

Good afternoon

I trust you are sitting comfortably either somewhere cool inside looking out or else outside feeling very satisfied.

Welcome to this state of the nation – it is content heavy – as since the last policy update in May we have seen a slew of announcements from Government focused on its industrial strategy, including the investment in skills required to deliver Labour's house building and net zero commitments. In practical terms, the skills mission of this government has only really got going in the past few weeks, despite debating a year ago where the cuts were going to be. Little emphasis on link between skills and productivity. The argument then was that Decline in level 2 Apps removed the bottom rungs of the ladder – especially for young people. L&WI came out with a new report Flex and match: A new Skills Levy for growth and opportunity. It was Usual L&WI stuff with very damaging proposals for apprenticeship as an ALL age and ALL level programme and whilst we still have this position, we are experiencing a real challenge to this in funding terms.

LWI acknowledged that under their recommendations: "It is likely that the changes would lead to levy paying employers reducing some of their higher apprenticeships for existing employees and instead funding qualifications for

them. This would be a good thing if that training, which would likely be lower cost, better suited their needs.” (P22) – quoted from the report.

Our argument has always been Let’s be more ambitious and use and promote apprenticeships as a pathway to the professions for disadvantaged individuals of any age – we now know this is under threat. Bizarrely however, whenever apprenticeship and skills policy is considered, a consistent argument made is for the need to focus on young people and lower level skills. Take the recent report from the Learning and Work Institute Flex and match: A new Skills Levy for growth and opportunity which argues for a greater focus on young people and apprenticeships up to and including level 3.

The new government always had a choice. In the development of apprenticeship and skills policy, it is clear it is overly focussing on young people and lower level skills. It is letting go of an ALL level and ALL age funded skills policy focused on making England a high skill, high productivity and high-income economy.

So we have moved from manifesto proposals to policy speculation to leaked expectations to finally certainty, deadlines and some details – can we hope for

a U-turn echoing the disability cuts? I think DfE ministers have made some very un-Labour choices, including the 6 per cent cut to adult and community education and we are left with navigating a new era of engagement 10 years on from the launch of degree apprenticeships.

## **Slide 2 Welcome**

This is our coverage today - Joining me is Rebecca. Use the Question box to raise questions or make opinions.

## **Slide 3 – Government one year in**

The Labour government has used up a fifth of its parliamentary mandate. Realistically, it has perhaps just 36 months left to demonstrate that it can deliver on its core mission to return growth to the British economy and demonstrate their choices are having the intended effect.

A key part of that mission is to raise living standards by fixing the nation's skills. Labour MPs are banking on a "decade of national renewal".

Of course, it would be churlish to write off policymakers just yet. Whitehall still has the chance to prove its critics wrong. If they fail, the opinion polls suggest that Sir Keir Starmer will be a one-term prime minister.

If a week is a long time in politics, then a year is a good metric to measure what the government has achieved in skills policy.

What is still not clear is a detailed roadmap of how the Department for Education and Skills England will shift the dial on the economic doom-loop the country finds itself in: high taxes, poor workforce productivity and low growth. UK's inactivity rate has increased since before 2020.

In reality, a comprehensive ALL age and ALL level approach to apprenticeship and skills is needed if government is to tackle the UK's economic ills and deliver high quality public sector services.

Right in the middle of the election campaign The Times reported on the 12 June that the number of economically inactive working age adults hit a record high of 2.8 million. Uniquely in the G7, the UK's inactivity rate has increased since before the pandemic. The Times goes on to note that this problem is costing the economy £39 billion through labour and skills shortages. Any organisation or Government that doubts the need for an ALL age and ALL level apprenticeship and skills programme should reflect on this £39 billion pound figure.

This blueprint of its education and skills policy is promised in the post-16 skills white paper (more on that later), yet ministers are coy about when it will appear, never mind what detail we can expect to see in it.

Over the past year, the government has struggled to communicate a coherent narrative on skills. It came into office after 14 years in the political wilderness with a series of vague proposals built around a single institutional change: creating Skills England. I do think that the position on level 7 is a consequence of labour in opposition listening to the many myths about degree apprenticeships including the idea of fake apprenticeships, a middle class land grab, city fat cats benefiting from free MBA's, and it has become entrenched with regards to their position. This government has forgotten its own history because it was new Labour who first explored the idea of apprenticeships being the bridge to the professions and the missing link in work-integrated training to support progression into higher paid careers. But this is what happens when you rely on the same people who advised the Conservatives. You get poverty of ambition. Take the number of those not in education, employment or training (NEETs). All Smith could tell the Association of Employment and Learning Providers (AELP) conference was that she would "stall" the shocking rise.

## **Job updates from former IfATE officials on LinkedIn felt Kafkaesque**

It has felt Kafkaesque to observe the job updates from officials on LinkedIn, telling the world that they will be doing the same role for Skills England as they were for the abolished Institute for Apprenticeships and Technical Education. Does it not feel like hundreds of hours of wasted parliamentary time to arrive back at square one.?

Meanwhile, the real incomes of working people have increased by only 0.1 per cent since this government came to office. The same workers that Labour will need to win over to secure a second term.

That said UVAC will want to work hard on its relationship with SE and DfE officials but at the moment the conversations are happening on an individual basis rather than collectively as we enjoyed under the IfATE with the HE provider reference group **DfE Degree Apprenticeship Policy Group** and **ESFA Apprenticeship Provider Readiness Group** and no real interest by DfE to reestablish those links with a collective interest that saw **AELP Aoc UVAC** and the mission groups plus **UUK** come together to discuss policy in the making.

#### **Slide 4 – 1a. spending review**

The chancellor promised an additional £1.2 billion “record investment” for skills a year by the end of this parliament – but most of it has already been announced. In this first major statement themes are emerging and consolidating

Rachel Reeves delivered her spending review in June and said this investment would in part support “over a million young people into training and apprenticeships”.

She told MPs that it “cannot be right that too often” the ambitions and potential of young people are “stifled” when those who want training find courses that are “oversubscribed and are turned away at the door”.

“We’ve seen growing businesses eager to recruit, to look elsewhere. Potential wasted and enterprise frustrated,” Reeves added.

“So today I am providing record investment for training and upskilling – £1.2 billion a year by the end of the spending review to support over a million young people into training and apprenticeships so that their potential, their drive and their ambition is frustrated no longer.”

More mayors will receive funding through integrated settlements in 2026.

These are budgets that combine funding sources from different government departments, including adult skills, into one pot, giving mayors more freedom to fund priority projects.

The spending review confirmed that the Greater London Authority and mayoral strategic authorities in West Yorkshire, South Yorkshire, North East and Liverpool City Region will receive integrated settlements from 2026-27.

Combining budgets in this way was part of the government's devolution white paper, which announced the mayors of Greater Manchester and the West Midlands would be the first "trailblazers" to get the integrated settlements for 2025-26.

The main hope for this review was said to be a comprehensive and cohesive plan, however, this may not be the case from what has been read.

But elsewhere in the spending review documents, the Treasury stated that the Department for Education has committed to delivering at least 5 per cent savings and efficiencies.



This includes savings identified through the first zero-based review (ZBR) in 18 years, which includes defunding level 7 apprenticeships for those aged 22 and over.

## **Slide 5 1b. Apprenticeships**

### **Which segways nicely to level 7**

#### **READ SLIDE**

Let's not allow the decision on level 7 funding derail our sector or ambition in apprenticeships.

What we risk presently is a return to Apprenticeships as the good choice for other people's children – the description often given to Apprenticeships of the past, without ambition. What nation wouldn't want to see Progression routes strengthened in many registered and high skilled professions using Apprenticeships. Well it would seem the UK doesn't....

I do think that the position on level 7 is a consequence of labour in opposition listening to the many myths about degree apprenticeships including the idea of fake apprenticeships, a middle class land grab, city fat cats benefiting from free mba's, and it has become entrenched with regards to their position. This government has forgotten its own history because it was new Labour who first explored the idea of apprenticeships being the bridge to the professions and

the missing link in work-integrated training to support progression into higher paid careers.

### **Slide 6 1b. Apprenticeships**

Yes, it was me who described the Bridget Phillipson leaked suggestion to appease those in other government department that setting an age eligibility limit for those 16-21 as daft. The age range is even outside DfE's own data categorisation of 16-24. We know that by moving the dial sensibly up from age 16 and 17 (where no entry to level 7 will occur) to 24 or 25, means more programme remain viable. 90% of current provision will fall out of levy funding.

The worry is what will happen now the position on level 7 is settled (I have asked Skills England to revisit the policy with Ministers/officials should the effect on creating replacement demand for young people at levels 2 and 3 not work) with regards to rationalising level 6. Kate Ridley Pepper has suggested a conversation with members on other potential 'new offers that HE providers might be best placed to delivery'. We are seeing this narrative being played out with other DfE officials.

### **Slide 7 1b Apprenticeships**

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### **Slide 8 1b Apprenticeships**

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You will be pleased that there is no DfE appetite to re-run the Register application process but of 1300 providers a third have 50 or fewer starts – so market entry and market retention will be risk assessed around quality and as it says here, strategic relevance.

### **Slide 9 1c. Skills England and Skills in England**

So the legislation that forms Skills England has completed its passage through parliament, we have seen moves to support apprenticeship provision for a younger age cohort – think foundation apprenticeships, shorter duration, changes to English and maths, new level 7 funding eligibility, changes to EPA all in and amongst the continued rhetoric about a wasted and broken levy and skills system and the strong introduction of a policy discourse that is centred around particular strategic sectors as well as a particular age of cohort. The words strategy and strategic are used ALOT

Strangely, Skills England is nothing like what Lord David Blunkett laid out in October 2022 at the launch of his “council of skills advisers” report – a launch attended by the then shadow education secretary, Bridget Phillipson.

Skills England was supposed to be an independent, cross-government statutory body. Provider neutral even. Blunkett took a decidedly anti-Whitehall-knows-best approach, calling for a decentralised system to “rapidly restore a sustainable upward trajectory in growth and productivity”.

Newly minted ministers, advised by civil servants, had other ideas. Not only has Whitehall doubled down on a bureaucratic centralisation model of the past 40 years, senior DfE officials made sure Skills England was placed under the thumb of a permanent secretary and a director-general for skills who advised the last Conservative government. And therein lies the real missed opportunity of Labour’s first year in office.

Yet that is precisely how the skills minister, Baroness Jacqui Smith, has marked her first year in office. I say nothing explicit about her politics but she has made technocratic tweaks to apprenticeship assessments, funding and duration, while rebranding other initiatives in a manner that is reminiscent of what the Institute for Government calls “the tendency to abolish and recreate organisations as a proxy for demonstrating progress”.

This performative approach to policy is how Skills England has behaved.

Management buzzwords of “partnership” and “simplification” abound, while avoiding any hard metrics of how parliament can hold it to account for raising skills levels. We have lost the dual objectives of social mobility and productivity.

Despite recent announcements from Jaqui Smith about the potential for further devolution to mayoral and combined authorities, overall there still isn't much clarity at all about the planned flexibilities on the Skills Levy of which there is much hype. But we now have a timeline and an early indication again about the sectors identified as strategic priorities.

Perhaps now though we can expect more from the levy. We have had a recent announcement about The Department for Education's (DfE) decision to increase the apprenticeship budget to over £3 billion for the first time, marking a £345 million boost from the previous year. This increase, the largest in cash terms since the Apprenticeship Levy was introduced in 2017, will be partially funded by reducing the government's "top slice" of the levy down from the £800M to £600M.

From early warm words about the role of HE in skills we have seen early statement from the skills minister about universities having lost their way and needing to rethink their purpose and more recent statements. There is a louder call from Ministers for universities to collaborate with FE more – as if the two systems are working in their own respective vacuums. I call this lazy. And if the mantra of this government is skills skills skills, the big question remains... what role for HE especially given last year degree apprenticeships were not a feature of Labour Government early plans and decisions made at level 7 have an impact directly on our programmes.

### **Slide 10 1d Industrial Strategy**

The Government has [published](#) its **Industrial Strategy**

Alongside the Strategy the Government has published individual sector plans for each of the core eight sectors that “have the greatest growth potential over the next decade”. So far five sector plans have been published with Life Sciences, Defence and Financial services “to follow”.

Key funding announcements:

- **£400 million funding boost for 16–19 education in 2025–26 and £200 million in capital investment to improve training facilities.**

- **From 2025, shorter apprenticeships and new short courses** in areas like AI, digital, and engineering will be introduced, funded through the Growth and Skills Levy.
- A new **Lifelong Learning Entitlement will launch in 2027**, enabling adults to retrain throughout their careers. More on that in a moment.
- Three sector-specific packages have also been announced: **£187 million for digital and AI training (TechFirst), over £100 million for engineering skills**, and a dedicated defence skills package.

*The Strategy outlines that strengthening the UK's skills and apprenticeship system presents a generational economic opportunity, offering significant benefits in productivity, innovation, social mobility, and global competitiveness.*

Nice words but a little tepid if not predictable.

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## **Apprenticeships**

The context to much of this is There has been a decline in adult education and employer training investment, and **apprenticeship participation has dropped significantly**. Many young people are not progressing into technical or higher education, and a large number of workers remain in insecure, low-quality jobs. **Skills shortages are particularly acute in the priority sectors of the**

**Industrial Strategy (IS-8)**, and current vocational education is not aligned with demand, especially in engineering, manufacturing, and construction. Which is why it is so baffling that the Government have risked making level 7 apprenticeships unviable from 2026.

What is clear is that Government believes that To address these challenges, the government must align the UK's skills and employment systems with strategic economic priorities, particularly those of the IS-8 sectors and transformative technologies like AI. This includes working closely with devolved governments and local authorities to ensure regional needs are met. Government is also sticking to its view that A reformed and simplified skills system in England will make it easier for individuals to access jobs in priority sectors.

It is claimed **Skills England will play a key role in identifying systemic problems and co-developing solutions with businesses**. On the basis of our conversation with Tessa Griffiths on 20 June it is clear Skills England senior leaders don't have any properly formed ideas.

What we do know is that the government **is increasing investment**. For 16 to 19-year-olds, there will be expanded course provision, targeted funding for priority subjects like engineering and digital, and increased efforts to recruit



and retain high-quality further education teachers. This includes a **£400 million funding boost in 2025–26 and £200 million in capital investment to improve training facilities**, alongside other long-term capital commitments.

**Shorter apprenticeships and new short courses funded through the Growth and Skills Levy** will be introduced **from this year and next** respectively, focused on digital, AI, and engineering.

A new **Lifelong Learning Entitlement, launching in 2027**, will enable individuals to retrain and upskill throughout their careers. **Devolved Adult Skills Funds and local growth plans** will continue to support targeted training for adult learners, including through Bootcamps, Free Courses for Jobs, and Sector-Based Work Academy Programmes.

In addition to general skills investment, the government is launching three new sector-specific packages.

1. **The TechFirst package**, worth £187 million, will expand digital and AI education through programmes targeting graduates, school children, and local communities. An industry partnership with companies like

NVIDIA, Google, and Microsoft will aim to train 7.5 million UK workers in essential AI skills by 2030.

2. **An engineering package**, worth over £100 million, will strengthen the engineering talent pipeline, support Technical Excellence Colleges, and ensure qualifications stay aligned with workforce needs.
3. **A defence skills package** will support the establishment of new Defence Technical Excellence Colleges and expand defence-related university training.

The government also aims to increase employer engagement in workforce development. This includes promoting workforce exchanges with colleges, developing **skills passports to document transferable qualifications**, and using procurement to create high-quality local jobs. So some old concepts are being reintroduced too but again failure to recognise that the skills system is more than just colleges.

**But don't worry.** All these initiative will be supported by a new **Labour Market Evidence Group**, which will include Skills England, the Industrial Strategy Advisory Council, the Migration Advisory Committee, and others. t sectors have access to the talent they need.

What else do we have to look forward to?

Well reforms to employment services through a new Jobs and Careers Service that merges Jobcentre Plus and the National Careers Service in England. Pilot programmes like **Inactivity Trailblazers and the new Youth Guarantee for 18–21-year-olds** will support underrepresented groups into work and training.

Finally, to attract the world's top talent, the government will create a new **Global Talent Taskforce**, backed by a £54 million Global Talent Fund to attract top researchers and their teams, and a new £25 million Turing AI Fellowship scheme to support groundbreaking AI research in the UK.

### **Slide 11 1e Post-16 Skills White Paper**

Will it or won't it be published before the summer recess? It will be sometime in the autumn no doubt.

What is promised?

READ SLIDE

### **Slide 12 1f. Lifelong Learning Entitlement**

At last a reset after being kicked into the long grass but finally we have some detail.

READ SLIDE

### **Slide 13 1f Lifelong Learning Entitlement**

READ SLIDE – UVAC's thoughts

### **Slide 14 1f Lifelong Learning Entitlement**

Rebecca is going to say more in a moment but it is probably wise to start having those internal conversations now. The provider preparation guide entreats institutions to start thinking about how they will market modular provision, which is a tricky question given the absence of demand that pilots have demonstrated.

Reference apprenticeships.

## **READ SLIDE**

Don't forget to join the HTQ network if you haven't already especially now in the context of the LLE.

What is a marked difference from the original design paper is no further information on the regulation of modular funding and no space to develop bespoke modules. It's a long time since the government has really restated its belief that there is demand out there for modular provision, or committed to working to drum some up. Really it's baffling why this week's announcements haven't been packaged up with the skills white paper, as surely they must form part of a wider vision. Some clarity within this about overlaps and interplay with the apprenticeship levy would have been welcome too.

This area of skills like the others has Government issuing very tepid phrasing. There is still an awful lot yet to be confirmed. Secondary legislation to implement the LLE fee limits and funding system still needs to be laid. Fee loan limits for non-fee capped provision are pending confirmation. The Student Loans Company needs to get its systems ready.