

SKILLS ENGLAND: BUILDING A JOINED-UP, PLUGGED-IN SKILLS SYSTEM

The UK lags other countries on intermediate and essential skills like literacy and numeracy, holding back growth and opportunity. Investment by Government and employers has fallen and policy is beset by chop and change. To make a difference, the Government's new Skills England must have real power to guide the system and deliver change. It should be required to promote lifelong learning at all levels, have oversight of devolution agreements, and work with sectors to increase employer's investment in skills. It must be part of a wider plan to raise investment in skills by both Government and employers, and build a simpler, more joined-up system that is plugged in to delivering national priorities like clean energy and the industrial strategy.

Background

Learning and skills are critical to economic growth, individual opportunity, and delivering national goals like net zero, improving the NHS, and increasing housebuilding. Yet the UK has long lagged behind other countries, particularly at intermediate level and in essential skills like literacy and numeracy. Learning and Work Institute (L&W) research suggests we will continue to be middle of the pack in OECD countries over the next decade at these skill levels unless we change course.¹

As part of its plan to change this, the new Government announced it is creating a body, Skills England, to:

- Bring together businesses, trades unions, and national and local government
- Ensure we have the workforce we need to deliver an industrial strategy
- Work with the Migration Advisory Committee so training accounts for more of the needs of the labour market
- Coordinate between local areas so everyone can access opportunities
- Take on responsibility for apprenticeship standards and consult on courses to be eligible for funding through the new Growth and Skills Levy.

Over the decades there have been a multitude of efforts to do similar things. These have included the Manpower Services Commission, Training and Enterprise Councils, Sector Skills Development Agency, Learning and Skills Council, UK Commission for Employment and Skills, and Institute for Apprenticeships and Technical Education (IfATE, which Skills England will supersede).

Each of these had a different focus and remit, some more focused on identifying national skills needs, others on planning local provision, others still on trying to articulate employer 'need'. Each was situated within a different skills system, at times more focused on governments driving provision toward a strategy, at other times more focused on ensuring providers, employers and individuals have the information they need to make the right decisions within a more market-based system.

Skills England will be an executive agency of Department for Education, unlike the current IfATE, which is established in legislation as a non-departmental public body. Legislation is being introduced to abolish IfATE and transfer its powers to the Secretary of State, who will then decide which of these Skills England should hold. No other details of Skills England's powers have yet been announced.

In its manifesto, the Government said it wanted to develop a post-16 education strategy. This could help set the context in which Skills England will sit. It has announced the functions of the Education and Skills Funding Agency (ESFA), which (among other things) is responsible for a number of learning and skills funding streams, will be taken on by the Department for Education. But no change in how they are carried out or overall efficiency savings have yet been articulated.

¹ Evans, S. (2024) [The great skills divide: how learning inequalities risk holding the UK back](#). Learning and Work Institute.

The learning and skills system in England is complex and fragmented, with multiple short-term funding streams and short-lasting bodies. For example, the ESFA and Mayoral Combined Authorities (MCAs) are responsible for adult skills funding outside apprenticeships. Skills Bootcamps are commissioned by both MCAs and the DfE. The UK Shared Prosperity Fund, mostly devolved to local government, funds adult skills provision (including Multiple, focused on numeracy) and ends in March 2025. The Home Office also funds some ESOL-related provision to support refugee and migrant integration, while the Department for Culture, Media and Sport also looks at digital skills.

The quality of provision is inspected by Ofsted, but the Office for Students (OfS) also has a role in higher apprenticeships. Responsibility for regulating apprenticeship and other skills provision is split between (and sometimes overlaps between) Ofqual, IfATE, OfS and Ofsted.

The bad news for providers, employers and individuals is that this is the simplified version!

Within all of this, there is surprisingly little focus on how to increase employer investment in and utilisation of skills. This matters because employers are investing 26% less in training per employee than in 2005, with graduates three times more likely to get training at work than non-graduates. Nor effective integration with wider policy, e.g. a clear integrated workforce plan to deliver net zero. Instead, the focus is primarily on the allocation and regulation of public funding and qualifications. The new industrial strategy identifies priority sectors, how can the skills system help support them?

This complexity, combined with constant chop and change, an overall £1 billion (20%) reduction in funding since 2010, insufficient links to growth plans and other policy areas, and a missing focus on employer investment in and use of skills, help to explain skills weaknesses. **Overall, the learning and skills system at a national level is underled, overmanaged and missing a holistic focus.**

Learning from outside England

Skills systems vary across the UK, but most are aiming to build a more integrated post-16 system. In **Wales**, Medr has been established as a single body for tertiary (post 16) education, focused on funding, regulation and widening participation in lifelong learning. It has a legal duty to promote lifelong learning including at different levels and settings and for a range of reasons, not just for work.² In **Scotland**, Skills Development Scotland administers apprenticeships, supports careers advice, and assessed skills demand demand. The Scottish Funding Council funds and regulates skills provision.

Previous L&W research looked at **Canada** (where Labour Market Development Agreements devolve employment and skills funding to local areas, with independently evaluated outcome agreements showing how many more people will find work or improve their skills as a result), **US** (where Workforce Investment Boards help shape public skills investment and a data dashboard gives employers and individuals data on job and earnings outcomes by course and institution), **Ireland** (where Employer Skills Boards oversee and set priorities for local skills systems), and **Australia** (where the National Agreement for Skills and Workforce Development focuses investment on key outcome measures).³

Examples in other countries are always context specific. But common success themes include having clear divisions of responsibility, agreed measures of success, medium-term time horizons, and looking across the piece at a range of provision and local and national economic need.

² [Tertiary Education and Research \(Wales\) Act 2022 \(legislation.gov.uk\)](https://legislation.gov.uk)

³ Evans, S. (2021) [Focus on results: how a greater focus on outcomes could contribute to England's learning and skills systems](#). Learning and Work Institute.

Setting the remit of Skills England

To be a success, Skills England should be the strategic guiding light for the learning and skills system in England, ensuring that providers, individuals and employers have the right information to make informed choices, that the system is more coherent, and that it is effectively aligned and integrated with other public policy objectives. That includes increasing clean energy and housebuilding, raising employment, and delivering growth including through the industrial strategy.

The aim is to ensure learning and skills in England are joined up and plugged in to other policy areas. To achieve this, Skills England needs a clear remit, clear powers, clear routes for joint working, and to be part of a clear plan – it must not be introduced in isolation. This plan should encompass all learning and skills provision, from community learning to higher education. Skills England must promote lifelong learning at all levels, taking a broad view of learning and the many reasons people do it, articulated through either a statutory duty or the Secretary of State making it a priority for Skills England from the start. It needs to be outward facing, bringing in the best ideas from other countries and coordinating and sharing across the UK.

It also needs to be truly independent and carry weight, owned by national and local government and by employers and trades unions, rather than being solely a Department for Education body with a board of stakeholder representatives. There are a range of ways to do this. Legislation could set out its independence and its pan-government, pan-sector role. The Secretary of State could require it to report directly to Parliament. Ultimately its effectiveness will depend on it having powers and using them effectively, demonstrating the difference it makes. That requires strong and effective leadership.

Part of the success and endurance of other bodies, such as the Low Pay Commission and Monetary Policy Committee is true buy in from a range of stakeholders (not just the government of the day), true independence, and true and defined powers and ways to judge success. There are lessons there.

Skills England will also need to balance national priorities with local and sectoral differences. In some geographies, devolution and responsibilities for learning, skills and employment support are more embedded and longer standing; in others, devolution will be introduced and areas may need support; in others, there will not be devolution but local leaders should be able to guide, influence and join up services. To do so, Skills England will need to reach out and involve local areas, employer groups, trades unions and others, not be primarily a creature of Whitehall.

Similarly, some sectors already have established skills infrastructure. For example, construction has a skills levy overseen by the Construction Industry Training Board (CITB), and the Construction Leadership Council of leading employers helps to set skills standards for different roles as part of the overall development of the sector.

In other sectors, planned reforms could create a 'hook' for a step change in skills. For example, the planned Fair Pay Agreement in social care could include commitments to increase and change investment in skills and requirements for different roles. Similarly, the Government's intention for Skills England to work with the Migration Advisory Committee could create mechanisms to require sectors or firms to increase their investment in training (though it is important to note that evidence shows little to no impact of migration on pay and employment levels).

However, elsewhere there is relatively little sectoral infrastructure to drive change in skills. The Government and Skills England will need to consider whether and how to change this, including linked to industrial strategy priorities.

Skills England should have the following key areas of focus and responsibility:

1. **Measuring success.** England should aim to be world class in levels of, equality in, and utilisation of learning and skills. Skills England should identify measures of success for learning and skills, which could include benchmarking qualification levels to other countries, looking at potential future skills demand, as well as employment, earnings, and social returns to learning. These could be annually reported, perhaps to Parliament. The focus should not just be on skills but also learning more generally, and considering social as well as economic benefits.
2. **Support local leadership.** The Government intends to devolve more learning, skills and employment funding to local areas. This devolution should be underpinned by outcome agreements, based on the model in Canada, with Skills England responsible for overseeing and publishing regular data on their delivery. It should also ensure local areas (whether they have devolution or not) have the data and intelligence they need to provide local leadership, and share information and best practice across England. If the Government continues with Local Skills Improvement Plans, Skills England should have responsibility for agreeing these and reviewing progress and their remit should be widened to include increasing employer investment in and utilisation of skills as part of local growth plans.
3. **Skills for national priorities.** Skills England should work with key departments, agencies and stakeholders to ensure effective skills plans are in place to meet national priorities such as the transition to clean energy and increasing housebuilding and infrastructure. That should include working with departments to build these plans, but also scrutinising and flagging where plans or action fall short. It could include 'deep dives' into particular issues or areas to agree action plans. That doesn't mean producing a skills plan in isolation to plans to deliver the actual ambition – skills plans must be an integral part of the plan for delivering the ambition itself.
4. **Increasing employer skills demand and utilisation.** Increasing employer investment in and utilisation of skills, which holds back productivity, should be as much a priority for Skills England as looking at policy change and public investment. This should include working with existing infrastructure, including: working with the CITB and CLC to agree a plan to increase training and the pipeline of construction workers; ensuring skills investment and recruitment plans are part of the planned Fair Pay Agreement in social care; and working with the Migration Advisory Committee to consider how to gain sectoral and firm level commitments to increase training in sectors with high use of work permits. It should also build new local and sectoral mechanisms, including: the case for further licenses to practice; considering further sectoral skills levies with employer groups; and exploring how national and international best practice could apply in England. Again, the focus should be on considering skills as part of sector growth and productivity plans, including with the Industrial Strategy Council, not creating separate standalone infrastructure or parallel skills plans.
5. **Identifying priority provision.** Skills England is likely to be tasked with approving provision that can be funded, outside of apprenticeships, in the new Growth and Skills Levy. It should do so with a focus on national priority areas, local growth plans, and priorities identified through the Industrial Strategy. It is also likely to have responsibility for agreeing apprenticeship standards. In doing so, it should have in mind the need to benchmark against the best in the world as well as what UK employer groups want, and to be adaptable, not taking a disproportionate amount of time to make decisions. Skills England should also consider the higher education system, balancing taking a broad view of whether the balance of provision is meeting national priorities with avoiding second-guessing the choices of people and employers.

Box 1: Five ways Skills England can raise employer demand for, investment in and use of skills

Construction. Achieving the Government's goal of building 1.5 million homes in England over the next five years will require around 150,000 extra workers, according to CITB. Meeting the bulk of this demand will require either significant increases in migration or a step change in training domestic workers. In 2022-23 there were around 20,000 construction apprentices in England (noting there are other non-apprenticeship routes into many construction roles). Skills England should work with the Government to lift training as construction expands. For example, the Government could agree with construction employers a ramp up in construction levy payments linked to a rise in planning permissions granted (so that extra training is only required as building increases), also agreeing through Skills England which qualifications should be eligible to be funded through the levy.

Migration. The Government wants to reduce net migration and increase employer investment in training to meet workforce needs. This could be done at a sectoral level, with the Government reaching agreements with sectors to increase training investment, such as through introducing or increasing sectoral skills levies, in return for continuing work visas (with a phasing down over time). Or at an individual firm level, such as an increased Immigration Skills Charge in sectors with high reliance on migration or low investment in training, with the extra funding ringfenced for training in that sector.

Social care. 1.5 million people work in social care, split across 18,200 employers and an annual spend of £28 billion. Pay, terms and conditions can be low, partly because there is insufficient funding overall and partly due to the way the sector is structured. The Government plans to introduce a Fair Pay Agreement, agreed through collective bargaining between employers and trades unions. This should include a commitment to ramp up access to training and skills, including considering funding and use of the Learning and Development Support Scheme, apprenticeships and other schemes.

Clean energy. The Government wants to move toward clean energy by 2030. This will require a significant ramp up in renewable energy sources (e.g. solar panels, wind turbines etc), deployment of technologies such as heat pumps and insulation in millions of homes, and measures to support business and expand the electricity grid. All of these require skilled workers. Skills England should work with national and local government to ensure up-to-date qualifications and provision are available to meet demand.

Local growth plans. Skills England should have a role ensuring local growth plans, drawn up by local areas in England, have a focus on how the skills needs of these plans will be met. That should include plans for public investment, as well as how to increase employer investment in and use of skills.

Steps to success

1. Lifelong learning strategy to create a vision

We need a vision of what success would look like and a plan to deliver this. For example, the Welsh Government has set targets to increase the qualifications of adults by 2050 and reduce inequalities under its Wellbeing of Future Generations Act. The 2006 Government-commissioned Leitch Review argued the UK should aim to be upper quartile at all qualification levels, with a focus on ensuring these were 'economically valuable' skills effectively used in the workplace. The Government's manifesto commitment to a post-16 strategy gives an opportunity to set out a plan and to task Skills England with taking it forward, from community learning to higher education. It should include simplification of the learning and skills system, as well as plans to increase employer utilisation of skills and individual's ability to access learning. It should be developed in an open and collaborative manner.

First step: Announce a timetable and collaborative approach, such as a Green Paper, for the creation of a post-16 strategy.

2. Listen and learn

There have been a LOT of attempts to do what Skills England is tasked with. The lessons from these need to inform plans for Skills England. Linked to that, too often policy making is something done in Whitehall and only involving others (whether those involved in the system or the intended beneficiaries) at the end when decisions have been taken. Skills England (and the Department for Education) needs to take a much more open approach. That could include learner panels, ensuring the Board and other groupings formed by Skills England are representative, and engaging widely at a much earlier stage of decision making (more Green Paper than White Paper). It should also include ensuring that the Board and leadership of Skills England are representative of key stakeholders at a senior level, including employer groups, trades unions, learning providers and others.

First step: Appointment of Skills England Board and open recruitment at a senior level of its CEO.

3. Ensuring a focus on employer investment in skills as well as public policy

Public investment in skills is only one part of the picture, with employer and individual investment far exceeding it. A sole focus on how public investment is spent, while important, can never be enough to tackle the UK's skills and productivity challenges. Skills England should consider how to increase employer investment in and use of skills, including how public investment can 'crowd in' employer investment. That could include working with UK Research and Investment.

First step: Expand the remit of LSIPs to include employer investment in skills. Ensure this is also built into devolution deals.

4. Real power to gain real traction

Skills England needs real powers to make a difference and avoid being a talking shop. This needs to go beyond choosing provision to be eligible under the Skills and Growth Levy and a transfer of IfATE's apprenticeship responsibilities. It should include oversight of devolution deals within England, roles in increasing employer training through the migration system and Fair Pay Agreements, and working with sectors to consider the case for introducing further sectoral skills levies. It also needs to include clear ways of working with the Office for Students to consider the role and impact of the higher education system. These powers either need to be set out in legislation, including a duty to focus on the breadth and diversity of lifelong learning, or in some other clear and binding way.

First step: Government to be clear about the powers Skills England will have. Skills England should agree ways of working with the Migration Advisory Committee and work with the Ministry of Housing, Communities and Local Government (MHCLG) to build skills elements into the Fair Pay Agreement for social care.

5. Face outward as well as inward

Skills England needs to work with other government departments, local government in England, governments across the UK, sectoral bodies and civic society. It needs to help tackle the big challenges facing the country – including meeting health and social care workforce needs, moving to clean energy, and increasing growth, opportunity and inclusion across the country. In other words, it cannot be just about 'joining up' the skills system, it has to be doing that for a purpose. The scale and breadth of that means focusing where the most difference can be made will be important.

First step: Work with the Department for Energy Security and Net Zero (DESNZ) on skills needs of clean energy plan, and establish relationships and ongoing ways of working with wider stakeholders. This could include agreeing a UK Skills Council with other UK nations to coordinate and share ways of working.