



Rebuilding Britain:

The second report of the Building
Back Britain Commission

BUILDING
BACK BRITAIN
COMMISSION

Contents

Who We Are	01
Foreword	02
Executive Summary	03
Policy Context and Our Remit	04
Productivity Pillars	07
Our Recommendations	07
Digital	08
Health	12
Skills	16
Transport	21
Housing	24
Endnotes	28

Who We Are

The Building Back Britain Commission (BBBC) is a group of cross-industry leaders that have come together to produce new analysis and ideas on how to unlock investment for economic growth and boost productivity across the country. The Commission will inform policymakers with the aim of producing a blueprint for growth for the UK.

The Commission is chaired by Claire Ainsley, former Director of Policy at the Labour Party, and our work is supported by the BBBC Policy Board, which includes academics, think tank officials, and trade bodies.

Commissioners



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The Recruitment and Employment Confederation

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Foreword

By Claire Ainsley, Chair of the Building Back Britain Commission

The Labour Government set its overarching mission to achieve stronger economic growth across the country. Improving our nation's productivity is central to this: without improved productivity, the scale of growth needed to raise everyday living standards will not appear.



The Building Back Britain Commission was formed by a group of pioneering businesses determined to put their resources to work in pursuit of this central ambition. Launched by Business Secretary Jonathan Reynolds last year, the Commission has set about putting their expertise and innovation into credible and practical solutions to improve productivity as soon as possible.

The Commission found that traditional economic measures tended to ignore many of the factors that they, as successful businesses, knew mattered most to productivity. The Commission's first report in October 2024, 'A New Understanding of Productivity in the United Kingdom' identified the five pillars of productivity: digital, skills, health, transport, and housing. The analysis showed how each locality in England performed on these measures, so that policy interventions can be targeted. Our uneven economic geography cannot be addressed only at the centre; but by people in those places themselves coming up with the plans and solutions for them to thrive, backed by the tools and resources to do so.

In this second report, 'Rebuilding Britain,' the Commission sets out a range of practical solutions under each of the five pillars, all aimed at improving productivity. Over the course of the last year, we have engaged with many businesses, industry, and trade representatives, as well as national experts in the fields we have explored. We are grateful to all of them for their contributions, and to the policy advisory board for their advice and input. Above all, I would like to thank the founding businesses for their contributions to this work.

Together they demonstrate that by harnessing the creativity and expertise of the private sector, public policy can be much stronger, more realistic, and break down political and sectoral silos. The Prime Minister's 'missions-led' policy approach is a way to mobilise effort across government, businesses, civil society, trade unions, and citizens to achieve positive change. This Commission shows that the willingness and capability exists to transform how we make decisions, and who for.

Executive Summary

The Building Back Britain Commission was launched in 2024 with Secretary of State for Business and Trade, Jonathan Reynolds MP. The Commission's objective is to make effective proposals to boost productivity in this parliament and support the Prime Minister's growth agenda.

Our first report published last year critiqued previous policy for failing to understand the fundamental issues that needed tackling so that productivity could be improved. Our report identified five critical policy areas to advance the Government's growth agenda: digital, health, skills, transport and housing.

In this report, the Commission, which brought together leading companies, trade unions and policy groups, identifies practical ideas across five 'pillars' that we estimate could raise productivity by **at least 1 per cent over the next five years unlocking £82 billion in growth:**



Pillar 1: Digital

Accelerating 5G and data centres via the planning system and creating a data hub in each regional mayoralty to help drive growth and productivity.



Pillar 2: Health

Focusing current reforms to help people off sickness benefits, using pharmacies to accelerate the shift to prevention. Upgrading the NHS App to support this.



Pillar 3: Skills

A more flexible Growth and Skills Levy to support in-work training and embedding career-readiness into the national curriculum.



Pillar 4: Transport

Using air and rail transport hubs to better-coordinate local growth activity and tackling 5G NotSpots across key rail links.



Pillar 5: Housing

Accelerating housing delivery near employment clusters, a private-sector funded scheme to boost planning capacity, and using the 'new towns' policy to accelerate modular construction technology.

The policy levers to enact these changes are often place-based, and the productivity impacts will create benefits at the local level. We identify **at least 146 high-productivity potential local authority areas** where the above measures will drive a major impact and the bulk of the growth.

In terms of delivery, we suggest regional mayors will be critical given the area cross over, as would business itself. We propose that business input is formalised by establishing a Productivity Council of trusted private sector experts and investors and bring them into productivity policymaking. This group can be drawn upon for expertise and as a sounding board to assist and align with the Industrial Strategy Council.

The ideas presented here are tangible and would rapidly accelerate productivity. They should be implemented as soon as possible.

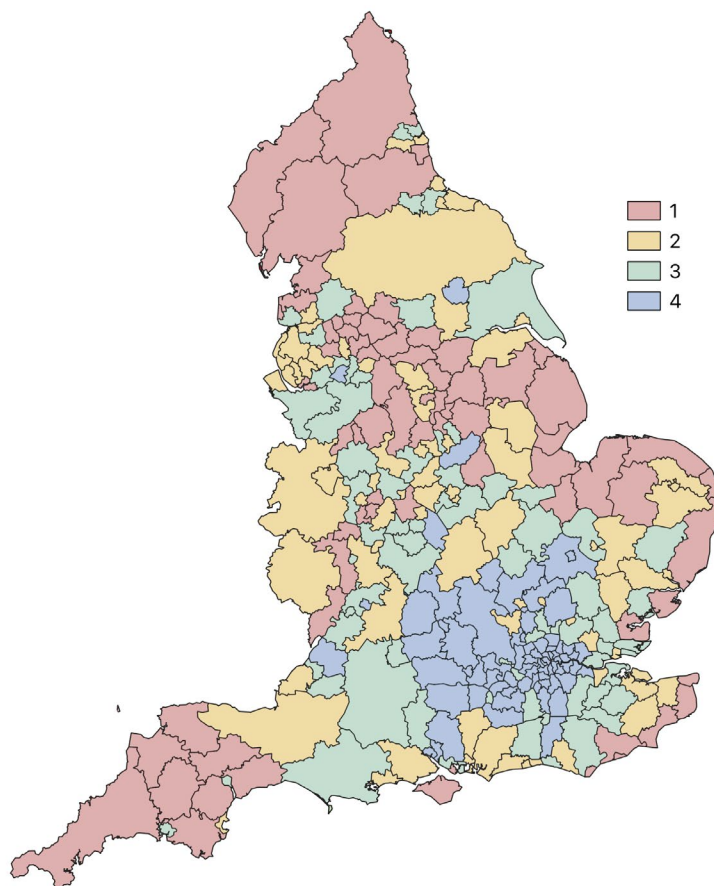
Policy Context and Our Remit

Our [first report](#) examined why the UK has had persistently lower productivity growth than key competitors in Europe and the G7, and the seeming failure of policy efforts to activate any real progress. In addition, our analysis of local-level productivity showed wide disparities between a top quartile of highly productive local authorities, concentrated in the south of England, and a bottom quartile of areas that are very rural or in need of long-term regeneration.

That report concluded that, while the UK has implemented policies that should theoretically help improve output-per-hour productivity at the organisation level (e.g., encouraging technology adoption or improving digital connectivity), a failure to address the fundamental drivers of productivity and these wide regional disparities has held progress back. We identified five ‘pillars of productivity’ that need attention: **digital, health, skills, transport and housing**. We showed how they are critical to efforts to drive up productivity and growth.

A local and regional challenge:

Our latest analysis shows that, between the highest and lowest-performing local authorities is a broad tranche of 146 authorities of middling productivity, where in our view, the potential to see rapid improvement is possible, due to good access to factors such as infrastructure, mobile connectivity and employment activity. These are shown below: the lowest productivity areas are shaded red, the highest blue, with the yellow and green being the high-potential middling ones.



The Commission decided to make recommendations that would unlock progress in those 146 middling areas, where in our view the relative scale of productivity change and improvement would be highest.

By default, however, our proposals would also benefit the higher productivity quartile. This is important, as in our view, London in particular has potential to improve much further.

We are not ignoring areas in the lowest-performing quartile and these should not be overlooked, but for the purposes of this work, these are areas in need of much longer-term regenerative help that is beyond the scope of our recommendations.

To maximise practical impact, we decided to make proposals that strictly met criteria that makes them deliverable rapidly enough to produce gains in **this parliament**:

- a) **because they could sit within current policy** priorities for this Parliament, so we do not propose alternative reform agendas or measures that have a very long-term focus; and,
- b) **because they are financially possible** within the current spending envelope, meaning we are not calling for further unfunded spending commitments.

Productivity in current policy

The Chancellor, Rachel Reeves MP, has acknowledged the central issues we raise in our critique of policy approaches to productivity to date, highlighting how critical productivity is, not just to growth, but to individual people's wages and prospects:

"At root, productivity remains the key medium-term determinant of wages. It is the collapse in our productivity growth which explains our wage stagnation... To grow our economy, we cannot rely on just a few pockets of the country to drive growth and productivity. First, because we have seen the political consequences – and justified anger – when deep regional inequalities are allowed to open up, opportunity allowed to wither across swathes of the country, while Westminster politics looks away. And second because we know our productivity problem is a regional problem."

Rachel Reeves, Chancellor's Mais Lecture, 2024

The five 'pillars of productivity' we highlight are aimed directly at the challenge opened here: housing, health, digital, transport and skills. These are all fundamental to the ability of any place in any region to grow economically, but also cover the core tenets of what a working person needs to thrive. If access to healthcare is poor, then poor health outcomes will impede their ability to work productively. Should people not have reliable transport networks to reach workplaces, employers will struggle to tap into talent pools. All this depresses productivity, wages, and thus growth.

Productivity is far more complex than previous policy discussions acknowledged. This has prompted the Commission to identify key factors that could finally drive improvement. This is more critical than ever: the Prime Minister's growth mission faces unparalleled threats as the external world becomes more turbulent. As globalisation is challenged overseas, the UK already faced a poor economic outlook as the Chancellor stood up to deliver her 2025 Spring Statement.

The March 2025 Office for Budget Responsibility forecast for this parliament, that growth would remain difficult to stimulate, means the Exchequer faces an intimidating task both to deliver growth and show how it will improve voters' lives within this parliament. This is where improving productivity comes in – and why it is critical to any effort to boost the economy.

We believe that action across our core pillars can provide the more fundamental economic support needed for our growth sectors and services to thrive. We do not see this as just the government's burden. Rather, this report leans into how we unlock private capital and innovation to deliver on these shared goals.

The scale of the challenge can only be met by an ambitious programme for change. The government is moving forward with some of the biggest levers, including planning reform, which will help to turn the tide, the UK can – and must – deploy further measures that are deliverable within this parliament and within its tight fiscal limits.

This report aims to provide a roadmap for boosting productivity that the government can consider immediately, with policies that lean on existing frameworks to bridge the productivity gap that continues to beset our communities.



Productivity Pillars

We examined every local authority in England in terms of the performance across all five of our productivity pillars (health, transport, housing, digital and skills). Essentially creating a scorecard for each pillar in each area, we were able to see how well areas performed on different issues.

Importantly, this analysis showed a highly positive correlation at local authority level between high performance in terms of pillars and high local productivity. This confirms the importance of the pillars themselves and showed us how improvements made at local level to the pillars can boost productivity, and therefore growth in an area.

As shown above, we found a ‘middling’ tier (in terms of productivity performance and pillar strength) of 146 local authorities where we ascertain productivity improvement could be the most dynamic. We calculate that, for each **1% increase in overall productivity** across just the 146 local authorities, around **£16 billion in additional GVA** could be generated each year.



£16 billion
in additional GVA per year



£82 billion
over the next 5 years

This means there is **around £82bn** to be realised if just a 1% productivity improvement could be achieved over five years across these 146 areas.

From our analysis, we believe that more than this is eminently possible, which leads us to the question of how it can be achieved.

Policies to boost productivity

The Commission, which includes a group leading companies covering a wide range of different sectors, trade unions and policy groups, held a number of events and consultations to identify and test practical ideas for driving growth in our five ‘pillar’ areas. These included sessions with regional mayoral teams, business groups, as well as a number of policy round-table events with MPs and businesses.

From this work, we set out our findings in this report. These are presented below in five chapters, one for each of the five ‘productivity pillars’. We then conclude the report with suggestions on how to deliver the ideas, including through a closer partnership between government and business in economic policymaking.

Our Recommendations

The following measures can be delivered within current policy programmes and the current fiscal envelope. We make no unrealistic demands on funding or major reforms that would be politically controversial or take many years to deliver. We would urge government to implement the following policy ideas as soon as possible.



PILLAR I: DIGITAL

“This is an exciting time for policymakers in the digital space, but the challenges of emerging tech including AI can also be daunting and feel exclusive for the average Briton. There’s currently a huge focus on mayoralty areas and I applaud this movement to greater devolution, it would be remiss of me not to flag the hundreds of constituencies like Weston-super-Mare which currently fall outside mayoralty regions and deserve just as much attention in the mission to Build Back Britain.

Industry, charities, and trade bodies have shared with the Commission their hopes and fears presented by digital and tech and how it can support an inclusive and productive economy. The policy proposals presented by this paper will, I hope, go a long way to drive us all into an exciting new future.”

Dan Aldridge MP, Chair of Digital Inclusion APPG

Digital infrastructure and the technologies it enables, such as cloud and AI, are the backbone of a connected society and play a huge role in spurring productivity and economic growth across the country. An AI and cloud enabled UK will unlock better services, new opportunities, business innovations and markets, help charities to scale their impact, and support individuals in pursuing impactful and meaningful work.

Our ambition should be to make the U.K. the best place to unlock data centre investment quickly and for 5G Standalone connectivity to underpin our plans to be a global leader in AI. To ensure we are cultivating the new opportunities presented by emerging technology such as AI and high-speed internet, we need strategy and guidance from government and a regulatory and planning framework within which entrepreneurial actors can develop the critical digital infrastructure to build an inclusive digital future that enables everyone to thrive. The below policy suggestions are fast ways to deliver on that.

1. A ‘Data for growth’ initiative for every mayor

Policymakers around the world are increasingly embracing the power of data in decision-making: from building the investment case for a policy through to prioritising services based on a better understanding of demographics and needs, data is transforming the way policy is rolled out.

In London, the Greater London Authority (GLA) has created a data hub, called the ‘London High Streets Data Service’, which uses third party data, including anonymized spending data from Mastercard (see case study below), combined with other public data, such as on footfall and opening and closing hours, to create a dashboard of data tools for monitoring and improving economic performance in real time.

This specific combination of data creates a host of actionable insights for local authorities, such as where best to make policy attempts to increase business activity through a night-time trading licence. It can help test experimental policies, identify where to place more security or transport to support business, and can also test concepts like “inclusive growth” by tracking spending with local SMEs, or in more deprived areas. It is proven to help drive growth and productivity.

We believe this is a simple, cheap, and transformative technological toolset that should be available everywhere. To speed uptake, **HM Treasury should have a coordinating role to empower all mayoral**

regions with a data hub using both public and private data sets, modelled on that used by the GLA, which can be flexed for their own needs as they roll it out.

Taking the idea further, the data tools could be used nationally, forecasting the effects of policy options like enterprise zones or airport expansion, and there are public sector applications too, such as understanding how best to allow pharmacies to do more preventative healthcare.

HOW MASTERCARD'S DATA IS BEING USED TO DRIVE INCLUSIVE GROWTH IN LONDON

Data science tools developed by Mastercard help the Greater London Authority to support local authorities in creating localised growth policies. Mastercard's real-time geolocation data on spending has helped London's '24-hour city team' judge where special events or policies designed to regenerate high streets should be placed, to draw visitors and increase spending at local businesses.

One example is 'We Are Waterloo'. Mastercard's data insights on economic spend demonstrated the benefits for the local economy from financial and logistical support for special events, such as outdoor movie screenings or street parties, that helped make Waterloo become a greater cultural destination. Zan Haq, marketing and projects officer for We Are Waterloo, said, "In the past, we had no tangible way to justify the costs to the borough council, our executive board, even some of our businesses. The main question asked is 'What is the benefit of going to all this trouble?'" He said that Mastercard's spending data around the time of events, showed an increase of up to 29% in the Waterloo area, compared to average days.

2. Turbocharge digital infrastructure

Obstacles within the planning system and grid access continue to slow the UK's ability to build digital infrastructure that will unlock AI and cloud-enabled productivity and growth. A lack of clarity around whether and when a project will receive agreement to proceed creates a huge level of uncertainty under which it is difficult to commit to making large scale investments.

Planning guidelines must reflect the critical role of this infrastructure and avoid creating unnecessary delays to encourage economic growth. It is essential that we make it easier to build hyperscale data centres, prioritise connection to the grid and accelerate roll out of 5GSA mobile network by supporting private providers with planning and regulatory restrictions (e.g. around mast height).

Datacentres

The recently revised National Planning Policy Framework (NPPF) recognises that data centres are integral for growth and productivity. This is a big step forward

To go further, the government should:

- Ensure local planning teams are properly resourced ([See: Pipeline Fund, pg 22](#))
- Work with local authorities to hit statutory planning determination target timescales (13 weeks without an EIA and 16 weeks with an EIA)

- Fast-paced access to grid connections remains a fundamental cornerstone of datacentre infrastructure delivery to meet UK demand: NESO, Ofgem and DESNZ should continue to prioritise implementation of grid connection reforms to streamline access to energy infrastructure – this will enable datacentres to be operational more quickly.

Connectivity infrastructure

5G Masts, broadband and 5G Digital infrastructure should be integrated into the design and planning **approvals of the NPPF for all developments.**

The NPPF should be revised further, in consultation with digital partners, to **expand the criteria for what is considered nationally significant infrastructure to potentially include 5G masts and fibre infrastructure.**

With regards to other planning decisions where digital connectivity/broadband infrastructure is a part of a wider project, as part of the changes, all new developments, including publicly funded ones, should have digital infrastructure integrated into their design and planning approvals.

Finally, all local plans should include details on how to improve access to connectivity and other key infrastructure in new housing developments.

3. Publish a National Data Strategy within the next 6 months

Enormous potential exists to improve and optimise productivity across a range of sectors through the use of data. Much of this data is collected by the private sector, making them a useful partner to government in integrating granular local data into departmental decision-making. However, the Government has not set out clear pathways and action plans for the acquisition and use of private sector data.

To make the best use of this resource and to offer certainty to business, government needs to be explicit about how it wants to use data and how it will collaborate with other stakeholders, including the private sector, to acquire and utilise it most efficiently.

As part of this, to harness the power of public sector data, the government should commit to investing in secure, interoperable data foundations that enable more streamlined information sharing across all levels of government. It should prioritise targeted metrics for success, for example 'readiness for AI' as part of its Strategy.

A new National Data Strategy should be published, outlining the ways government intends to harness data to drive innovation, improve public services, and support economic growth. This strategy should clearly define the roles and responsibilities of various actors across the public and private sectors, and set out a framework for ethical data sharing, security, transparency, and accountability. This national framework can serve as a guide for local and combined authorities, who should be encouraged to develop localised frameworks.

4. Help Mayors and local councils champion digital adoption locally

Whilst the UK has shown it can lead when it comes to the creation of digital technology, and while generative AI is already improving business productivity, the UK struggles generally to enable widespread digital adoption.

Whether it is using technology to enable easier payments, increasing productivity and innovation through Generative AI tools or increasing the capacity to innovate through 5G-enabled technology, our ability to leverage digital technology is increasingly crucial.

Enabling digital adoption is not only important to enabling local businesses to grow and prosper, it is also increasingly important for the delivery of local public services.

Current and future mayoralities are uniquely placed to realise this ambition locally. **They can help unlock this challenge by ensuring their local growth plans take a coordinated approach to digital infrastructure, knowledge and skills, and business support to champion greater digital adoption.** Alongside the greater use of data, they should champion digital adoption locally through the delivery of these plans.

The previous government struggled to deliver a national effort to drive digital adoption to improve productivity, increase efficiency in public services and develop digital skills.

Learning from that experience, Mayors could work across combined authority areas and ensure the delivery of high-quality digital infrastructure, greater access and delivery of digital skills and training, and better targeting of business support to encourage the adoption of digital technologies from Generative AI to cyber security. This could include regional AI champions or 'adoption challenges' – local programmes offering SME hands-on advice, training and planning to support businesses in adopting AI effectively.

Building links between local partners and initiatives, current and future Mayors could be the glue that encourages innovation and lowers the barriers to digital adoption creating productivity gains and growth locally.





PILLAR 2: HEALTH

Health and productivity cannot be decoupled. An unwell and unfit Britain facing such high rates of sickness and working-age inactivity cannot achieve its true potential. Working people, particularly those outside London and the South East, face acute challenges in accessing high-quality local healthcare, which is not just a social challenge, but an economic one.

Nationally we should seek to reduce the number of people who are economically inactive by 10% by 2029 by providing more easily accessible healthcare advice and services and the proposals outlined here seek to create simple, immediate measures to help achieve this.

1. Pharmacy First: a bigger role in managing community health

Community pharmacies now offer care for a broader range of conditions through the Pharmacy First program, reducing time off work for GP appointments thanks to convenient access. However, despite attempts to promote these services, public awareness remains low, and pharmacies report insufficient guidance from the government, GP practices remain inundated

Community pharmacy education campaigns are vital for ensuring that people seek the services they need from the right source, relieving pressure on local GPs and other NHS services. Educating local communities of the benefit of visiting their community pharmacies first should be prioritised. As below, this could take the form of a relatively swift, easy to apply, and cost-efficient campaign.

The abolition of NHS England creates a reset moment in which a **campaign should focus on the promotion of Pharmacy First**. This could be designed using AI services as a tool to specifically target less aware and hard-to-reach communities, allowing for multiple distinct awareness campaigns in a variety of languages, using tailored messaging for specific areas and groups to be produced and disseminated quickly and cheaply. This can take on both digital and physical modes, with an option for leaflets being deployed in GP services.

With regards to ensuring communities are well-equipped, **one-stop guidance for pharmacists on the exact conditions they can treat and who in the community is eligible** should be deployed swiftly from government. A single minister, from inside the Department for Health and Social Care, should be tasked with Pharmacy First implementation and rollout so that there is an open and clear channel between pharmacies where capacity issues arise.

2. Private sector taskforce to upgrade the NHS App

The NHS App now has more than 34 million registered users, which is around three quarters of the adult population in England. From January to June 2024, the average number of NHS App logins per weekday was nearly 1.2 million. Monthly logins rose by 69% from 18.7 million in March 2023 to 31.5 million in March 2024.

Government sees the App as a crucial tool in helping to cut waiting times from 18 months to 8 weeks. Currently, it offers a range of services and information, but more needs to be done to ensure that it enables services to be taken up. Currently just 8% of NHS appointment bookings are made through the App or the 'Manage Your Referral' website.

Our consultations indicate that the App could be upgraded to become a 'digital front door' to the health system, providing a streamlined one-stop-shop for health needs and looking to incorporate technologies like AI. To capitalise on the high number of people registered, **a private sector taskforce should be developed to ensure the app is optimised** with tech capabilities – including AI – and to broaden the range of services and information available.

The advertising budget of the NHS could promote the App when optimised to better inform the public of how to use it, and employers and education providers could also be given a role to promote its use.



3. Early diagnosis and better health at work through national accreditation

Healthy employees are more productive, and health literacy plays an essential role in empowering individuals to prevent and manage physical and mental health conditions independently. With a record number of people out of work due to long-term illness, education and self-management can play a vital role in facilitating the return to work, reducing sick leave and improving productivity.

Health Literacy Partnerships have had previous success, showing that public-private partnership can help to deliver health literacy campaigns, empowering the public to take ownership over their health and prevent disease before its onset.

An initiative supported by the NHS to educate the workforce on services available should be implemented, using large employers for delivery. Larger organisations with over 250 employees should seek to support early diagnosis by offering basic health checks for common conditions such as high blood pressure, type II diabetes and high cholesterol. Remote health monitoring to support early interventions and continuous health assessments can additionally be incorporated.

For SMEs less able to take on the provision of basic health checks, a commitment to improve the health literacy of their workforce could be an option: offering information from the NHS on how to better maintain general health and fitness through where to find local screenings, sports clubs, and activity.



WORKING IN PARTNERSHIP TO SUPPORT BETTER EVERYDAY HEALTH

Haleon is a UK-headquartered global leader in consumer health with a purpose to deliver better everyday health with humanity.

Haleon's product portfolio spans six categories – oral health, pain relief, respiratory health, digestive health & therapeutic skin health, and vitamins, minerals & supplements. Our long-standing global brands include Sensodyne, Panadol, Voltaren and Centrum.

We know that people want to take more control of their health.¹ And there are huge economic and social gains to be won from empowering people to do so.

But we also know that many lack the confidence or understanding to manage their own health.² Recent research tells us that per-person annual healthcare costs are nearly three times higher for individuals with low health literacy as compared to those with high health literacy.³ Poor health literacy is a contributing factor to several health conditions, including:

Tooth decay, which causes 32 million lost work hours annually in the UK, with inadequate preventive oral care resulting in almost 50% higher lifetime economic costs for lower income groups.⁴

Chronic gum disease, which increases inflammation, raising the risk of **type 2 diabetes**. This is especially true in low-income groups. Managing gum disease effectively could prevent 300,000 people from developing type 2 diabetes and save £2.7 billion (US\$3.5 billion) of associated costs a decade.⁵

Haleon works in close partnership with healthcare professionals, academics, policymakers & regulators, customers, consumers and a range of other stakeholders to help raise awareness of health conditions and equip people to manage them.

Healthcare professionals – Haleon Health Partner Portal, with over 43,000 registrations in the UK including 2,000 in pharmacy, provides health professionals with free tools and resources to increase their own and patients' health knowledge and understanding of conditions and how to treat them.

Partners – Haleon is working with Tesco on their Health Zones pilot, where shoppers can access a range of different healthcare services in store. The Haleon Oral Health Hub provides shoppers with free advice on how to best take care of their teeth and mouth from a qualified oral health educator, as well as advice on how to support family members' oral health, while they are in store.

Consumers – The Aquafresh Brushtime app helps parents support children with recommended twice-daily toothbrushing.

Haleon believes the Government's 10-Year Health Plan presents a major opportunity to empower people to manage their everyday health better, for example, using the NHS app to find accessible information about everyday health and how to manage minor ailments and self-treatable conditions.



PILLAR 3: SKILLS

"It has been insightful to hear the challenges and innovations presented by the Commission on what is needed to address skills gaps and upskill working Britons to achieve the government's ambitions on growth and productivity. It is clear that tackling the skills challenge in the UK is critical for building a strong economy for working people, and without it we will not achieve our ambitions for inclusive growth and boosted productivity for every community of the UK."

Antonia Bance MP, Business and Trade Select Committee

Current policy ambitions on key infrastructure, AI-enabled economic growth, and new services – be it new homes, new transport links, or new 5G networks – will not deliver more growth and productivity if we do not address a critical piece of the jigsaw: the UK's skills gap. There is a clear need to break siloes and scale our collective impact across Government, business, universities and civil society.

We now have a **large-scale opportunity for reform**: the creation of **Skills England**, a new national skills body, offers a chance to realign our skills system with these goals. **If brought forward in the right way, Skills England can drive a fundamental shift** – embedding career-readiness into education, coordinating efforts across regions, and rapidly scaling up successful training initiatives. The following policy proposals are designed to seize this opportunity and remedy historic challenges in the UK's skills ecosystem.

Addressing the UK's skills gap is especially critical to ensure the UK retains its competitive edge in harnessing innovative technologies such as AI which has the potential to boost growth in almost every sector of the economy. To promote diffusion and realise its economic growth potential, current and future members of the UK's workforce must be equipped with the right skills to build, use, innovate with, and benefit from AI.

There remains vast geographical variation that has left areas across our country where people do not have adequate access to upskilling even where there is demand. **Our national ambition must be to ensure that we have a properly trained and upskilled domestic work force capable of delivering on the governments upcoming industrial strategy plans.** The below policies serve to remedy this historic challenge.

1. A more flexible and ambitious Growth and Skills Levy

The previous government's apprenticeship levy was underpinned by the right principle: ensuring companies are investing in the future of their workforce. Companies with a payroll of over £3m were required to pay a percentage of that into a fund that could then be reclaimed for investment in apprenticeship schemes. Some unspent funds would be shared with the remaining 95% of firms in the UK, but most were kept by HM Treasury. At last record, the apprenticeship levy only paid out 55% of held funds. It was clear this could not continue, and the new Labour Government restructured the fund into the 'Growth and Skills Levy' (GSL), with firms now able to spend their share of funds more flexibly, half on apprenticeships and half on upskilling existing workers.

The current guidelines for the GSL therefore offer more flexibility in spending between apprenticeships and existing workforce but are still more in favour of apprenticeships. For example, an employer can gear their GSL spending a higher proportion to new apprenticeships and less to existing workforce. However, firms are not permitted by current guidelines to do the reverse, gearing more to existing workforce. The energy sector, for example, is therefore only able to spend a higher apportionment

of levy funds on apprenticeships (approximately 5,000 new starts a year) as opposed to upskilling existing workforce (743,000), despite the high rate of decarbonisation and technology change in that sector. This cannot be a productive way of administering funds. **The government should work hand in glove with industry to encourage all firms to spend a higher proportion of their GSL funds on training and upskilling their existing workforce**, catering for new demands and to create the most productive overall workforce as soon as possible. In terms of 'critical industries', we would include those in the government's upcoming industrial strategy, such as clean energy, advanced manufacturing, housing, and defence will create new national skills priorities. These eight priority sectors employ close to 13.6 million people in the UK and their success is crucial for the growth agenda and the UK's international competitiveness.

This measure would unlock greater spending on the existing workforce and drive faster adoption of new technologies and processes, driving greater productivity as a result. The pace of technological change requires a skills system that can adapt quickly and there is an opportunity to transform the UK's current approach into a framework of stackable learning modules that can be updated and combined as industry needs evolve. This could include a tiered progression from 'Apprentice' to 'Master', recognising industry certifications and apprenticeship qualifications. Such an approach would support career progression while allowing those starting their learning journey to thrive alongside those with traditional degrees who want to diversify or become specialists in new fields.

This more flexible levy must also **maintain existing levels of small business support** to help create an industry system that is more responsive and effective for the UK economy for businesses of all sizes.

NHBC MULTI-SKILL TRAINING HUBS: A CASE IN SKILLS INVESTMENT

NHBC's Multi-Skill Training Hubs offer industry-recognised, immersive and tailored training. The Hubs maintain the highest standards, ensuring all training is independently examined without compromising on quality. These Hubs were launched in 2024 with a £100 million investment.

Since 2021, NHBC has opened four hubs specifically for apprenticeships, which are purpose-built facilities, close to working sites to immerse apprentices in a real working environment, fully preparing them for life on site from day 1. The training immerses apprentices at a Hub, recruiting in four cohorts across the year and using a system of 'block release' which concentrates on-site experience.

NHBC's training style means apprentices are qualifying in 14 to 18 months, many with distinctions, nearly twice as fast as traditional routes, which take up to 30 months. The retention rate after completion is an industry-leading 85%, compared to the industry average 55%. This model could have applications across a variety of sectors and job-types.

2. Create a 'skills passport' around career readiness for all young people

Academic achievement has consistently underpinned how our workplaces and communities value our education system and its outcomes. In response, our education system has geared its strained resources to this 'barrier to entry' of careers rather than shaping what success looks like once students enter the workplace. This has created a misinformed relationship between education and workplace – where students are measured solely on their understanding of a knowledge-based curriculum as opposed to the skills that can support them through later life and what is needed to succeed in a professional environment.

This problem is amplified by an overworked teaching workforce who constantly go above and beyond their educational role to offer familial and social support and must sacrifice core educational objectives like personal development and career readiness to meet the baseline teaching requirements. The imminent introduction of Skills England offers a unique opportunity to reframe what our education system and workplace determine as valuable outcomes for young people.

It also provides an opportunity to ensure teachers are fully supported with resources and training to exercise this function by ensuring schools are teaching career readiness skills such as financial and digital literacy, leadership and teamwork.

Recent research by NFER Skills Imperative shows that the new jobs being created between now and 2035 will require higher levels of career readiness skills. If young people enter the workforce better adjusted to the principles of a workplace, they will enjoy a more prosperous and productive career with a higher level of job satisfaction and even a wage premium of up to £4,600 per year.⁶ To realise this potential, we recommend **embedding career readiness skills within the national curriculum to underpin the creation of a skills passport for learners.**

Government departments (including DfE and DSIT), industry, and education providers should work together to adopt a universal framework of career readiness skills including financial and digital literacy, leadership, teamwork and AI fluency (in line with a common definition of baseline AI fluency skills agreed between government, employers and training providers) to help ensure students are prepared for the non-academic aspect of the workplace, and that those already in the workforce can continue to develop the skills necessary to succeed. To embed and track these outcomes, Skills England should leverage digital platforms like the Learner Profile to help schools and learners create a skills passport that captures and communicates progress of career readiness skills and emerging workplace competencies including AI skills such as prompting. Broad business and employer engagement would be fundamental to ensure it is accepted and adopted widely by industry as a marker of skills and capabilities.

INDUSTRY SPOTLIGHT – SUPPORTING AI AND DIGITAL UPSKILLING

The private sector will be crucial in helping deliver these reforms. For example, Microsoft has invested heavily in UK skills development. Through its Get On programme, Microsoft has already trained over 1.5 million people in digital skills, and it is now equipping 1 million more with the capabilities needed to participate in an AI-enabled economy via a new AI National Skilling Initiative. Microsoft is also an anchor partner in the Government's campaign to train 7.5 million UK workers in essential AI skills by 2030 – as part of an industry-wide partnership. In addition, Microsoft has launched programmes in such as ***AI in Action in collaboration with Founderz and the Federation of Small Businesses to support small businesses*** around the UK in using AI to achieve their business goals, and ***Beyond The Hype*** with Be The Business to help business leaders successfully apply AI in their firms. These efforts demonstrate the scale of opportunity for public-private collaboration to close the skills gap.



3. Regional skills partnerships anchored by universities

Over the last decade, skills systems across England have diverged significantly, as Local Enterprise Partnerships (LEPs) took on responsibility for coordinating skills policy in their respective areas, including resource allocation. Since then, the function has moved to mayoral, combined, and local authorities under Local Skills Improvement Plans (LSIPs). They offer a placed based approach which is business led with local needs at heart. With the government's commitment to greater devolution and the expansion of combined authorities, the skills landscape is set to change considerably. This shift comes at a time when national skills policy faces major challenges, including limited resources, the introduction of a new Industrial Strategy, and an ambitious infrastructure development agenda.

There are growing concerns that the current structure of LSIPs LEPs must adapt to this new reality. In this evolving landscape, universities have a strong case to play a more central role in addressing these challenges and contributing to the development of a more effective skills system.

To address regional skills challenges, **the government should institute Regional Skills Partnerships led by Skills England, industry, and local government, with local universities acting as the anchor institutions** to ensure talent is developed and deployed in the most productive way for industry. These partnerships can be built into the existing policy framework through mechanisms such as Local Skills Improvement Plans (LSIPs), devolved Adult Education Budget (AEB) arrangements, and targeted investment streams aligned with national industrial objectives.

Universities offer more than just a pipeline of new entrants into the workforce—they also serve as hubs for applied research, innovation, and foresight. Their strategic position enables them to bridge the gap between education and employment, particularly when working alongside employers to co-design and co-deliver responsive training provision.

Regional Skills Partnerships between universities, employers and services would provide a formal structure for aligning labour market intelligence, employer demand, and academic provision—offering local economies the opportunity to coordinate data-driven insight into how the education landscape is meeting the needs of modern industry. With the inclusion of Skills England as a national convening body, these partnerships could also support the government's ability to monitor progress against national productivity and sector-specific targets in real time, using regionally embedded data and outcomes.

Most importantly, with universities at their core, these partnerships offer a vital platform for sustained private sector engagement—enabling employers to better understand the skills ecosystem, identify future workforce needs, and co-invest in training and infrastructure. This collaborative approach ensures that skills supply becomes more agile and directly aligned with the evolving demands of the economy.



PILLAR 4: TRANSPORT

Keeping Britain moving will be essential if we are to achieve our ambitious growth goals and ensure inclusive productivity gains across the country. For too long, swathes of the United Kingdom have suffered from poor and often complex transport infrastructure that has meant key economic hubs have been isolated from one another, whilst workers find it difficult to travel to and from work.

Understanding how to tackle our productivity crisis is to understand how to address gaps in transport. **We must ensure that our transport system is a driver for local growth through better integrated service and also seeks to leverage private investment for substantial improvements.** The policy proposals presented here provide some immediate building blocks to address crumbling infrastructure and isolated communities while capitalising on the role transport plays within our communities.

1. Transport Hubs Economic Zones

Airports often serve as anchor institutions within their local areas, driving significant economic activity, providing jobs and making a positive impact on the local economy. Airports around the world are increasingly looking to harness this economic effect to ensure that it boosts local growth, productivity and economic activity through setting up Airport Economic Zone (AEZs).

These are strategic areas centred around airports promoting long-term sustainable economic growth and cultivating inward investment through public-private partnerships and investment in the local area and beyond. These voluntary initiatives will contribute greatly to their surrounding communities.

Though these initiatives have historically been set up by airports, many transport hubs, such as major domestic and international train stations, play a similar role in their areas.

To capitalise on the role these crucial transport hubs play, we propose the Department of Transport embarks on a **Transport Hubs Economic Zone** policy consultation that seeks to create a suite of measures that seek to drive growth, create jobs, and promote multi-modal connectivity. This consultation would explore how public and private sector organisations can work together to drive growth, explore fiscal measures that could be used to encourage investment, and develop international partnerships that could bolster tourism and trade. We propose that airports across the country, working with central and devolved administrations, become the first transport hubs to consult on, engaging stakeholders from across their local areas and beyond.

FORMING A NEW ECONOMIC POWERHOUSE WITH LONDON GATWICK AT ITS HEART

Centred in the region surrounding London Gatwick, the UK's first airport economic zone (AEZ) represents around 7% of the UK economy (£155bn GVA). Despite being one of the most economically successful parts of the country, data showed it under performing in terms of attracting foreign direct investment. There was also a recognition that global investors were unlikely to have an in-depth knowledge of the UK and its economy beyond London.

To resolve this, the Gatwick Region AEZ was created. Led by London Gatwick, this public-private partnership is shaping a clearly articulated identity to showcase the region and attributes that make it stand out. The new body also provides a single, unified voice into government to better harness and utilise political power to stimulate growth and investment across its region.

Its geography primarily covers West Sussex, East Sussex, Brighton & Hove, Surrey, Croydon, and Kent however its boundaries remain flexible, enabling it to adapt and capitalise on economic growth in neighbouring areas.

It is driven by a taskforce of economic development experts from five local authorities and six economic pillars – including trade, business and tourism. This dynamic, pro-business region is home to leading universities and industry clusters, including include aerospace, clean energy, life sciences, creative industries, and advanced manufacturing. Supported by excellent infrastructure including the UK's second largest airport and major seaports, the Gatwick Region AEZ has seamless access to both global and domestic markets and is an ideal location to operate with ease and at scale.

2. Tackling 5G "NotSpots" across railway links.

According to Ofcom's Connected Nations UK Report 2024, 5G coverage remains uneven, with 42% of urban sites having 5G compared to just 16% in rural areas. This disparity affects mobile connectivity along rail routes, where business travellers rely on stable internet access for productivity.

Many railway lines pass through rural regions and Network Rail, which owns and manages the UK's rail infrastructure, collaborates with mobile operators to improve coverage. Expanding 5G along key transport corridors is essential for seamless communication and economic efficiency. For providers, their connectivity ambitions are focused more on the developed areas around economic hubs, given the growth potential and their commitment to delivering for their customers who typically live, work, and socialise in these areas. It is clear from the Connected Nations UK Report that both urban and rural areas need to be addressed, and the government needs to support a solution that encourages providers to deliver better coverage universally.

The government should work with Network Rail to develop an incentive programme to encourage investment into digital infrastructure within less populated, rural travel passages.

This incentives scheme should **provide a cap on the wayleave charges on any investment into the more profitable populated areas once initial 'NotSpot' investment has taken place.** This boosts coverage within economic hubs and prevents digital exclusion for those travelling across 'NotSpot' zones – potentially on commuter journeys but also on longer cross-country trips, crucial for connecting regional hubs.

3. 'Book a Bus' – expanding bus franchising to facilitate demand-response transport services

Bus franchising gives local authorities control over routes, fares, and service standards addressing issues with unreliable, profit driven services. However, even with franchising, fixed route buses may not always be viable in areas that are predominantly rural or when there are severe peaks and troughs in daily usage.

Demand Responsive Transport (DRT) offers a solution to this with flexible service that adjusts routes based on passenger needs. By integrating DRT into a franchised system, local authorities can fill gaps in the network, improve accessibility, and ensure public transport works for everyone, not just routes that are most profitable. This in turn supports the mobility of workers, allowing greater productivity for those that may be further away from their workplaces by reducing commute times.

In tandem with the English Devolution Bill, **government should clearly encourage integrating bus franchising systems with demand-responsive services.** Both schemes working in tandem within a coordinated transport network ensures efficient allocation of resources creating a more reliable system of transport whilst encouraging new investment into systems like seamless smart ticketing. Improving access to jobs, education, and services boosting productivity.





PILLAR 5: HOUSING

“There can be no sustained growth in the economy without addressing the housing crisis. Government have taken great strides on this front and it’s great to see initiatives like the Building Back Britain Commission contributing further ideas. Convening the housing and adjacent sectors as the Commission has done is an important step as we address the need for high quality and affordable homes for every Brit. The policy proposals presented by this paper should contribute to putting an end to a crisis which has both constrained British growth and blighted lives across the country for far too long.”

Chris Curtis MP, Co-Chair of Labour Growth Group.

The new government’s reforms to housing, planning and infrastructure policy are long-overdue and can deliver exceptional outcomes for growth and productivity. Without addressing our housing crisis, we have no hope of ensuring working people can fulfil their potential.

A stable roof over their heads is foundational to every other aspect of life: from their health to their ability to live near their place of work. The Commission’s view is that the policy framework and the ambition to build 1.5 million homes is right, and productivity gains are certain if this is delivered, but immediate capacity challenges could threaten this.

1. A private-sector fund to turbocharge planning

The government’s commitment to going further on faster on infrastructure development – 1.5 million homes, 9 new reservoirs, and new data centres – being in this parliament is welcome, but to realise this, more needs to be done to address capacity constraints in local authority planning, which remain a critical bottleneck. Government has pledged to deploy 300 more public sector planners, which is welcome, but it will not meet the scale of the current problem.

To supplement this, a centrally managed **“Pipeline Fund”** should be established to recruit and deploy 225 expert planners, funded by £22.5 million from private sector partners.

We have held consultations and are confident there would be plenty of partners coming forward for this, as it would reduce their own costs and delays on key projects. Private sector organisations with a vested interest in unblocking planning delays would include developers, house builders, institutional investors, supermarkets and utility companies. Participating organisations would be incentivised through public recognition, including a government-backed kitemark, offering reputational benefits for participation.

Planners from the Fund would be assigned flexibly to local authorities experiencing acute capacity issues, focusing on the more substantial and complex development applications. The Fund could be administered centrally by a body like the National Infrastructure Service Transformation Authority (NISTA), recognising that it is inefficient for individual authorities to retain specialist planners when their expertise is only required sporadically.

2. Specialist housing for older people – to free up more working age housing

Government has ambitions to deliver 1.5 million new homes over this parliament but, within that target, more focus needs to be put into what types of housing will have the most significant impact on growth and productivity.

The UK has an ageing population with much of the existing housing stock is owned by over-65s, many of whom are in family-sized housing located near schools and established transport connections, and very often with spare rooms and extensive living space. As working age families are now not only looking for an adequate number of bedrooms but also space where the requirement to work from home can also be met there is a significant growth opportunity in making it easier for people to downsize as they get older and their needs change. Industry research shows one in five older people are actively considering moving into specialist retirement housing, which caters for such needs, but there is a lack of supply, which will only face growing demand in future years.

We would suggest that the 1.5 million homes target should have local sub-targets for the provision of specialist housing for older people and that the recommendations of the Older People's Housing Taskforce are adopted to make it easier, more attractive and less costly for people to downsize. This will deliver growth in three important ways, it will free up more family-sized homes for working people, it will help relieve health and social care pressures on service providers and family members, and help meet growing demand for this housing as well as freeing up more homes for working-age people. The result will be improved economic productivity, but also greater improvements in NHS productivity through more efficient hospital discharges.

CHURCHILL CASE STUDY

Retirement communities are helping to address the UK's housing and healthcare challenges. Analysis by Churchill Retirement Living shows that moving older people into specialist retirement housing saves the NHS £93 million a year and frees up 167,000 hospital bed days, by enabling quicker, safer discharges from hospital*. At the same time, it helps release under-occupied family homes, boosting housing supply in high-demand areas.

With around 860,000 people now living in retirement communities across the UK, these developments also ease pressure on public services and family carers—while helping older people stay healthier and more independent.

Lisa Green, 60, from Kent, experienced this firsthand. After her father passed away, her mother Marion was left alone in a large four-bedroom house. As Marion's mobility declined, Lisa found herself managing both households and growing increasingly concerned for her mother's safety.

In 2019, Marion downsized into Churchill Living's Beatrice Lodge in Sittingbourne and quickly embraced the community. Her health improved, and Lisa found welcome relief.

Lisa says: "When Mum was still in her house, it was a struggle at times... I'm fortunate that Mum decided to downsize... I can now focus on my businesses and children. We spend quality time together, not worrying about daily tasks."

3. Use 'new towns' to turbocharge innovative affordable housing schemes

House prices in some areas have now hit over twelve times the average annual earnings, making home ownership out of reach for many. Rents have also increased sharply over the years, with many renters in urban areas finding themselves paying more in rent than they would for a mortgage. The historic undersupply of new housing, which drives this problem, creates significant drags on productivity. Despite more remote working since the Covid pandemic, commutes are increasing and fewer people are able to live near to work.

To tackle this, the government plans that 1.5 million new homes will be built over this parliament, including a "next generation" of new towns to begin construction. This next wave of new towns will provide at least 10,000 new homes each and 40% must be affordable homes, to include social and council housing.

This is great ambition but the lack of construction skills and questions over the how the 40% affordable homes can be funded are major issues. We believe that an assessment of the skills needed in the construction of new towns must be considered during the planning stage and modular construction should form part of the solution to addressing the skills gap.

Our suggestion is to use modular construction in new towns, especially for the affordable units. Modular has long been heralded as answer to bringing down costs, supporting affordable new build, and can also reduce labour needs by around 25%. It has failed to take-off seriously in England, however, due mainly to lack of scale of demand. It requires modular factories to be built to produce the homes and a foreseeable pipeline of demand is needed for that investment to take place.

New towns would provide that pipeline and scale in one place, acting as incubators for the technology's expansion. **To ensure modular can take off and support housebuilding challenge, new towns should be used to scale modular with a target placed in planning for the number of modular units.** We would suggest 25% but the figure could be pushed higher.



CONCLUDING POINTS

This report has set out a roadmap of simple policies that are deliverable within this parliament, within the boundaries of current fiscal and policy parameters, and which together generate substantial additional growth: we suggest conservatively that at the very least, around £82bn could be released over five years as a result of delivering the policy set out here, equivalent to just a 1% increase in productivity across 146 local authority areas with high productivity potential.

The Commission's first report sought to make the case that improving productivity needs not just a focus on firm-level issues to improve output per worker, but to tackle the much more fundamental issues that allow improvements to that measure to actually materialise. We have argued that this means ensuring people can access housing near to employment, that firms can access digital infrastructure for connecting colleagues, that there is better catering to workers' health needs, and so on.

To this end, we have outlined a range of policies for tackling the core challenges that have held productivity back in the UK for decades. They will not on their own address a challenge this vast, but the policies presented here are simple, able to be implemented immediately and can make an impact on productivity in this parliament. This is critical to delivering growth in the same period.

Delivery

A Productivity Council in HM Treasury should lead a strategy to deliver these proposals, setting out targets and plans for each. Devolution, however, presents a major opportunity for driving productivity improvements across regions. At present, government is deepening and widening devolution in more areas, and these areas will gain extended powers over issues we cover, including transport, skills and housing, and Local Growth Plans will also extend across the country, aligned to the national industrial strategy.

This makes a partnership between central government and the devolved regions critical to policy delivery. We suggest, based on our research and the many policy events and discussions that informed this report, that a stronger partnership with business is also critical.

To ensure the delivery of policy that unlocks not only productivity across the country but also the private investment needed to achieve growth, we recommend that government **formalise business input into policymaking by establishing for this parliament a Productivity Council**.

This Commission could act as an immediate vehicle to start that process, bringing trusted private sector experts from a range of sectors to boost government decision-making.

Endnotes

- 1 80% consumers want to take more control over their health – IPSOS Global Trends Report (2024), study conducted across 50 markets.
- 2 A lack of health literacy is reflected in European citizens’ low levels of confidence in managing their own health: a survey revealed that only 2 in 10 European citizens feel very confident to do so – The Health-Economic Benefits of Self-Care in Europe, Vintura 2021.
- 3 Health Inclusivity Index: Economist Impact, supported by Haleon, 2025.
- 4 Ibid.
- 5 Ibid.
- 6 Moving from the lower quartile essential skill score to the upper quartile is associated with a wage increase of up to £4,900 annually – Skillsbuilder Partnership Essential Skills Tracker (2023).

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