

APPG Inquiry - Apprenticeships & The Industrial Strategy

About Skills Federation

Skills Federation represents 19 sector skills bodies, collectively championing the interests of more than 150,000 employers across a diverse range of industries, including construction, food and drink, energy and utilities, and financial services. Our members span the majority of the priority sectors identified in the Industrial Strategy, as well as many foundational and specialist sectors critical to the UK economy.

Working closely with our members, we champion the value of sector expertise in developing practical, employer-led solutions to workforce challenges. By bringing together deep industry insight and evidence, we help shape skills policy and workforce development approaches that meet the needs of employers and support economic growth.

Skills Federation's response

Employers place a high value on apprenticeships because they provide a recognised route to developing occupational competence and give businesses confidence that individuals have acquired the skills, knowledge and behaviours required to perform effectively in their role.

Ensuring that the apprenticeship system continues to meet the needs of employers, both within the Industrial Strategy priority sectors and across the wider economy, is a key priority for Skills Federation. We therefore welcome the opportunity to contribute to this timely inquiry. Our response focuses on bringing an employer perspective to the issues under consideration and highlights the factors that will be most important in ensuring apprenticeships remain relevant, responsive and effective in supporting workforce development and economic growth.

Whilst the focus on the priority sectors within the Industrial Strategy is important, it is also essential that skills policy and funding decisions are not just based on supporting these sectors. Foundational and enabling sectors must be recognised in skills investment and reform decisions.

Strategic alignment

- 1. To what extent do you welcome the skills reforms initiated by this Government? Please rate on a scale of 1–10, where 1 = do not welcome at all, and 10 = fully welcome the reforms.**

No response

- 2. Set out your initial view on the performance of Skills England and its policy development process.**

Improvements in communication have been noted since the transfer to Department for Work and Pensions (DWP), with the move to a risk-based approach for apprenticeship assessment particularly welcome. However, whilst communication and join up between government departments is better, there is still room for improvement, for example, in the relationship between DWP and the Department for Energy Security and Net Zero. There

also needs to better coordination between Skills England, DWP, DfE and Ofqual to reduce fragmentation in the skills system.

Overall, Skills England should go beyond consultation and adopt a genuine co-design model with sector skills bodies. Too often, stakeholders are consulted only after key decisions have already been made, limiting the value of their input. Meaningful employer engagement must take place at a sufficiently early stage and then continue all the way through to influence policy design, implementation planning and delivery mechanisms.

Sector skills bodies are uniquely placed to support this process because they have established relationships with employers, a detailed understanding of sector-specific workforce challenges, and expertise in translating policy into practical solutions. A stronger partnership approach would help ensure policies are practical, employer-led and capable of delivering the skills outcomes that sectors and the wider economy need.

Skills England have moved away from the trailblazer model and set up the expert network to engage with employers and stakeholders to shape skills policy and occupational standards. Whilst the intention to streamline and reduce the administrative burden is welcome, it is essential that employers and sector representatives remain involved throughout to ensure delivery is both effective and responsive to industry needs.

We have welcomed the workshops and survey that Skills England has undertaken on skills passports. These activities demonstrate a clear commitment to building on existing effective practice across sectors rather than creating new systems from scratch. Recognising and incorporating the work already undertaken by employers, professional bodies and sector skills organisations will help avoid duplication, improve consistency and increase employer confidence in the final approach.

3. How important are apprenticeships to delivery and innovation within the Government's Industrial Strategy? Please rate on a scale of 1–10, where 1 = Not important at all, and 10 = Extremely important.

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4. How closely do the current Apprenticeship Standards reflect the specific technical requirements of the eight priority sectors identified in the Industrial Strategy? How responsive is Skills England to skills needs in these sectors?

Apprenticeships are built on occupational standards that are designed by employers and sector skills bodies and, as such, should already reflect the skills and competencies required across the Government's eight priority sectors. This employer-led approach has been a key strength of the apprenticeship system and helps ensure that training remains aligned with workforce needs.

However, there is a strong case for regularly reviewing occupational standards to ensure they remain current and responsive to changes in the labour market. This is particularly important in rapidly evolving sectors such as digital. Some standards are also currently too narrow to meet employer needs, particularly smaller employers, and need to be reconsidered. Any review process should include meaningful employer input, facilitated through sector skills bodies. The review process, however, should also be proportionate and well-performing standards shouldn't be changed without a clear rationale.

It is also important that the apprenticeship system offers sufficient flexibility to meet the diverse needs of employers. While apprenticeships are highly valued because they lead to occupational competence, they are not always the optimal solution. Employers need access to a range of flexible options that allow them to address specific skills gaps and respond quickly to changing business needs.

We therefore welcome the introduction of apprenticeship units as a step towards greater flexibility. However, their design and implementation must be driven by employer demand and informed by sector expertise to ensure they deliver genuine value and meet workforce needs effectively.

More broadly, work to review funding bands should ensure that sufficient funding is available for apprenticeships to continue to be an attractive option for both employers and providers.

Skills England are focussing work on supporting the IS8 sectors. For example, the initial apprenticeship units are in these sectors. It is too soon to make an assessment on how far this will be successful.

5. How can the Local Skills Improvement Plans (LSIPs) be better integrated with national Industrial Strategy goals to prevent regional skills disparities?

LSIPs are intended to provide a shared understanding of local skills needs and the actions required to address them. Their place-based focus is a strength in ensuring local skills provision can be better tailored to the needs of individuals, including connecting them to employers and employment opportunities in their local area.

However, LSIPs are developed at place level and there is no strong imperative for alignment across different areas. While local flexibility is valuable, it can result in duplication of effort, with similar workforce challenges being assessed and addressed repeatedly in different locations. This risks resources being spent on developing multiple approaches to common issues rather than building on existing evidence and good practice.

There is also a risk of greater fragmentation of the skills system. This is particularly challenging for employers that operate across multiple regions, as differing priorities, engagement processes and solutions can make participation more complex and potentially reduce employer engagement.

A maturing system of devolution should however provide the opportunity to test and learn 'what works'. To facilitate this, it is important to strengthen the relationship between sector and place. The government is introducing Jobs Plans which are intended to set out workforce development needs at a sector level and has published the first two. The Jobs Plans are currently focused on the Industrial Strategy priority sectors and we propose that this approach is extended to the rest of the economy with close involvement from sector skills bodies.

Sector-level plans can provide a consistent framework for skills and workforce requirements that are largely common across the country. Mayoral Strategic Authorities and then apply them to their local area, using the LSIPs as the tool to explore what local delivery looks like and to engage employers to co-invest.

Funding and Levy reform

- 6. To what extent will levy reform alleviate friction in the apprenticeships system? Please rate on a scale of 1–10, where 1 = will not alleviate friction at all, and 10 = will greatly alleviate friction.**

No response

- 7. What is your view of the Growth and Skills Levy and, if it should be improved, how?**

Skills England's analysis shows that more than 70% of the 2035 workforce is already in employment today. As the nature of work continues to evolve, with some occupations declining and new roles emerging, there will be a growing need for efficient and accessible opportunities to upskill and reskill existing workers. Broadening the scope of training that can be funded through the Growth and Skills Levy provides an important opportunity to support this transition. However, all funds collected through the levy should be invested in apprenticeship and skills to create more space within the budget.

Overall we welcome the potential for a more modular approach to training. Where appropriate, modular provision can offer greater flexibility for employers and learners, enabling people to acquire specific skills more quickly and cost-effectively than through full qualifications. Whilst we see the logic in apprenticeship units being based on occupational standards, this will limit the range of subjects that apprenticeship units can cover.

Decisions about what training should be eligible for funding however must be informed by employers and developed in partnership with sector skills bodies to ensure that the needs of both large and small employers can be reflected. These organisations are uniquely placed to understand current and emerging skills needs within their sectors and can help ensure that funded provision aligns with genuine labour market demand. It hasn't always been transparent which organisations Skills England have been working with, but we welcome the increasing levels of engagement with sectors skills bodies.

There is an increasing tension between supporting government priorities and responding to employers' workforce development needs. The current direction of travel is towards meeting government priorities and this risks leaving a gap in supporting adults who are already in work.

- 8. Which sectors stand to benefit most from apprenticeship units?**

The first apprenticeship units have been introduced within the Industrial Strategy priority sectors, which is a sensible starting point. However, decisions about future units should be driven by clear evidence of employer demand and workforce need. New apprenticeship units must respond to genuine skills gaps and provide training that employers value and are willing to use. Whilst some apprenticeship units will be sector specific, the division between sectors isn't always clearcut and there will be some units that will be appropriate for a range of sectors.

Greater flexibility within the Growth and Skills Levy is welcome, but flexibility alone is not enough. Expanding the range of funded provision will only be effective if it reflects the real needs of employers and supports business productivity and workforce development.

Introducing new training options that are not aligned with employer demand risks adding complexity to the system without addressing the underlying skills challenges.

Future apprenticeship units should therefore be developed in close partnership with employers and sector skills bodies to ensure they deliver meaningful outcomes, support labour market needs and represent a valuable use of levy funding.

The current funding model for apprenticeship units is causing challenges for providers, both the overall funding level, and the structure of payments. We welcome the intention to review the model to mitigate the risk that providers will choose not to deliver apprenticeship units.

- 9. Will the current 12-month expiry window for levy funds facilitate or hinder workforce planning across IS-8 sectors? Please rate on a scale of 1–10, where 1 = significantly hinders workforce planning, and 10 = strongly facilitates workforce planning.**

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- 10. How can the relationship between HM Treasury and the Department for Work and Pensions/Department for Education be improved to deliver a sustainable budget for skills in England?**

The current fiscal environment is extremely challenging, and DWP and DfE will need to make a compelling case to HM Treasury for sustained investment in skills.

Skills are not a standalone policy area; they are the foundation on which many of the Government's key priorities depend. For example, the UK cannot build the homes it needs without a skilled construction workforce and the transition to clean energy will require significant growth in technical and engineering skills. Efforts to improve productivity, drive economic growth and raise living standards all depend on having the right skills in the labour market.

For these reasons, skills investment should not be viewed not as a cost, but as an enabler of wider Government ambitions. This is the case that DWP and DfE should be making to HM Treasury: without sufficient investment in skills, many of the Government's broader economic and social objectives will be significantly harder to achieve. Proposals should be evidence based and fully costed. Only fully approved policy should be announced to more effectively 'hide the wiring' for employers and make the system easier to understand and access.

Skills England was set up as an executive agency of DWP which means it is challenging for it to be an independent and influential voice that shapes policy decisions. The formal status of Skills England should be reviewed to ensure that being an executive agency is the optimum model.

- 11. How can the Government's funding mechanism for the skills budget be better devised and communicated to employers and training providers?**

Employers engage with the skills system when they can clearly see the benefits for their business and when participation is straightforward. Complexity is a significant barrier to engagement. Systems that are difficult to navigate, hard to understand, or where the

rationale for funding decisions is unclear or poorly communicated can discourage employers from participating and investing their time and resources.

Government should articulate clearly what it will invest in and where it sees the responsibility for employers and individuals. This is particularly important in the context of employer investment in training, which has declined over time. It is difficult to encourage employers to invest more however when the full value of the Apprenticeship Levy is not spent on apprenticeships and skills.

Other routes to increase the size of the budget should also be considered including the proposal from Learning and Work and Engenuity for a Skills Tax Credit.

Delivery

12. To what extent do you see apprenticeship units as meeting the upskilling needs of innovative sectors compared to full apprenticeship programmes?

See the answer to question 8.

13. Please set out your view on the Government's reform of End-Point Assessment.

Employers have expressed concerns about the changes to apprenticeship assessment, both about the pace of implementation and about the detail. Whilst employers value the intention to simplify the system, changes need to be communicated clearly and with manageable lead in times.

Employers value apprenticeships because they guarantee occupational competence. Recent changes to assessment risk undermining this confidence, particularly in safety-critical industries, by reducing quality and clarity.

Employers also have a number of concerns that the changes will lead to a reduction in quality including:

- Mandating sampling approaches without consultation risks not assessing the knowledge, skills and behaviours required for competency. Employers across safety critical industries including construction have raised concerns.
- Downgrading behaviours as a core component is a challenge for employers across multiple sectors.
- Potential conflict of interest in providers carrying out elements of assessment which could lead to a 'race to the bottom' in relation to quality.
- Over-simplified assessment plans leading to inconsistent outcomes as different assessment organisations will put a range of plans in place.
- Using unamended mandated qualification assessments without proper risk review has been raised specifically by employers about the food and drink engineering apprenticeship standard.

We have discussed these issues in depth with Skills England and welcome the approach to extend the risk-based approach to apprenticeship assessment developed for construction to other sectors. It will be essential that this approach is applied rigorously and consistently to maintain the quality of apprenticeships and preserve the highly valued apprenticeship brand.

14. How can SMEs be incentivised to take on apprentices?

While many SMEs recognise the value that apprentices can bring to their business, barriers such as cost, capacity, administrative burden and uncertainty about the process can deter participation. Any measures to increase SME apprenticeship uptake should therefore focus on making the system simpler, more accessible and lower risk.

Financial incentives including government fully funding apprenticeships for young people in SMEs, the Youth Jobs Grant and £2,000 hiring incentive are welcome. However, direct financial support alone is unlikely to be sufficient. Apprenticeships are jobs with training and SMEs often cite the time and resource required to recruit, manage and support apprentices as a greater challenge than the cost of training itself. Increases to employer NI, the national minimum wage and the apprenticeship wage are also making it more difficult for employers to recruit and government should consider whether the balance of taxes and incentives is right.

A clear and compelling business case for apprenticeships is also essential. SMEs are most likely to engage where they can see a direct link between apprenticeships, productivity, recruitment and business growth. Government should therefore focus on demonstrating the return on investment from apprenticeships and ensuring that employers can easily access evidence, advice and support.

15. How can schools' careers advice be improved to promote the apprenticeships pathway?

Careers advisers have an important role to play in increasing awareness and uptake of apprenticeships. To do this effectively, they should have access to up-to-date information on apprenticeship opportunities available in the local area, the application process, and the progression routes that apprenticeships can offer. It is also important that careers advice clearly communicates the benefits of apprenticeships.

Schools should also bring this to life through direct engagement with employers and apprentices. Inviting employers who recruit apprentices to speak with students can help young people understand the opportunities available and the skills that businesses are looking for. Similarly, hearing from individuals who have completed or are currently undertaking apprenticeships can provide relatable, real-world examples of the benefits and outcomes that apprenticeships can deliver.

It is difficult, however, for time-poor employers to respond to a multitude of requests from individual schools. Mayoral Combined Authorities should have a role in coordinating activity across areas to maximise the impact of employer engagement without over-burdening individual employers.

More broadly, schools can make use of the breadth of information available from sector skills bodies including:

- [Skills Miner](#) a game created by [Enginuity](#) to help young people discover engineering and manufacturing through problem-solving challenges in Minecraft.
- [Tasty Careers](#) created by [NSA Food and Drink](#) which provides a wealth of information about careers in the industry
- DCMS funded [Discover Creative Careers](#) led by [Screenskills](#) and contributed to across the creative industries which includes a career finder tool to help people to

match their skills to roles in the industry and an opportunity finder for schools to find industry inspiration events.

- [Routes into Rail](#), a single source of advice and information on the breadth and depth of careers offered in the rail industry provided by [National Skills Academy Rail](#).

16. To what extent are local authorities and other devolved government structures responsible for the success of the apprenticeships system? Please rate on a scale of 1–10, where 1 = not at all responsible, and 10 = highly responsible.

No response.