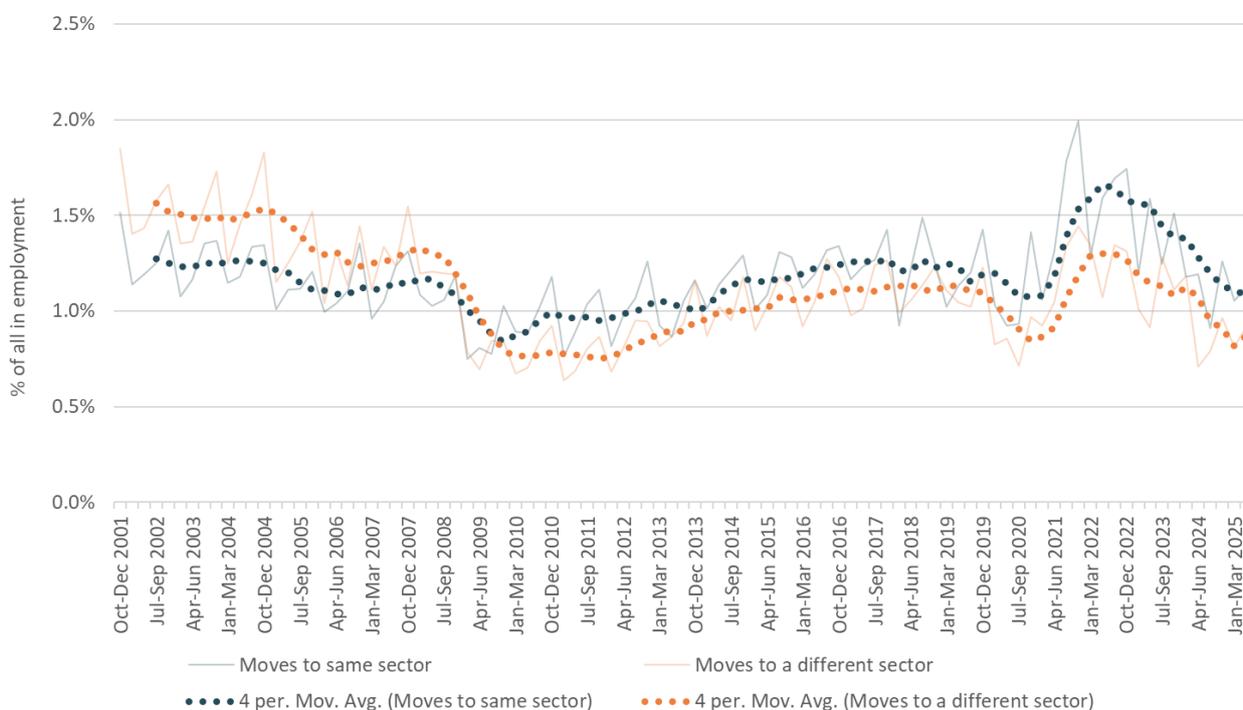
Source: Two Quarter Longitudinal Labour Force Survey

Figure 10 breaks this down for job moves within sectors and job moves to different sectors over the same period. In the early 2000s, an average of 1.2 per cent of all employed people changed jobs within the same sector each quarter while an average

<sup>15</sup> Learning and Work Institute (2023) [All change](#)

of 1.4 per cent of all employed people moved to a different sector. Except for the post-pandemic churn, this has been the high-water mark for total mobility in the labour market this century. Moves between sectors have remained solidly below those within the same sector since the financial crisis. Last year, moves between sectors reached nearly half the level seen in the early 2000s. This highlights significant challenges for people and the economy. On the one hand, it appears that too many people have reached a dead end in their career, unable to make a change that could facilitate pay growth or be content where they are. On the other, and as we will explore in the next chapter, the labour market may need to respond more dynamically in the future to expected changes in jobs and skills demand within and across sectors.

**Figure 10: Total job to job moves by Industrial section, people aged 16-69**



Source: Two Quarter Longitudinal Labour Force Survey

### Despite pay being the primary motivation for job movers

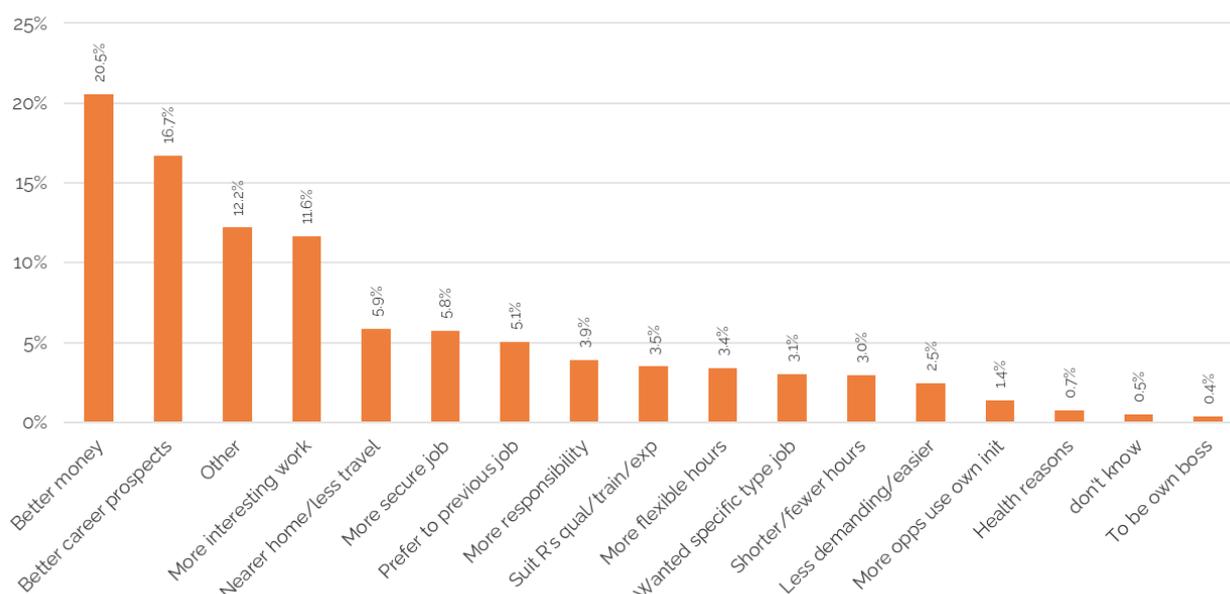
The co-existence of pay stagnation and low job mobility becomes even more striking when exploring the motivations behind job moves. According to data from Understanding Society (Figure 11) money and career progression are consistently the most cited reasons for changing jobs, given by over a fifth (20.5 per cent) of job movers.

However, career decisions are also shaped by a broader set of factors. Many employees cite better career prospects (17 per cent) and more interesting work (12 per cent). Location and flexibility also matter with 10.6 per cent citing proximity to home and three per cent looking for more flexible hours. Security is also prioritised with almost six per cent citing a more secure job as their primary attraction to their current

job. Other motivations such as shorter hours, less demanding work and entrepreneurial aspirations feature less prominently but still illustrate the diversity of worker priorities.

Taken together these findings underline that while pay is central, motivations related to career development, stability and work-life balance are also deciding factors when making job moves.

**Figure 11: Reason for changing job (proxy measure: “Main attraction of current job”)**



Source: Understanding Society, all waves 2009 to 2023

### Cuts to training have been deep and unequally felt

Over a period where training is strongly linked with pay growth and job mobility, but where pay growth and job mobility are reduced, it is perhaps unsurprising that cuts to training have been deep and long lasting, as well as unequally felt.

Government investment in adult skills in England fell by £1 billion between 2010 and 2024.<sup>16</sup> As a result, adults have gained seven million fewer qualifications in the last decade than if attainment had remained at 2010 to 2011 levels, with the largest number of missing learners at Level 2 (3.7 million). These cuts have predominantly affected people in the poorest areas and with the lowest qualifications, resulting in a 27 per cent fall in publicly funded learners from the most deprived areas, while the number of learners from the most affluent areas has barely changed.<sup>17</sup>

Employer investment in learning has also fallen sharply. Firms are spending 26 per cent less on training per employee than in 2005, with the UK figure less than half the EU average on a per capita basis.<sup>18</sup> The effects of this have also been felt unequally,

<sup>16</sup> Learning and Work Institute (2024) [The great skills divide](#)

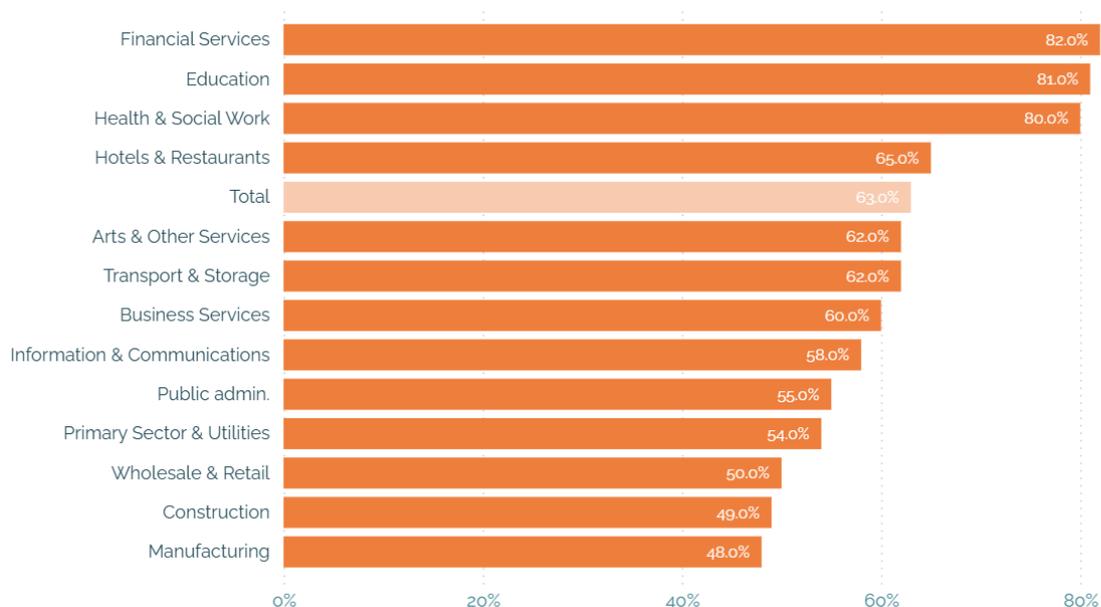
<sup>17</sup> Ibid

<sup>18</sup> Learning and Work Institute (2022) [Raising the bar: Increasing employer investment in skills](#)

with graduates three times more likely to get training at work compared to non-graduates.<sup>19</sup> This inequality can be seen in the sectoral distribution of training across the economy (Figure 12), showing that access to training provisions is not simply an issue of firm size or resource but one of how strongly skill development is embedded in the sector's operating model.

Sectors with a large graduate workforce and high pay as well as those with strong regulatory obligations are the most likely to offer training, with 82 per cent of employees working in financial services receiving training in the last 12 months. Meanwhile, sectors with high numbers of routine and semi-routine occupations are less likely to offer training, with only half of retail, construction and manufacturing employees receiving training over the same period. Sectors with high labour turnover, such as hospitality, are also likely to have high training, in part via inductions for new staff. A third of all training occurred in the public sector, half of which was in education or health, which is likely to include a significant volume of mandatory training (Quarterly Labour Force Survey).

**Figure 12: Percentage of employees that received any training by sector (in the past 12 months)**



Source: Employer Skills Survey 2024

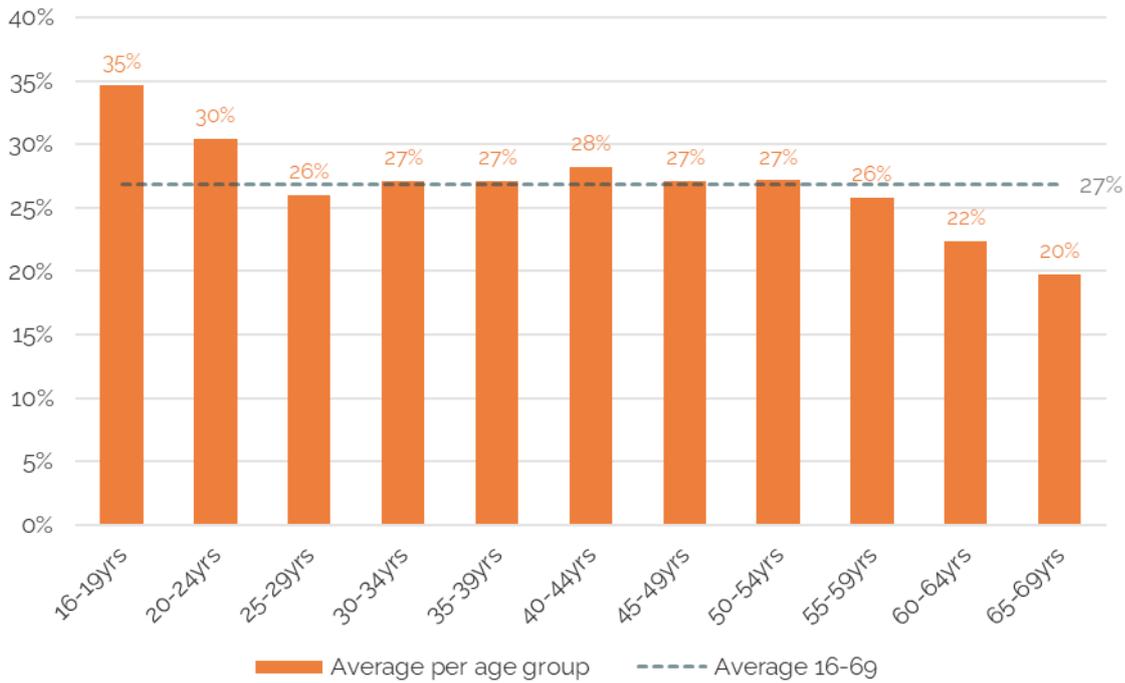
We can draw parallels between the periods of people's career when they are most likely to receive training, and experience salary progression. Figure 13 shows the percentage of workers that have received job related training or education in the last three months. It shows that people are much more likely to receive training in the early part of their career, when salary progression is strongest but also when you are most likely to be changing jobs more regularly.

<sup>19</sup> Learning and Work Institute (2024) [The great skills divide](#)

In summary, training can help to boost pay, career progression and job mobility. But against the backdrop of deep cuts to public and privately funded training, pay growth, career progression and job mobility is weak.

The next chapter will demonstrate how changes to job and skills demand over the next decade make this situation unsustainable, with big risks in terms of lost growth and job dislocation.

**Figure 13: Percentage that received job related training or education in the last 3 months**



Source: Quarterly Labour Force Survey, 3 quarters combined (Jan-Mar 23, 24 & 25)

## Chapter 3

### Big changes lie ahead, requiring more people to engage in training

#### Meeting the challenge of a decade of change

Significant changes in the economy, labour market, and people's working lives are anticipated in the decades ahead. Technological changes will impact individual firms and industrial sectors in different ways, altering their demand for jobs and skills. For some sectors and employers, creating more jobs will maximise the growth generating potential of adopting new technologies and increase opportunities for high-value work. For others, automation and other changes will give firms the opportunity to replace human-performed tasks and job roles, and lead to a smaller but more productive workforce while also creating other jobs elsewhere.

Technological drivers of change will also interact with policy drivers. The Government have identified sectors they think can fuel growth, investment, and job creation, with eight sectors included in their Industrial Strategy.<sup>20</sup> This strategy is further underpinned by sectoral and regional growth plans, engaging a range of relevant stakeholders to guide and deliver public investment. In the context of job growth and labour market changes, this all matters, as does the direction of policy on immigration, skills, and employment, not to mention other mega-trends like climate change and the energy transition, or demographic shifts such as an ageing workforce.

On the whole, over the next decade, we can expect the sum of these changes to spur job demand in some sectors compared to others, while also increasing demand for intermediate and higher-level skills that can be less readily automated. With 80 per cent of the 2035 workforce already having left compulsory education<sup>21</sup>, this creates the need for significant upskilling and retraining. A greater part of structural and skills changes will need to come from the existing workforce changing careers and updating skills, as opposed to from young people entering growing sectors and older people exiting shrinking ones.

Unlocking this can support firms to retain and create jobs and maximise growth, while allowing more people to move into highly skilled, high-value, well-paid employment. However, failure to ramp up levels of training risks thwarting the potential of people, firms, and the economy, and leading to significant economic costs.

#### Rising and falling demand for jobs across sectors require more retraining

According to data from *Working Futures* (Figure 14 and Figure 15), the manufacturing sector is projected to see an overall decline in employment demand, reflecting global economic changes and the productivity gains from automation, reducing the need for labour. For instance, employment in electrical equipment is forecast to contract by

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<sup>20</sup> Department for Business and Trade (2024) *Invest 2035: the UK's modern industrial strategy*

<sup>21</sup> Learning and Work Institute (2025) [Ambition Skills](#)

2035 by almost 20 per cent. Surprisingly, even employment in computer related manufacturing, which saw almost a seven per cent increase between 2015 and 2020, is projected to fall by 8.6 per cent by 2035.

The sector is being reshaped by automation and global competition and the productivity gains that come with it. However, this has caused demand for labour across different sub-sectors to erode. The decline masks the fact that the replacement demand (that is, people needed to replace workers who retire) remains substantial. In skilled metal, electrical and electronic trades, net employment is set to fall by nearly 72,000 between 2020 and 2035, yet nearly 340,000 workers will still be required to replace those leaving the workforce. This means that the total recruitment requirement is close to 270,000 people despite the sector shrinking

Additionally, employment in financial services is also projected to reduce, albeit to a lesser degree than manufacturing. Employment shrank from 2015 to 2020 by 4.3 per cent and is projected to contract by 1.1 per cent further by 2035. In contrast, employment in computing and information services is expected to continue with its strong growth trajectory, adding 16 per cent more jobs by 2035, having increased by 14.3 per cent between 2015 to 2020. Employment in information services is also set to expand by 18 percent by 2035.

**Figure 14: Job to job movements, major sector groups: those who received training**

		Last job													
		Manufacturing	Construction	Wholesale and retail trade	Transportation and storage	Accommodation and food service	Information and communication	Financial and insurance	Professional, scientific, technical	Administrative and support	Public admin	Education	Health and social work	Other	
First Job	Manufacturing	65%	3%	6%	2%	1%	2%	1%	4%	2%	2%	2%	5%	4%	
	Construction	6%	67%	4%	3%	1%	2%	0%	4%	2%	3%	2%	3%	5%	
	Wholesale and retail trade	6%	2%	53%	3%	3%	2%	2%	4%	4%	3%	5%	10%	5%	
	Transportation and storage	4%	2%	10%	63%	2%	1%	0%	2%	2%	3%	2%	5%	3%	
	Accommodation and food service	5%	3%	9%	2%	39%	3%	2%	4%	3%	3%	7%	13%	6%	
	Information and communication	4%	1%	3%	0%	1%	63%	4%	6%	2%	3%	3%	5%	3%	
	Financial and insurance	2%	1%	4%	2%	1%	3%	68%	5%	3%	2%	4%	4%	3%	
	Professional, scientific, technical	5%	3%	4%	1%	1%	4%	3%	55%	3%	4%	4%	6%	5%	
	Administrative and support	4%	3%	5%	3%	3%	2%	3%	4%	45%	4%	6%	12%	6%	
	Public admin	2%	1%	1%	1%	1%	1%	1%	4%	2%	69%	5%	9%	3%	
	Education	1%	1%	2%	0%	1%	0%	0%	2%	2%	3%	77%	7%	3%	
	Health and social work	1%	0%	2%	1%	1%	0%	0%	1%	1%	3%	4%	82%	2%	
	Other	5%	3%	8%	3%	3%	2%	2%	4%	3%	5%	7%	12%	44%	

Source: Working Futures

**Figure 15: Job to job movements, major sector groups: no training**

		Last job													
		Manufacturing	Construction	Wholesale and retail trade	Transportation and storage	Accommodation and food service	Information and communication	Financial and insurance	Professional, scientific, technical	Administrative and support	Public admin	Education	Health and social work	Other	
First Job	Manufacturing	77%	2%	6%	1%	1%	1%	0%	3%	1%	1%	1%	2%	3%	
	Construction	3%	81%	4%	2%	1%	1%	1%	1%	2%	1%	1%	0%	4%	
	Wholesale and retail trade	3%	1%	75%	2%	3%	1%	1%	2%	2%	1%	2%	4%	4%	
	Transportation and storage	3%	1%	8%	78%	1%	1%	0%	1%	3%	1%	1%	1%	1%	
	Accommodation and food service	3%	1%	10%	3%	64%	1%	1%	2%	3%	1%	2%	4%	5%	
	Information and communication	3%	1%	2%	1%	1%	72%	2%	4%	2%	1%	2%	2%	6%	
	Financial and insurance	1%	1%	2%	0%	0%	3%	80%	2%	2%	3%	1%	2%	2%	
	Professional, scientific, technical	5%	1%	4%	1%	1%	4%	2%	72%	1%	2%	2%	2%	3%	
	Administrative and support	3%	2%	7%	3%	2%	2%	1%	1%	69%	1%	2%	4%	4%	
	Public admin	1%	1%	1%	2%	1%	1%	1%	2%	2%	79%	3%	5%	3%	
	Education	1%	1%	2%	1%	1%	1%	1%	1%	1%	2%	83%	3%	2%	
	Health and social work	1%	0%	2%	1%	2%	1%	0%	1%	1%	1%	2%	85%	2%	
	Other	4%	3%	7%	1%	4%	1%	2%	3%	3%	1%	3%	4%	63%	

Source: Working Futures

This demonstrates that labour market pressures are not just about job creation but also job churn. Declining sectors cannot rely on new entrants alone and growing sectors will not be able to meet demand without retraining inflows from elsewhere. In previous years, most structural change has been associated with people retiring from shrinking sectors and new labour market entrants joining growing ones.<sup>22</sup> Owing to an ageing population and younger working lives, this needs to change. Supporting higher levels of movement between sectors is critical and must perform a dual role. Firstly, sustaining essential functions in industries with shrinking jobs demand, and secondly, enabling workers to transition into expanding areas such as digital services, science and management.

### Training can support greater mobility as occupations grow and shrink

Data from Working Futures (Figure 16<sup>23</sup>) shows the projected number of employees by occupation type across different sectors of the economy between 2015 and 2035. It indicates that big changes underway are set to continue. To-date and anticipated employment growth is heavily concentrated in professional occupations, which also make up the largest proportion of current roles. Roughly eight million workers were employed in professional occupations in 2020, an increase of 19 per cent from 2015. By 2035, the number of workers employed in professional occupations is expected to increase by a further 20 per cent.

<sup>22</sup> Resolution Foundation, (2022) [Changing jobs? Change in the UK labour market and the role of worker mobility](#)

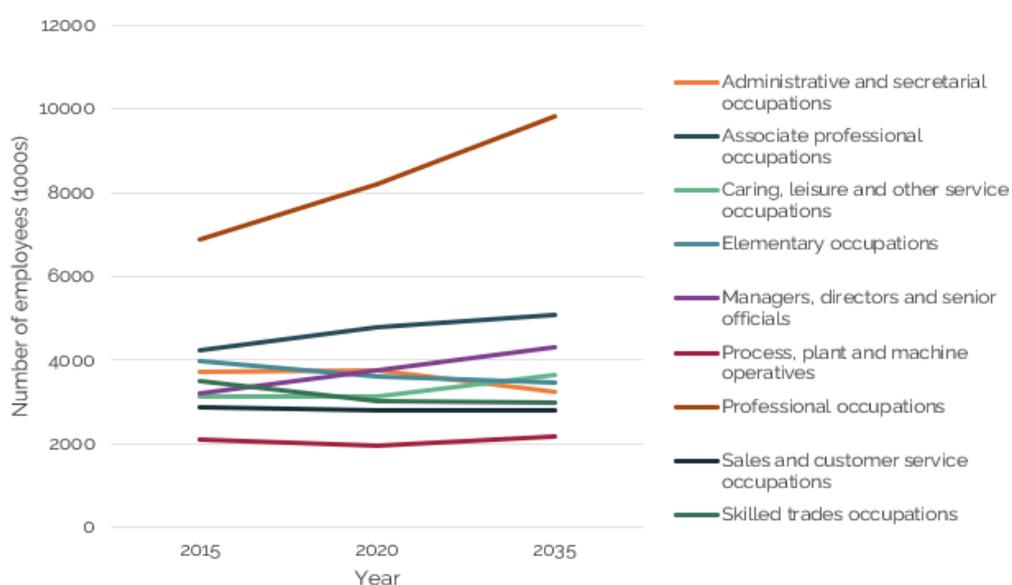
<sup>23</sup> The data up to 2020 is based on historical estimates while data from 2021 onwards are projections by Working Futures

Other highly skilled roles like science, research, engineering, and technology professionals are expected to grow strongly, with a net gain of nearly 400,000 jobs. Numbers employed in manager, director, and senior official occupations are also rising, climbing 17 per cent to roughly three million in 2020, and projected to grow by a further 15 per cent by 2035. Perhaps unsurprisingly given the age profile of postholders, corporate managers and directors have strong replacement needs.

At this stage, it is worth re-exploring how access to training can enable people to transition into occupations where job demand is increasing. Data from Understanding Society (as depicted in Figure 4 and Figure 5), shows training associated with movement into higher skilled roles where demand is greater. For example, 15 per cent of administrative workers who received training progressed into associate professional and technical occupations. This is more than double the rate of their counterparts who did not receive training (seven per cent). Similarly, trained admin workers were more likely to move into professional occupations (six per cent vs two per cent) or managerial roles (twelve per cent vs seven per cent).

By extension, training also appears to enable people to transfer out of occupations where demand is decreasing. Only 56 per cent of workers remained in administrative and secretarial occupations after receiving training, compared to 78 per cent of those without training. These differences underline the importance of training in opening mobility pathways. Without it, workers in shrinking occupations are at increased risk of job displacement.

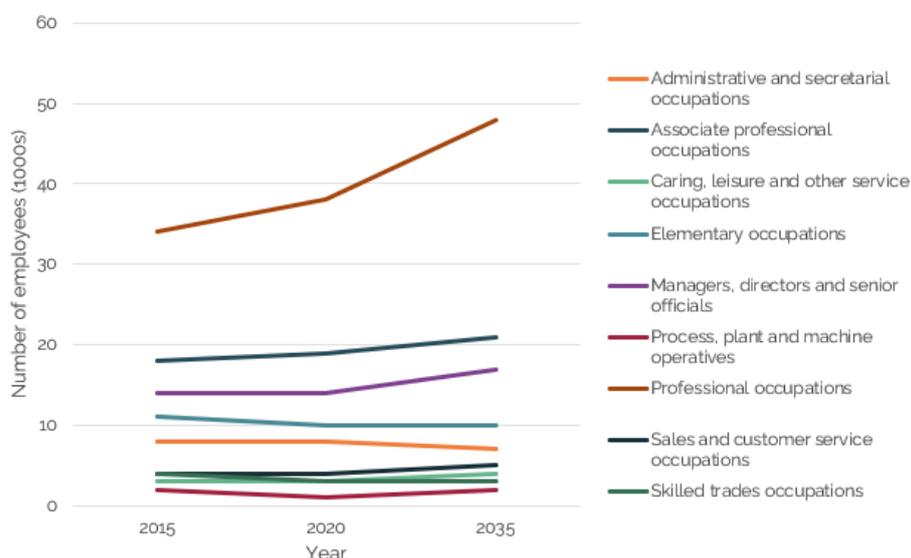
**Figure 16: Number of employees by occupation (all industries)**



Source: Labour market and skills revised projections: 2020 to 2035 (Working Futures)

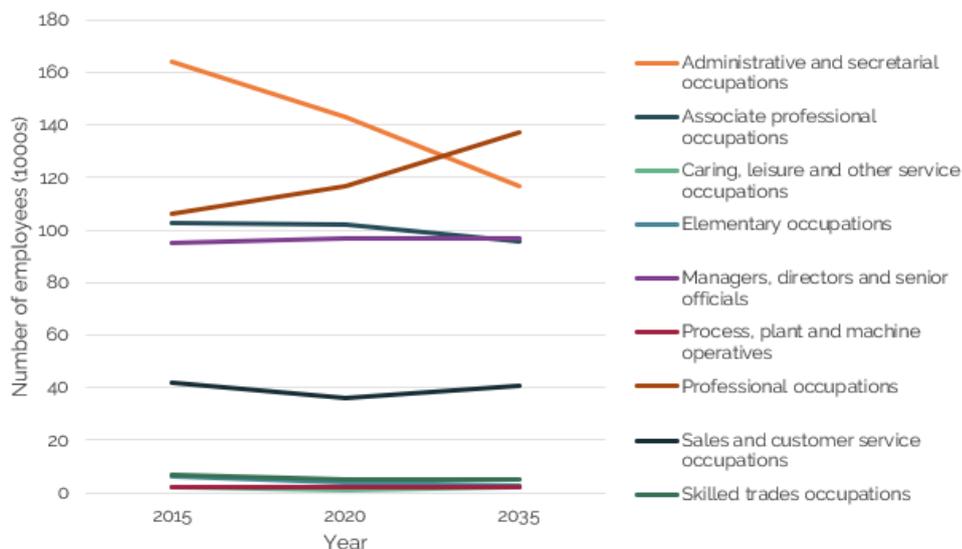
While aggregate projections show a shift to more people working in higher level occupations, sectoral breakdowns reveal important nuances to these changes. For example, in the information services industry (Figure 17), an expanding number (26 per cent) of people employed in professional occupations between 2020 and 2035 is accompanied by a decreasing number (13 per cent) of those employed in administrative roles. Meanwhile, projections for the financial services (Figure 18) sector tell a different version of the same story. Administrative occupations currently make up the largest proportion of the sector's workforce (143,000). However, numbers employed in these occupations within the sector are expected to fall by nearly 20 per cent between 2020 and 2035. Professional roles are set to overtake administrative occupations by 2035, with an expected increase of 17 per cent.

**Figure 17: Number of employees by occupation (information services)**



Source: Labour market and skills revised projections: 2020 to 2035 (Working Futures)

**Figure 18: Number of employees by occupation (financial services)**

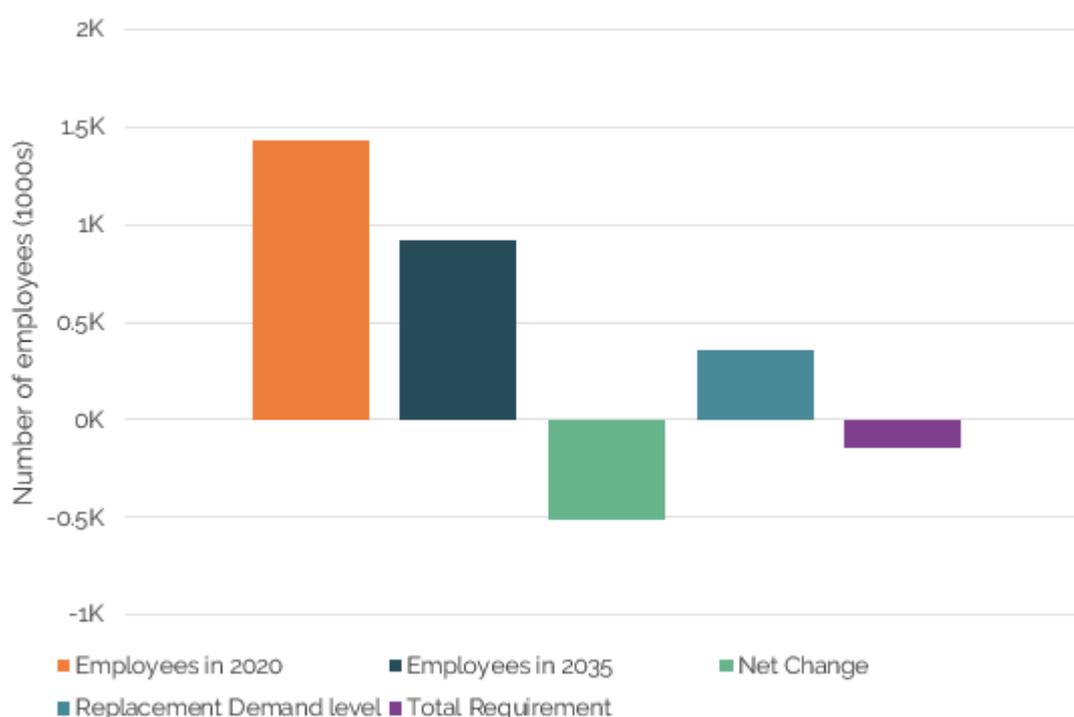


Source: Labour market and skills revised projections: 2020 to 2035 (Working Futures)

## Demand for intermediate and higher-level skills and qualifications is also accelerating

In line with these changes to job demand, the UK labour market is projected to be fuelled by, and in turn require, an increasing number of people with intermediate and higher-level skills and qualifications. Demand for people with no or low-level qualifications is expected to contract sharply by 2035 (Working Futures). Figure 19 illustrates this shift, showing that the numbers of employees not requiring qualifications is expected to fall by more than 500,000 between 2020 and 2035. Jobs requiring only GCSE or equivalent level attainment (RQF1 and 2) are expected to reduce by close to 1.8 million over the same period. It is worth noting that if skills supply does not match the projected demand, then employers could respond in a range of ways. This includes structuring work differently to make use of the skills available, or the greater use of technology. These may or may not be productivity enhancing but could leave people without skills that employers want to utilise.

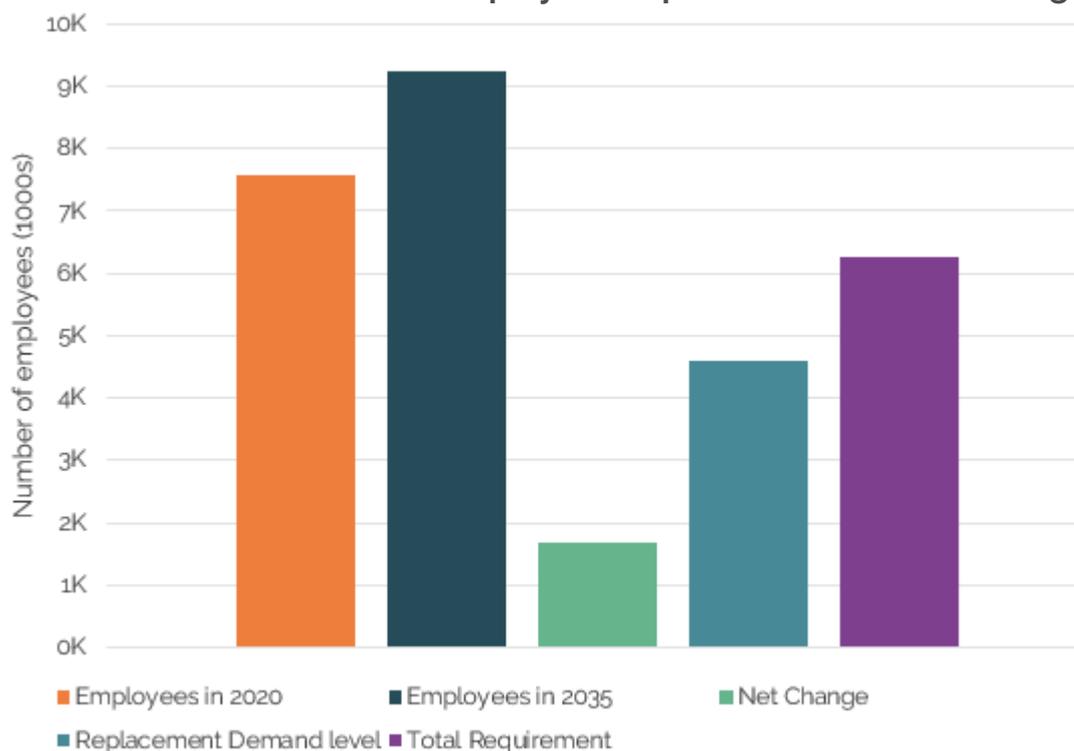
**Figure 19: Estimated number of employees required with no qualifications**



Source: Labour market and skills revised projections: 2020 to 2035 (Working Futures)

In contrast, as seen in Figure 20, the numbers of employees requiring higher-level qualifications is projected to expand by over 2.5 million, with the total requirement, including replacement demand reaching nine million by 2035. Similarly, roles at postgraduate level (RQF7 and 8) are set to grow by an additional 1.5 million across all industries, consolidating the premium attached to higher level qualifications in the future labour market.

**Figure 20: Estimated number of employees required with RQF6 (First degree)**



Source: Labour market and skills revised projections: 2020 to 2035 (Working Futures)

These patterns are clearer when we consider the aggregate demand for workers across all qualification levels. While workers with low qualifications (RQF1 and 2) account for less than 15 per cent of the net requirement by 2035, workers with higher qualifications (RQF6 to 8) make up well over 50 per cent of the net demand. Replacement demand further amplifies this effect. Even if some low skilled jobs decline, employers will still need to replace the older cohorts exiting the workforce. With 80 per cent of the 2035 workforce already in the labour market<sup>24</sup>, and high replacement demand in some sectors owing to an ageing workforce, meeting this direction of travel will require significant upskilling and retraining.

We have witnessed a long-term trend of more people working in roles requiring higher and intermediate level skills. Over the past two decades (Figure 21), there has been a positive net inflow of 15,000 people moving into these occupations per quarter. In contrast, lower skilled occupations have seen a net negative outflow of 24,000 workers per quarter. This trend has been impacted by, but nevertheless reemerged from, shocks such as the 2008 financial crisis and pandemic. However, the pace of this change is modest, especially relative to the outlined future skills needs of the labour market, with people not currently moving into higher skilled employment at the scale or pace needed to meet the projected demand.

<sup>24</sup> Learning and Work Institute (2025) [Ambition Skills](#)

**Figure 21: Total net job moves by skill levels**



Source: Two Quarter Longitudinal Labour Force Survey

This chapter has demonstrated the importance of training in allowing sectors to realise their jobs and growth generating potential, while also restating the importance of training to people's pay, career potential, and progression. By extension it has highlighted the risks associated with continued declining access to workplace training. People and the economy held back, and the potential for significant dislocation with demand for jobs and skillsets changing.

## Chapter 4

### Action by government and employers is needed to ramp up training

#### Overcoming the reluctance of some employers to invest in training will be vital

To offer solutions that might boost employer investment in training, we must first consider the reasons why firms are failing to invest. Various reports have explored reasons why employers may limit investment in training<sup>25</sup>. One common theme is that many firms fear that workers will leave their organisation if they do so, taking their new and improved skills with them. Our analysis shows that these concerns do have some validity, with training increasing the likelihood of people moving into higher occupational categories. However, there is evidence that the overwhelming majority of people who receive training do not switch occupations.

Data from Understanding Society (depicted in Figure 4 and Figure 5) shows that two thirds (66 per cent) of employees who received training did not move to a different occupation over the fourteen-year period monitored. This implies that workers remained in their roles but contributed at higher skill levels, allowing firms to retain productivity benefits. Meanwhile, a fifth of employees (21 per cent) of employees who did not receive training still moved to a different occupation.

To incentivise training and recognise its wider benefits to the economy, L&W have advanced the case for a Skills Tax Credit modelled on the existing R&D tax credit.<sup>26</sup> The R&D tax credit helps to derisk firms' investment in R&D projects and implicitly recognises that the full benefits of such projects do not always accrue to the company doing the investment. As outlined, the case for a Skills Tax Credit is fundamentally the same, with an individual's higher skill levels being good for the economy, whether or not they remain with the employer who funded their training. The risk of trained workers being poached by other firms also highlights the role for sectoral and trade representative bodies in cultivating an eco-system where all firms feel they can benefit from increased investment and job mobility. This can include looking at collective action on skills at a sectoral level.

It is also worth noting that failure to invest presents its own risks to employers. Figure 22 shows that while money is the most common motivator for job changes, people are more likely to want to move for money if they have not received training. Workers who lack training are more likely to chase higher wages by moving jobs, which increases turnover without necessarily raising productivity. Conversely, investment in training aligns employee motivations with career development, reducing churn based purely on pay and potentially enabling firms to retain and grow talent. For sectors facing

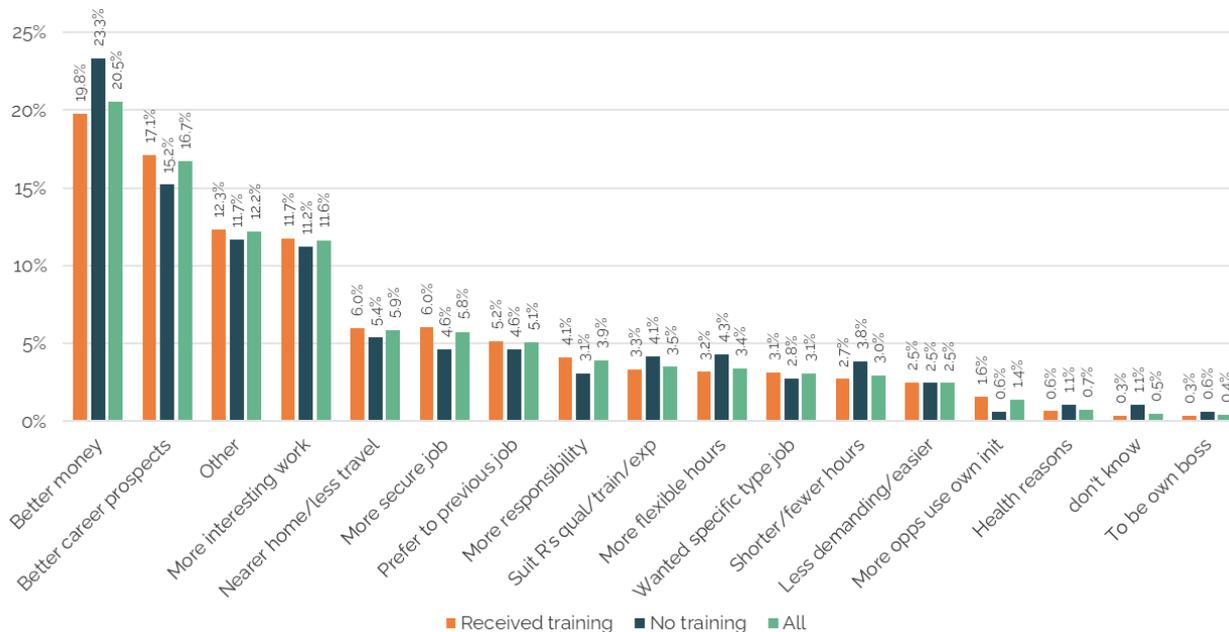
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<sup>25</sup> Learning and Work Institute (2022) [Raising the bar](#)

<sup>26</sup> Learning and Work Institute (2025) [Ambition Skills](#)

headcount pressures or struggling to attract workers, this underscores why training should not be a discretionary extra but rather a potential tool for stability and growth.

**Figure 22: Reason for changing job (proxy measure: “Main attraction of current job”)**



Source: Understanding Society, all waves 2009 to 2023

### Government has a key role to play

While individual employers cannot be expected to consider the wider economic and labour market context when making investment decisions, governments at all levels can and must. There will be many instances where investment in skills and training offers no prospective return on investment for firms. The increased need for sector-to-sector job transitions will make these circumstances increasingly common. Sectors within diminishing job demand may wish to invest in training that helps more of their remaining workers move into highly skilled roles. They will be less inclined to invest in training that helps people move into more in-demand jobs elsewhere in the economy. This is where government should be focusing its funding efforts, while also incentivising firms to invest elsewhere. Reversing substantial cuts to the adult skills budget would be a good start, particularly as these cuts have fallen heavily at Level 2 qualifications, foundational to people gaining intermediate and higher-level skills. As our earlier analysis shows, training can be of particular benefit to those who are in lower paid work or in lower socioeconomic groups. Yet this is where the bulk of cuts to public funding since 2010 have fallen.

Governments can also enable and empower more people to engage in training that supports career changing. Previous research by L&W has shown that people face an upfront 14% per year pay penalty when changing sectors, including the upfront cost of training, before experiencing pay growth 2.9 times faster than non-switchers.<sup>27</sup> There is

<sup>27</sup> Learning and Work Institute (2023) [All change](#)

plenty government policy and funding can do to convince and support more people to take the plunge. Career MOTs to support awareness and advice, more flexible and tailored learning through the Lifelong Learning Entitlement, and financial support in line with schemes in Austria, Germany and France could all play an important role in helping more people to train, and gain.

Lastly, and as outlined in describing a Skills Tax Credit, governments also have a key role in incentivising employers to invest in complementary areas. The introduction of the Growth and Skills Levy in England, flexing the previous Apprenticeship Levy, presents a significant opportunity. Firms have long asked for more flexibility to direct levy funds towards non-apprenticeship provision that supports workplace skills needs. In the context of fast-moving technological change, this is sensible, with levy funding having an important role to play in fuelling a nascent market of short or modular training. This can enable people to upskill and retrain in areas like AI, Digital, and Engineering that reflect the future needs of the economy. However, the scale of demand, both for apprenticeships for young people and retraining for adults already in work, raises questions about whether current funding levels are adequate to the challenge. Meeting the ambitious skills targets the economy requires may need more substantial investment than the existing levy framework generates.