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Making the apprenticeship system work for
Britain's older industrial areas



Industrial Communities **Alliance**



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The Industrial Communities Alliance is the all-party association of local authorities in the industrial areas of England, Scotland and Wales.

Summary

A robust apprenticeship system is vital to UK economic growth and especially important in Britain's older industrial areas, where the economy is often weakest and the need for apprentice-level skills greatest. Britain has fewer adults with 'intermediate level qualifications' than comparable economies, and participation in government-funded skills training almost halved between 2010 and 2020.

Compared to the rest of the country, older industrial Britain has more jobs in manufacturing and a higher proportion of employed residents work in manual jobs. These jobs are more likely to require the skills learned through apprenticeships rather than university degrees.

The present apprenticeship system, including the levy on employers, is flawed. It disincentivises some businesses, it limits the opportunities for younger apprentices, it inhibits smaller firms from recruiting and training, it provides qualifications that are not always well understood by employers, it lacks capacity, and it is undermining economic growth.

This short report argues that reforms are needed, for the benefit of older industrial areas and the UK as a whole:

- **'Vocation, vocation, vocation' – support the call for apprenticeships and vocational training to be placed on an equal footing with academic qualifications.**
- **Establish a national partnership bringing together employers, unions and government (including the devolved administrations) to provide oversight on skills policy.**

(cont.)

- **Remodel the Apprenticeship Levy as a skills fund to give employers flexibility on how Levy funds are spent, allowing the reskilling of existing employees as well as the creation of apprenticeships.**
- **Reserve the ‘apprenticeship’ label for higher-level training. There’s been dilution, eroding the mark of quality that the apprenticeship label used to provide.**
- **Devolve FE and skills funding in England, initially to combined authorities, whose geographical remit is sufficiently wide to cover most or all of their local labour market.**
- **Establish an expert body to oversee investment in skills. This would sit alongside and support the national partnership between employers, unions and government.**



1. Why apprenticeships matter

The UK's skill shortage

A robust apprenticeship system is vital to UK economic growth. It is especially important to Britain's older industrial areas, where the economy is often weakest and the need for apprentice-level skills greatest.

Going back to basics, the output of any economy, local or national, depends on how many people are employed and how much they each produce. The productivity of the workforce in turn depends on many things including hours worked, the stock of capital equipment and the effectiveness with which production is organised. Productivity also depends on the skills of the workforce. Other things being equal, a more highly skilled workforce is a more productive workforce.

According to a study by the Department for Business, Innovation and Skills, the evolution of skills in the UK workforce contributed up to 20 per cent of the country's productivity growth during the period spanning the 1990s and the early 2000s¹ - a key contribution perhaps, but one that really ought to have been much higher.

Workforce skills come in many forms. There are the skills, knowledge and aptitudes acquired through higher education. In 1999, the then Labour government set a target of ensuring that 50 per cent of young people entered higher education in the 21st century² and two decades

1 A.R. Aznar, J. Forth, G. Mason., M. O'Mahony, M. Bernini (2015) UK Skills and Productivity in an International Context, BIS Research Paper No. 262.

2 Guardian (1999) Tony Blair's full speech, The Guardian, 28 September.

later that target was realised, with just over 50 per cent of young people enrolling in higher education in 2017-2018³. The share of graduates in the workforce, which is now rising rapidly, is no longer the UK's most pressing skill shortage.

However, whilst this expansion of higher education has raised aspirations among young people it has also squeezed the share taking up apprenticeships and other forms of on-the-job training. The resulting skills shortage is most pronounced in Science, Technology, Engineering and Maths (STEM) activities.

This imbalance is especially noticeable in comparing the UK with similarly developed countries. In 2020, according to OECD figures⁴:

- In the UK, just 32 per cent of 25-64 year olds had intermediate level qualifications (i.e. above GCSE but below degree level)
- In Germany the equivalent proportion with intermediate level qualifications was 55 per cent
- The average across 22 EU member states was 46 per cent.

There is nothing new in this disparity. Indeed, the more widespread extent of technical training and qualifications in Germany was first identified more than a century ago. But there is little doubt that this pervasive shortfall in the supply of intermediate-level skills has shaped the development of the UK economy and now holds back economic growth.

Indeed, in the Spring Budget in 2023 the UK Government felt it necessary to relax the migration controls applying to five construction occupations, all of which were placed on a 'shortage' list – hardly a ringing endorsement of the UK's own training systems.

³ BBC News (2019) The symbolic target of 50% at university reached, BBC News, 26 September.

⁴ OECD (2021) Education at a Glance 2021, OECD Indicators, Paris: OECD Publishing.

At present, 13 per cent of UK workers are employed in positions for which they are overqualified. But more than twice as many – 28 per cent – work in positions for which they are underqualified⁵. There is a fundamental imbalance between the skills pool of the UK workforce and the jobs being created⁶. To add to the problem, many of the UK's most skilled workers are approaching retirement age.

Against this challenging backdrop, between 2010 and 2020 adult participation in government-funded skills training and further education programmes almost halved⁷.

That the UK already faces a skills shortage, and that it is presently set to get worse, should really be beyond doubt.

Older industrial Britain

Britain's older industrial areas – mainly though not exclusively concentrated in the North, Midlands, Scotland, and Wales – are a significant portion of the country, accounting for perhaps one-third of the UK population.

These areas comprise the cities, towns and communities that were once at the centre of Britain's industrial revolution but over the years have been hit hard by job losses and in some cases the complete disappearance of the industries that once underpinned their prosperity.

Despite the job losses, however, it would still be fitting to depict this part of Britain as 'most-industrial' rather than 'post-industrial'. Older industrial Britain very much remains the heartland of British industry:

5 Industrial Strategy Council (2019) UK Skills Mismatch 2030, Research Paper.

6 M. Kuczera, S. Field. and H.C. Windisch (2016) Building Skills for All: A Review of England, OECD Skills Studies

7 National Audit Office (2022) Developing Workforce Skills for a Strong Economy, NAO, London.

- Manufacturing, energy and water account for nearly a million jobs in Britain's older industrial towns⁸
- In Britain's older industrial towns, the proportion of jobs in manufacturing, energy and water (an average of 15 per cent) is double the proportion in the main regional cities and four times higher than in London⁹

In contrast, in Britain's older industrial towns the share of jobs in banking, finance and business services is only around two-thirds of the national average and less than half the level in London¹⁰.

This distinctive economic structure in older industrial Britain is matched by a mix of occupations that is skewed towards manual work:

- In the former coalfields, for example, over half (53 per cent) of all employed residents work in manual jobs¹¹
- By comparison, across Britain as a whole just 44 per cent are employed in manual jobs, and in London the proportion is just 34 per cent.

Jobs in industry, and in manual work more generally, are of course more likely to require the skills learned through apprenticeships rather than university degrees. The consequence is that the economy and labour market in older industrial towns is especially reliant on a well-functioning apprenticeship system.

8 Industrial Communities Alliance (2020) Making Places: how to rebuild the economy of Britain's older industrial towns, ICA, Barnsley. Source: APS data for 2019

9 Industrial Communities Alliance (2020) op.cit.

10 Industrial Communities Alliance (2020) op.cit.

11 C. Beatty, S. Fothergill and T. Gore (2019) The State of the Coalfields 2019, CRESR, Sheffield Hallam University.

2. The evolution of apprenticeships

Some history

Britain's apprenticeship system dates back to the master craftsmen and guilds of the Middle Ages. The industrial revolution introduced new technologies that led to resistance to the restrictions imposed by the medieval systems and as a result the requirement for workers in a skilled trade to have served an apprenticeship was formally abolished. Nevertheless, apprenticeships remained and developed as a fundamental method of providing skills and knowledge to those entering skilled occupations. By the early 1900s, the apprenticeship route was being taken by a third of male school leavers¹².

The 1960s saw the establishment of Industrial Training Boards, which provided funding for apprenticeships and set syllabuses and standards for courses to follow. This greatly formalised a previously haphazard system of training and by the early 1970s around 15 per cent of school leavers (including roughly 35 per cent of males) were opting for the apprenticeship route¹³.

Deindustrialisation, however, wrought havoc with the apprenticeship system. The early 1980s in particular saw vast job loss from manufacturing industry, especially in the North, Midlands, Scotland and Wales. This coincided with legislation replacing many Industrial Training Boards with voluntary employer-led bodies without the powers to raise statutory

12 F. Fraser and A. Hawksbee (2022) *Course Correction*, Onward, London.

13 P. Haxby and D. Parkes (1989) *Apprenticeships in the United Kingdom: from ITBs to YTS*, *European Journal of Education*, vol. 24, pp. 167-181.

levies. As a consequence the 1980s saw a dramatic fall in the number of apprenticeship programmes across the economy. By the 1990s, the number of apprentices had fallen from 340,000 per year in the early years of the century to only 53,000¹⁴.

In 1987, National Vocational Qualifications (NVQs) were introduced (except in Scotland) as a framework to rationalise the jungle of existing vocational qualifications. These competency-based qualifications consisted of five levels designed to be comparable with academic qualifications. The framework was superseded in 2015 by the Regulated Qualifications Framework (RFQs), although the term NVQ is still sometimes used.

'Modern Apprenticeships' – which let people earn a wage and gain an industry-recognised qualification – were introduced in 1994. A National Apprenticeship Service was established in 2009 to coordinate apprenticeships in England.

In 2012, the Richard Review raised concerns about the watering down of the term 'apprenticeship' that had occurred in previous years and argued that apprenticeships are most effective when they involve 'sustained and substantial training' closely integrated with a new job role¹⁵. These concerns were substantiated by the 2016 Sainsbury Review, which found 'serious problems' with the apprenticeship system¹⁶.

The Apprenticeship Reform Programme, established the previous year, took these criticisms on board. It introduced T-levels – two-year technical programmes, designed with employers, to give young people the skills that industries need and provide 16-19 year olds with a technical alternative to A-levels. The reforms also introduced degree-level apprenticeships, set a target of 2.3 per cent of public sector staff to be employed as apprentices, and announced a Lifetime Skills Guarantee to offer free qualifications for adults without the equivalent of A-levels. The Apprenticeship Reform Programme concluded in 2021.

14 N. Linford (2016) History of apprenticeships dating back to days of Elizabeth I, FE Week.

15 D. Richard (2012) The Richard Review of Apprenticeships, Department for Business, Innovation and Skills, London.

16 D. Sainsbury, S. Blagden, B. Robinson, S. West. and A. Wolf (2016) Report of the Independent Panel on Technical Education.

The present system

In England, Scotland and Wales, apprenticeships are mostly funded by employers rather than the Department for Education or its Scottish and Welsh equivalents.

Since 2017, larger employers have been required to pay an Apprenticeship Levy. Under the Levy, employers with an annual wage bill over £3 million are required to pay 0.5% of their wage bill. The funds are collected directly into a digital Apprenticeship Service account held by HMRC. Employers can then withdraw their contributions to spend on apprenticeships, with the amount they can draw determined by the type of apprenticeship.

Employers may choose to invest more than the basic amount in each apprenticeship, but a government 10 per cent top up only applies to the determined amount. For businesses with excess Levy funds there is the option of transferring the money. 'Levy transfers' were introduced with the aim of supporting non-Levy paying businesses (i.e. firms with a wage bill of less than £3m a year) by enabling larger businesses to transfer up to a quarter of their unused funds to other businesses to enable them to recruit apprentices.

Apprenticeships today aim to provide a blend of skills and knowledge, by combining on-the-job training with off-the-job study. Typically, this study is delivered by an external training provider such as a college, although depending on the nature of the apprenticeship it may also be undertaken at the workplace or online.

In England, apprenticeships are available to individuals aged 16 and above and not in full-time education. By law, apprenticeships must last at least 12 months, although some may take up to five years to complete. During this period, apprentices are legally entitled to a salary of at least the national apprentice minimum wage and holiday pay. To ensure consistency and quality, the Institute for Apprenticeships and Technical Education oversees four levels of apprenticeship.

The degree-level apprenticeships introduced in England are designed for young adults between the ages of 18 and 19 and provide theoretical study at university level. Graduates of these apprenticeships can achieve a bachelor's degree such as a BEng, or even a master's degree such as a MEng.

In Scotland, an Apprenticeship Approvals Group oversees apprenticeships. This sits within Skills Development Scotland and is responsible for approving all Scottish apprenticeships, ensuring that they fit with policy and overseeing quality assurance in apprenticeship development activity.

In Wales, responsibility for framework approval, quality assurance and aligning apprenticeships with the needs of the Welsh economy lies with the Welsh Government. The Welsh Government is advised by the Wales Apprenticeships Advisory Board, an independent enterprise-led body established in 2018 which also includes representation from trade unions, further and higher education.

In Scotland and Wales, as in England, apprenticeships are open to those aged 16 and over but ultimately it is the devolved administrations that decide how their share of the UK-wide Apprenticeship Levy is spent. Allocation is determined based on the number of employees in each nation and on the Barnett Formula. The devolved administrations can also choose to dedicate additional funding to support apprenticeships.

In Scotland, employers can use their Levy fund on the types of training that the business feels are most appropriate and this does not necessarily have to be labelled as an 'apprenticeship'. For example, funds can be used for college training, workplace training, supporting skills development, and employment-focused training for young people.

In Wales, employers are not required to contribute directly to the cost of apprenticeship provisions. However, in England, a funding band has been set to cap the amount of funding that can be drawn down from the Levy.

This means that in instances where delivery costs are higher than the funding band an additional contribution is required from levy-paying employers. In the case of non-levy paying employers, government will fund 95 per cent of the cost up to the maximum band and 100 per cent for firms with fewer than 50 employees.

Shortcomings

Despite the notion of apprenticeships remaining widely popular, there is broad consensus that important elements of the system are not working well. Chief among these is the Apprenticeship Levy.

- Each year, a significant portion of the Levy goes unspent¹⁷. In order to encourage employers to use their funding, any unused funds remaining in their Apprenticeship Service account after 24 months are lost. While this is a windfall for the Treasury, a quarter of businesses do not view this as an incentive and simply regard the Levy as an additional tax¹⁸.
- The use-it-or-lose-it nature of the regime and the lack of discretion on how money is spent leads many employers to use the Levy to pay for skills training for existing employees¹⁹. While professional development is clearly important, application of the apprenticeship funding in this manner does not create the new roles and training for which the Levy was intended.
- As a result, the over-25s now make up double the number of under-19s starting apprenticeships²⁰.

17 T. Richmond (2020) *Runaway Training: why the Apprenticeship Levy is broken and how to fix it*, EDSK, London.

18 E. Richardson (2019) *Learning on the Job: Improving the Apprenticeship Levy*, CBI, London.

19 National Audit Office (2019) *The Apprenticeships Programme*, HC 1987, Session 2017-2019, NAO, London.

20 F. Fraser and A. Hawksbee (2022) *op. cit.*

- More than half of all apprenticeship in fact appear to be other types of training that have been rebadged by employers in order to gain access to Levy funds²¹.
- The process of Levy transfer can be challenging for smaller firms, and despite the potential subsidy the cost of apprenticeships can represent a significant financial outlay for them.
- Prior to the Apprenticeship Levy, the majority of apprentices completed their training with small and medium enterprises (SMEs) but between 2015/16 and 2018/19, the number of SME apprenticeship starts almost halved²². Financial barriers, a lack of awareness and a complicated administrative process mean that SMEs, once the bedrock of the system, now only account for only 10 per cent of apprenticeships listed on the Government's website²³.

The prevalence of rebadged training, as opposed to newly created apprenticeship roles, contributes to another problem. This is the dilution of the term 'apprenticeship' itself. The nature of a 'university degree' is of course widely understood – it normally implies at least three years of study and the attainment of a certain standard.

By contrast, quite what is meant these days by an 'apprenticeship' has become vague and uncertain. Is it several years on-the-job backed up by college teaching, or is it just a few months in a job learning to perform a highly specific task? In truth, the 'apprenticeship' label is often applied to both.

To be viewed as credible and valuable, apprenticeships need substantial work experience underpinned as necessary by college-based training. The process of assessment also needs to be rigorous.

21 T. Richmond and E. Regan (2022) *Changing Course(s)*, EDSK, London.

22 F. Fraser and A. Hawksbee (2022) *op. cit.*

23 All-Party Parliamentary Group on Apprenticeships (2022) *Report 2021/22*, APPG Apprenticeships, London.

One of the most significant shortcomings of the present apprenticeship system is the underfunding of courses. It's hard to deny that this is the result of an overwhelming focus on university education, which in turn has led to a shortage of high-quality technical institutions²⁴.

The creation in England of Institutes of Technology, bringing together employers, colleges and universities, has been a small but successful early step. However, there are shortcomings in terms of scale and location. The first wave of twelve institutes, for example, included three in London but none at all in the North West, and provision in other areas, especially outside the main regional cities, remains limited.

To put apprenticeships and technical qualifications on a par with academia, much more investment is required to establish a greater number of high-quality technical training institutions with the freedoms and prestige afforded to universities.

Taken together, these flaws amount to an apprenticeship system which can be described as:

- Disincentivising businesses
- Limiting opportunities for younger apprentices
- Inhibiting SMEs from recruiting and training
- Providing qualifications that are not always understood by employers
- Lacking the capacity to train enough workers
- Undermining the UK's economic growth.

24 F. Fraser and A. Hawksbee (2022) *op. cit.*

3. The way forward

‘Vocation, vocation, vocation’

Vocational routes have in recent decades become viewed as a fallback for those who do not go on to university. The overwhelming focus on encouraging young people to pursue tertiary education means that too few have looked carefully at the alternatives. The result is a trickle of young people into vocational training and growing skill shortages in many occupations. What’s more, the old promise that doing well at school and getting a degree guarantees a well-paid job no longer holds true now that so many school leavers are being funnelled into universities.

Businesses, training providers, trade unions and political parties are increasingly vocal about the need to place greater emphasis on alternatives to academic qualifications. Amongst others, the Northern Research Group of Conservative MPs have voiced this sentiment.

Words alone will not reassert the value and credibility of apprenticeships. What is required is a culture shift. Apprenticeships, and skills training more generally beyond the university sector, should no longer be seen as ‘second-best’. It’s what the economy needs. It’s what Britain’s older industrial areas need. And it’s what would deliver meaningful and properly rewarded employment for the apprentices and trainees themselves.

For a culture shift to happen there will have to be a fundamental shift in priorities. Schools need to be driven less by purely academic attainment and offer training in practical skills as well. The FE sector needs to be

better funded and stop aspiring to move quite so many on to university. Employers need to take greater responsibility for training up their workforce rather than poaching skilled workers that are already out there. At the highest level, ministers need to signal that the era of more and more graduates is over, and that a wider range of high-quality skills and training is now the priority.

In short, Britain now needs a dual-track education system that firmly places apprenticeships and skills training on a par with academia.

PROPOSAL 1

'Vocation, vocation, vocation' – support the call for apprenticeships and vocational training to be placed on an equal footing with academic qualifications.



A national partnership

In many advanced economies, the roles of government, employers and trade unions in apprenticeships and training are naturally intertwined. These constructive relationships greatly benefit the quality and stability of skills systems. However, as highlighted by the OECD²⁵, the UK lacks the institutional partnerships to govern skills effectively. This is a major missed opportunity.

Since 2010 the apprenticeship system has been subject to multiple reforms and initiatives. There is growing recognition across a range of players that there has been a lack of direction and consistency in policy making, even before changes of government are taken into account.

The Industrial Strategy Council has stressed that policy stability and continuity are important for employers to navigate the skills system²⁶, while the TUC proposes a national social partnership to provide clear strategic direction on skills²⁷.

If 'vocation, vocation, vocation' is to take root as a genuine national priority it needs the key players – business, unions, policy makers – to unite behind the message.

Creating a national partnership on skills between the three, as is already the case in many other countries, offers the opportunity to develop a long-term strategic direction for vocational qualifications, to bring to bear the requirements of employers and the needs of employees and provide better communication across the whole sector.

25 OECD (2021) OECD Skills Outlook 2021: Learning for Life, OECD, Paris.

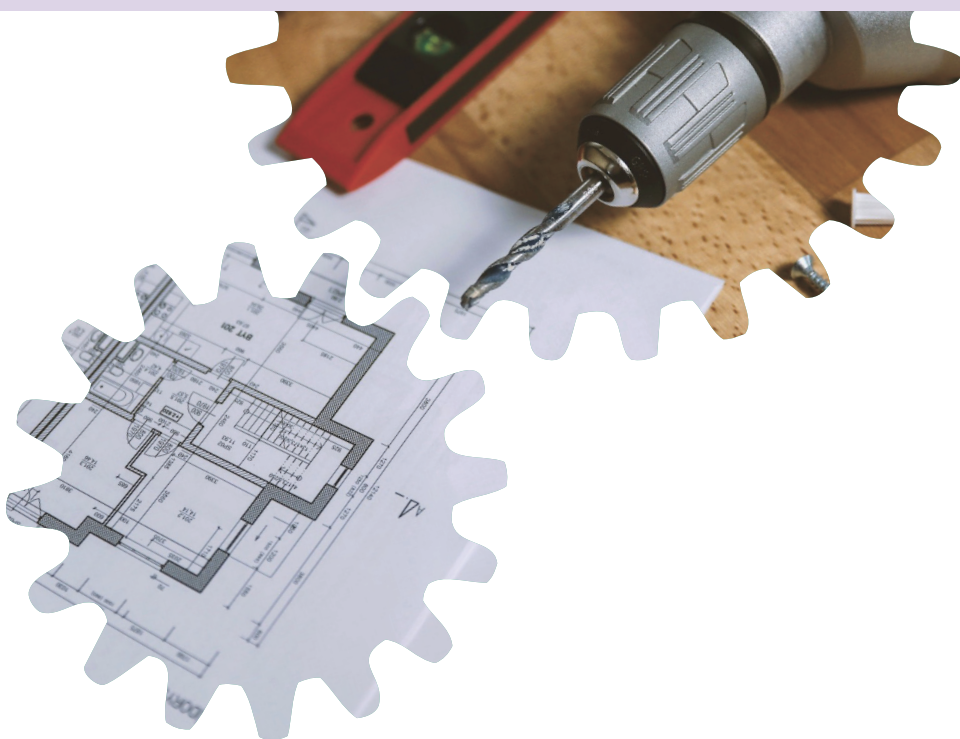
26 Industrial Strategy Council (2020) Rising to the UK's Skills Challenges, pp. 31

27 TUC (2021) Levelling Up at Work, TUC, London.

A national partnership of this kind wouldn't become the controlling body usurping powers of others, such as regulators and the devolved administrations. But it would have the potential to become a focal point for developing a shared understanding of the labour market and its training needs.

PROPOSAL 2

Establish a national partnership bringing together employers, unions and government (including the devolved administrations) to provide oversight on skills policy.



The Apprenticeship Levy

It's widely recognised that the present model for apprenticeship funding is not fit for purpose. The use-it-or-lose-it nature of the Apprenticeship Levy means that instead of creating new apprenticeship roles, much of the funding either goes unspent – viewed by businesses as an additional tax – or is directed toward 'apprenticeships' that are in reality professional development for existing staff.

To close the skills gap and develop the talent required for economic growth it is essential for workers to be able to retrain and upskill to enable them to keep pace with changing needs and new technologies. Employers' groups, including the manufacturer's association Make UK, therefore argue that the Levy should be properly refocussed to enable employers to use funds for the development and training of existing staff. This is already the case in Scotland.

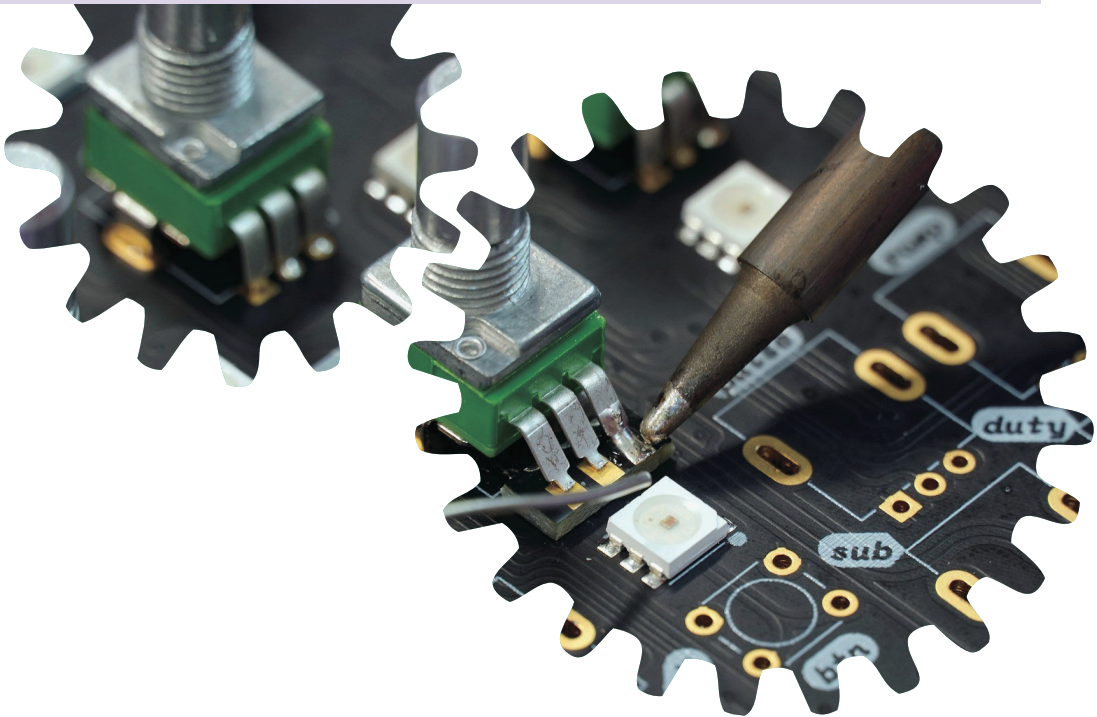
This makes sense, and to some extent would merely formalise what is already happening, but it wouldn't of course increase the flow of apprenticeship places for school-leavers. It is important therefore that any remodelling of the Levy takes into account the impact it might have on apprenticeship availability and delivery. The principle behind Labour's proposed Growth and Skills Levy, by which contributions would be divided 50:50 between apprenticeship and non-apprenticeship training, is one that is gaining broad-based support.

The dual-track education system implied by 'vocation, vocation, vocation' cannot be achieved without addressing the flaws in the current funding model and placing funding for apprenticeships on a more stable and equitable footing.

Remodelling the Apprenticeship Levy as a flexible skills fund recognises the importance of providing skills training to existing employees. Ringfencing part of the Levy for newly-created apprenticeship roles would protect existing provision and ensure that apprenticeships are used for new employees as well.

PROPOSAL 3

Remodel the Apprenticeship Levy as a skills fund to give employers flexibility on how Levy funds are spent, allowing the reskilling of existing employees as well as the creation of apprenticeships.



The ‘apprenticeship’ label

Historically, apprenticeships were seen as an aspirational career path. However, in recent decades they have become associated in the eyes of many with a lower standard of training and limited opportunities. Having served an ‘apprenticeship’ was once a badge of serious quality and transferable skills – perhaps four or five years working alongside experienced skilled workers, backed up by formal education, perhaps at ‘night school’. This badge of quality has mostly been lost.

If apprenticeships are to be taken seriously by young people, their parents and future employers, the current practice of allowing such a wide range of training courses and professional development to be labelled as an ‘apprenticeship’ is untenable.

Ensuring quality is vital to re-establishing the reputation of apprenticeships. This cannot be achieved without a robust definition determining what is – and therefore what is not – an apprenticeship. Indeed, an OECD report states explicitly that “even just a small proportion of low-quality apprenticeships can damage the overall reputation”²⁸.

The principle that for training to constitute an apprenticeship ‘there must be a job and the job role must be new’ was outlined in the Richard Review. This view is supported by many training providers, education think tanks and employer associations.

A common definition, agreed by the Department for Education in partnership with its Scottish and Welsh counterparts and taking on board input from businesses, training providers and unions, would reserve the term as a mark of quality. There are also internationally recognised standards, such as those set out by the International Labour Organisation²⁹, against which UK apprenticeships could be benchmarked.

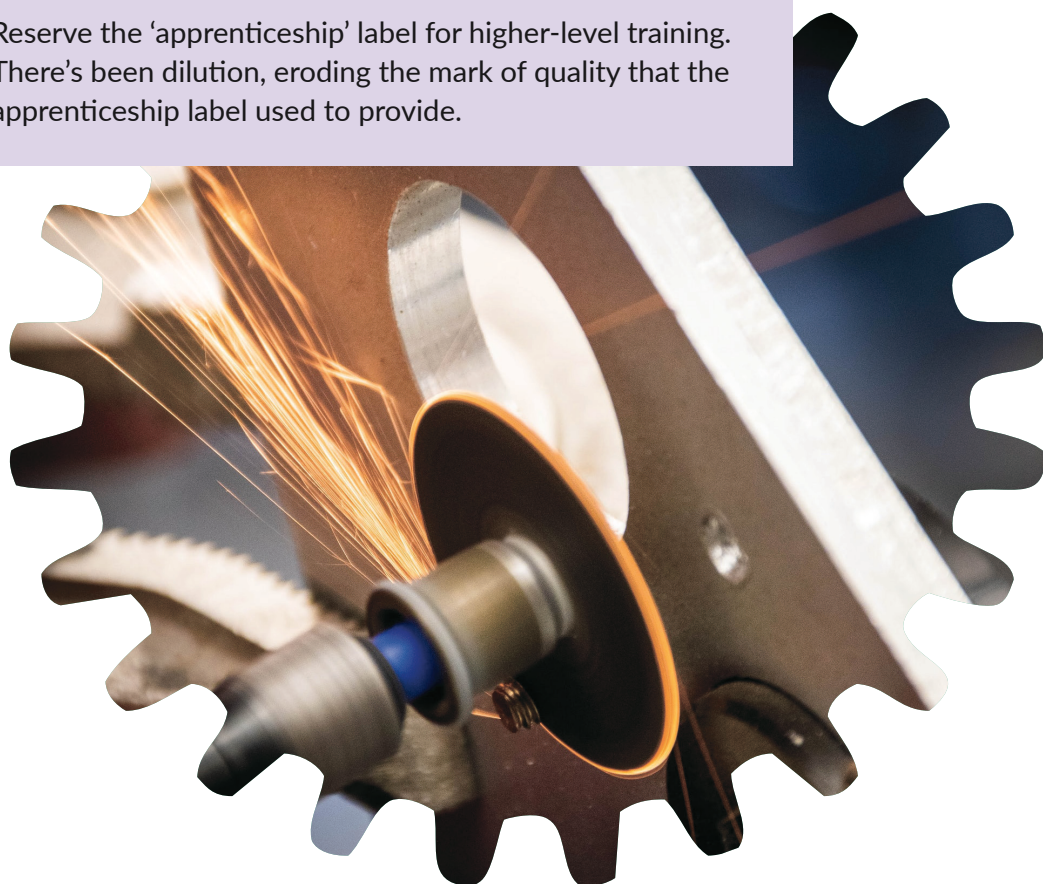
28 M. Kuczera (2017) *Striking the Right Balance: costs and benefits of apprenticeship*, OECD, Paris.

29 International Labour Office (2012) *Overview of Apprenticeship Systems and Issues*, Geneva: ILO

The new definition needs to be one that is widely understood and can be applied robustly to existing and new apprenticeships. Restricting the term 'apprenticeship' to programmes that create new roles with a high standard of training is a fundamental step to rebuilding a respected apprenticeship system.

PROPOSAL 4

Reserve the 'apprenticeship' label for higher-level training. There's been dilution, eroding the mark of quality that the apprenticeship label used to provide.



FE and skills funding in England

The extent of Britain's current skills shortage underlines that the present centralised approach to apprenticeships is not delivering the desired results. Provision and participation in apprenticeships among 16-18-year-olds varies across the country. For example, Britain's older industrial areas still have a significant manufacturing sector, yet many of these areas lack adequate provision of further education and vocational training.

It is clear that different places have different requirements and central government is not always best placed to identify what each local area needs. The UK Government's new Multiply initiative, for example, which provides funding for adult numeracy, has allocated a fixed sum to each upper-tier local authority, driven by former EU funding to the regions, that takes no account of local need or of existing initiatives that are underway.

In Scotland and Wales, apprenticeship delivery is already devolved. Given that many English regions have comparable populations, there is a strong case for devolving apprenticeship provision in England too.

The obvious starting point would be to devolve FE and skills funding to combined authorities. These now cover substantial parts of England, including many of its older industrial areas, and have the distinct advantage of covering most or all of their local labour markets. They are therefore well-placed to take an overview of local needs and to identify appropriate local interventions. Beyond combined authorities, devolving skills funding is presently more problematic because local labour markets generally cut across boundaries to a greater extent but in the long-run the local pooling of responsibility for FE and skills funding is clearly the way to go.

Combined authorities, if given the funding and the flexibility to innovate, are well placed to draw upon local expertise and share best practice in order to lead the way in developing an apprenticeship system that will provide the skills necessary for economic growth.

PROPOSAL 5

Devolve FE and skills funding in England, initially to combined authorities, whose geographical remit is sufficiently wide to cover most or all of their local labour market.



An expert body

A successful apprenticeship and training system for the future needs to bring to bear professional knowledge and expertise. There is a very large but highly fragmented training industry spread across the UK. Within it, there are many people who have practical experience of what works and what doesn't work, and have good ideas on how to improve things. Many of the same people would also benefit from the transfer of knowledge and good practice from place to place and sector to sector.

One of Labour's proposals, set out in September 2022, is to establish a new expert body, Skills England, "to oversee the national effort to meet the skills needs of the coming decade across all the regions". Skills policy is devolved in Scotland and Wales but the principle is just as applicable in the devolved nations.

An expert body on skills would be about providing advice and guidance, not about taking over executive responsibilities for delivery from government or local players. It would also sit comfortably alongside a national partnership of employers, trade unions and government that would bring to bear their own perspectives. Marry the institutional concerns with the professional knowledge and there is the real possibility of developing the robust consensus on skills policy that has been lacking.

A long-term vision for apprenticeships, fostered by an expert body and coupled with rigorous adherence to quality, is key to enabling providers to develop a high standard of training, rebuild confidence in the system, and deliver the skills needed in future decades.

PROPOSAL 6

Establish an expert body to oversee investment in skills. This would sit alongside and support the national partnership between employers, unions and government.





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