

**The House of Lords Industry and Regulators Committee's inquiry into skills policy, focusing on apprenticeships and training in the context of the skills the UK economy needs for the future.**

## **Response of the Association of School and College Leaders**

### **A. Introduction**

1. The Association of School and College Leaders (ASCL) represents 25,000 education system leaders, heads, principals, deputies, vice-principals, assistant heads, business managers and other senior staff of state-funded and independent schools and colleges throughout the UK. ASCL members are responsible for the education of more than four million young people in more than 90 per cent of the secondary and tertiary phases, and in an increasing proportion of the primary and further education and skills phases. This places the association in a strong position to consider this issue from the viewpoint of the leaders of schools and colleges of all types.

2. ASCL welcomes the opportunity to contribute to this inquiry.

### **B. Answers to Key questions**

**What kinds of skills do you think will be needed for the future of the UK economy? Is the UK's skills and training system capable of equipping increasing numbers of people with these skills?**

3. Ultimately, skills needs will emerge from what the country aims to do and be in future years. The challenges the country faces – an aging population, building more housing and infrastructure, embracing new digital technologies and aiming to reduce our carbon footprint.

4. The UK economy will need people with essential skills such as literacy and numeracy, oral and written communication skills as well as specialist skills and knowledge for roles in a changing economy. We have a significant number of adults without basic literacy and numeracy skills. Tackling these issues will require tried and tested skills which have served the nation well for decades – good levels of English and maths, alongside effective engineering and construction skills.

5. As technology advances newer digital skills will be required but, as with English and maths, there are far too many people without basic digital skills. Caring skills and skills around being an effective communicator will also be needed.

6. The UK skills and training system is capable of equipping increasing numbers of people with the skills needed by the changing economy, but it must be properly funded to effectively recruit and retain talented staff and at the same time, upskill existing staff.

7. The education and skills system does not work in isolation. We need a broad view of school age curriculum content to encourage wider skills such as those in regular demand by employers e.g. confidence, resilience, problem solving, entrepreneurship. For 16-19s and adults, we need access to a broad qualifications system which meets the needs of young people, adults and employers.

**What is the appropriate level of government intervention in the development of skills policies? What should the Government's proposed post-16 education strategy include in relation to apprenticeships and training?**

8. Government should set the strategy and policy and devolve the implementation of that strategy to specialist agencies, such as exam boards, providers to deliver the qualifications required and regulators to ensure provision meets the requirements of the strategy.

9. Government strategy should include the curriculum and qualifications framework, which is properly resourced, to develop the wider skills needed to grow the economy but the detailed implementation should be left to those who understand what each sector of the economy needs.

10. There has been a lot of focus on the supply of skills from Government, including on structures, qualifications, and targets. In challenging circumstances, schools and colleges have stepped up to meet skills needs over the last decade or so. However, there must be more stimulation of demand for those skills from young people, adults and employers. Schools and colleges are a key part of the solution; they are not the problem. The government must add value to skills policy by focussing on increasing the demand for, utilisation of and investment in skills, rather than focussing only on supply, which is not the issue.

11. Funding reforms introduced post the 2021 white paper promised simplification and more funding security (delivered through multiyear funding contracts) balanced against accountability. This has not happened. The parallel move to increase regional devolution is driving complications as this has removed the option of multiyear funding contracts for colleges in devolved areas and introduced increasing complexity through having differing rules and reporting from different devolved authorities. With devolution the role of government is becoming more remote. Devolution must be more joined up across regions if it is to ensure continuity and effectiveness of skills providers.

12. Regarding apprenticeships and the Levy, while there is policy commitment to the simplification of these programmes, they retain a level of bureaucracy and complexity that is a barrier to engagement, and a more fundamental review is required.

**Are existing Government policies on skills, particularly apprenticeships and training, sufficiently clear? Have policies, funding, and the institutional set-up**

**been sufficiently consistent over time? If not, what changes or reforms would you recommend?**

13.No, please see above. Government policies on skills are not sufficiently clear and skills policies have been insufficiently funded. In addition, the Government has not sufficiently considered the impact of the defunding of AGQs for example and their impact both on young people who gain from them or on the wider economic sector which underpins employment.

14.We currently have a random approach to industrial strategy and the necessary skills that should falls out of this. As a result, as mentioned above, there has been an endless focus on supply-side changes, which have just tinkered with the system. Bewick and Gosling's "*Running to Stand Still*" and City & Guilds' "*Sense and Instability*" reports outline just this point.

15.We talk about 'skills' but for learners and providers, what is actually funded are qualifications so it's often not a skill-led supply system; it is qualifications led. This can be out of step with what employers are looking for when it comes to commitment for training of the working adult population, where employers require upskilling of their workforce, rather than qualifications.

16.There have been numerous reports regarding future skills needs from organisations such as NESTA, the UK innovation agency for social good – e.g. <https://www.nesta.org.uk/report/the-future-of-skills-employment-in-2030/>.

17.It is not always clear which Government department is leading on skills and innovation. Devolution has bought in new responsibilities of combined authorities which have their own agendas. ERBs add another level of responsibility within the skills landscape.

18.The employer role is a more complicated in the current system. There is no doubt that employers want to be more involvement in the skills system to shape the workforce. The LSIP process has been highly valuable, however, there are some practical barriers around employer appetite for investment in training and around availability to engage outside their core activities. This can limit employer involvement.

19.A pause on defunding of advanced general qualifications would significantly help the current skills landscape as there are many young people and adults who are unable to progress to T levels but could undertake an AGQ, such as a Btec.

**Are the right institutions in place to ensure an effective skills system for the future? Should co-ordinating institutions be national, regional, or sectoral, or a mixture of each? What is your view of Government's proposal to establish a new body, Skills England?**

20.No, not all. The right institutions could be in place to ensure an effective system once Skills England is in place, but the proof will be in the extent to which Government allows this body the scope to make key decisions and the funding to ensure coordination is improved and demand is stimulated.

21.At regional, sectoral, and local level the right institutions may be in place to ensure an effective system, but there is currently a random approach to bringing together a UK-wide industrial strategy.

22.At a regional level, most devolved areas have clear strategic and economic plans for their areas only; they are effective at the regional level, but they are not joined up across the country, leaving inconsistency.

23.Skills needs and developments are identified in regional documents, but a coordinated approach with appropriate funding is needed at a national level to ensure a more UK-wide effective skills system, especially for new and emerging industries.

24.While the provision of valuable opportunities for 16–18-year-olds is of great importance, the use of the apprenticeship levy should be independent of age. We should be focussed on the delivery of a skilled workforce to drive productivity, whether this is a 16-year-old, or a 19-year-old should be irrelevant.

25. A mix of national and regional skills institutions is important to ensure funding and regulation are comparable across the UK. This will allow regional contextualisation whilst retaining oversight to drive effective skills policy delivery and effective usage of funding.

26.Skills England should be focussed on increasing demand for, utilisation of and investment in skills. These are the skills imperatives.

**What should be the role of businesses in encouraging the development of skills in the UK? Should businesses be a consumer, funder, trainer, or co-designer of skills provision?**

27.Many firms take skills development seriously and invest accordingly. Sadly, far too many organisations struggle to survive and, as a result, see staff as a cost to control as opposed to an asset to nurture. Many firms also worry about other companies poaching their staff. We have a 'low-skills equilibrium' in the UK. The nation's industrial strategy and supporting approaches to skills needs to focus on ending this.

28.Employers are in the driving seat when it comes to identifying and developing skills for their workforce. Large companies tend to be a consumer, funder, and co-

designer of skills, but small and medium size businesses do not necessarily want this responsibility. In some regions, and particularly in places like the Tees Valley and Thames Valley, most firms employ less than 10 people and are struggling to keep their business afloat, so are finding it difficult to engage with the skills system.

29. As mentioned above, the key skills that employers ask for are increasingly more related to the transferable skills required to thrive and adapt. Problem solving skills, project working and management skills, communication, numeracy, and literacy, as well as digital skills above essential level and more to intermediate level as a baseline. There are specific skills emerging in the sphere of AI to support productivity around command prompting and how to practically introduce AI in business processes.

30. 16-18 funded provision comes with an expectation of work experience and pastoral development. However, the volume of funded hours is insufficient alongside other elements such as substantive vocational skills and English & maths to fully develop the skills of young people.

31. The adult skills system has limitations, mainly through the development in recent years to thin out available qualifications. This has impacted on the availability of a broader funded offer for adults.

### **What incentives do employers have to provide training for their employees? Why do you think that employer investment in training has declined in recent decades?**

32. See also above. Austerity, Brexit, Covid and the disaster in Ukraine leading to inflation are all reasons why there is a decline of employer investment in training. Far too many firms have a hand-to-mouth existence and, as a result, people development and skills is not a priority.

33. The Work Foundation found that if work is insecure, individuals will be working hard to sustain employment rather than developing themselves. Data from the Learning and Work Institute highlights this will be the case for those without qualifications upon leaving school. Investment is needed by Government and employers in both apprenticeships and training for many individuals to seek out training.

34. Business incentives for small and medium size companies to invest in staff and for taking on young people as apprentices would be helpful. A clear industrial strategy which includes a supportive approach to investing in skills development would be helpful.

35. More flexibility is needed for the use of the levy funding of non-apprentice skills training. Businesses already see the levy as their contribution but are not necessarily interested in an apprenticeship route to use it.

36.Many SMEs cannot provide the correct range of work required to host an apprentice for some apprenticeship standards, so the standards are themselves a barrier to some extent.

37.The incentive system is not attractive enough. For young people who have family who can help and support them whilst undertaking education, apprenticeships or training, the incentive is a promise to get a better job in the future. However, this is harder for those who do not have this support or for adults, especially if they must take out loans which they may be repaying into their older age and which they cannot afford to commit to alongside the increased cost of living.

38.Tailored learning is a positive step as part of the new Adult Skills Budget but having that as a separate ring fenced and capped part of a college allocation stifles responsiveness and innovation. Government should remove the ring fencing and incorporate into the wider skills budget and let providers deliver the skills needed in their locality rather than restricting flexible delivery.

39.Some companies are not thriving because of the conditions they are operating in, which are challenging times. Investment in training is still an incentive for employees but this must be balanced with other incentives required by the workforce, such as the desire for flexible working, employee assistance schemes and work-life balance.  
<https://www.gov.uk/government/statistics/employer-skills-survey-2022>

**Should further incentives be put in place to reverse the decline in employer investment in training, and if so, what form should these incentives take? Do smaller employers need greater support to access skills provision, and what form should this support take? Concerns have been raised over the operation of the Apprenticeship Levy, particularly in relation to the decline in young people taking on apprenticeships. Is there a case for reforming the levy, for example by ring-fencing more levy funding for training for younger apprentices? If so, what portion of Levy funding should be ring-fenced, and for what ages and levels of qualification?**

40.Yes, to further incentives as mentioned above and yes to support for smaller employers. The local, regional and national government needs to play a more direct role. Lessons from overseas could be learnt.

41.Yes, to ending funding of apprenticeships for those above a certain level – e.g. above level 5 – and for those who already work in an organisation. As much of the levy as possible needs to focus on young people.

42.The narrowing of the volume of AEB funded provision through years of qualification reform has directly impacted employer investment. There are less accredited qualifications that support standard business operations and as such businesses in many cases now shoulder the full cost of delivery which in a time of wider cost increases make training less affordable.

**Should the Apprenticeship Levy be made more flexible, allowing funds to be used for shorter courses? What is your view of the Government's proposals for a Growth and Skills Levy?**

43.No, a more flexible use of the apprenticeship levy will lead to dead-weight costs, meaning less value for money.

44.The apprenticeship levy system does not work well for 16–18-year-olds as numbers of young people are finding it difficult to get an apprenticeship. This means they and employers are missing out. The apprenticeship levy needs to be reformed so that there is more ring-fenced investment in young people who wish to take an apprenticeship, rather than much of the levy funding from large companies going into higher apprenticeships and degrees for those already in work.

45.However, we must recognise that one barrier to employers opting for younger apprentices is the required additional 'wrap-around' support (and subsequent time/cost) that is often required to develop 'soft skills', making older apprentices more attractive to employers.

**What is your view of the Government's proposals for a youth guarantee of access to training, apprenticeships, and employment support? If a guarantee was to be introduced, which institutions should be responsible for providing it and would they need additional resources or powers to do so?**

46.Yes, we are letting down young people. A youth guarantee could be organised at a more local level via Local or Combined Authorities. However, careful thought needs to be given to the.

Investment would be needed to ensure opportunities were widespread and for things such as travel, specialist kit, PPE etc.

47.A youth guarantee for 19-21s would be helpful as often these young people have taken a slower route to level two and three skills due to home or work circumstances. Or they have taken a work route and changed their mind wanting to return to education and training. In many circumstances they are not able to afford to pay for their further education and may be at a disadvantage in terms of their careers by having to take out loans or fund their learning themselves. It would be even better if the guarantee was extended to those aged up to 24 which brings the guarantee in line with other support available to those up to 24.

48.Colleges would be able to provide a youth guarantee for 19-24s but administration costs would have to be funded and powers to allocate funding would need to be devolved. This must not be another bureaucratic system which seeps resources from colleges.

**Should further education be funded in a demand-led way, as is the case in higher education? Is such a shift practical, and would it be necessary to provide a youth guarantee of access to training?**

49. It is unclear which part of FE this refers to. 16-18, adult education or apprenticeships? ASF and apprenticeships are already funded in a demand-led way. 16-18 is funded on a lagged basis and this has advantages and disadvantages. In short, a key focus needs to be on the rate of investment in FE. For example, 16-18 is currently funded at 10% less in real terms compared to 2010 and colleges are, in essence, asked to make skills provision stretch. Policymakers are currently letting down the nation's young people.

50. Funding for the whole of FE should not be demand-led. The current system is not working for higher education, and it will not work for further education.

**How does the UK's approach to skills and training compare to those of other countries? Are there examples of good practice that the UK should be learning from?**

51. The UK's approach compares poorly to other countries in many sets of comparisons for Further Education. We can learn from most other advanced nations. The UK's approach compares well to those of other countries in terms of higher-level skills (degrees and above) and less favourably than some other countries in terms of intermediate skills. The well-known examples of highly productive approaches to skills and training include Germany, but other countries, such as Greece, are improving their approaches more rapidly and could be considered good examples (see OECD reports).

52. More needs to be done to ensure the demand for skills is articulated and the supply of skills is utilised. This must include incentives for both the individual and businesses so that intermediate skills do not fall behind in the UK. There must be improved funding for the suppliers of skills training.

**Conclusion**

53. We hope that this response is of value to your consultation. The responses in the call for evidence come from our members in the skills sector. ASCL is willing to be further consulted and to assist in any way that it can.

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