

# Written evidence from Sammy Shummo (SFF0003)

## Introduction

I am writing to provide evidence to the House of Lords Industry and Regulators Committee in my capacity as Group Director of Apprenticeships at London South Bank University Group. Our Group supports over 3,200 apprentices across more than 40 apprenticeship standards from Level 2 to Level 7. This submission responds to the Committee's reopened call for evidence on skills policy, with a particular focus on apprenticeships and training in the context of the future skills needs of the UK economy. Given our extensive experience in vocational training and apprenticeships, I believe we can offer valuable insights into how the system can be adapted to meet future demands.

## 1. Skills Needed for the Future of the UK Economy

The future competitiveness and prosperity of the UK economy will depend on its ability to equip the workforce with a diverse and evolving set of skills. Three key areas of need are digital and technological skills, soft skills, and green skills:

- **Digital and Technological Skills:** The UK economy is increasingly digitised, requiring an upskilled workforce capable of operating in data-driven environments. The *Tech Nation Report 2021* highlights that the UK's tech sector is growing at 2.5 times the rate of the rest of the economy, underscoring the need for skills in AI, cybersecurity, and data analysis. A report by the Learning & Work Institute suggests that the UK faces a potential shortfall of 1.5 million workers with basic digital skills by 2030 if current trends continue.
- **Soft Skills:** A 2020 *World Economic Forum* report indicated that 85 million jobs globally could be displaced by 2025 due to automation, but 97 million new roles may emerge that require a balance of technical and human skills. UK employers increasingly value soft skills like communication, critical thinking, and creativity. A survey by *LinkedIn* in 2020 found that 92% of UK employers placed soft skills on par with, or above, hard skills for long-term success.
- **Green Skills:** The transition to a net-zero economy will create demand for skills related to renewable energy, sustainable construction, and carbon management. According to a 2021 report by the Green Jobs Taskforce, the UK could create up to 2 million green jobs by 2030. The Confederation of British Industry (CBI) also highlights that these green jobs will be concentrated in

emerging industries such as offshore wind and electric vehicle manufacturing.

### **Is the UK's skills and training system capable of equipping increasing numbers of people with these skills?**

The UK's current skills and training system requires urgent reform if it is to meet the rising demand for these future skills. Employer investment in skills has dropped by 28% in real terms over the past decade, according to the Learning & Work Institute. At present, the system is too fragmented and reactive, with many employers and learners finding it difficult to navigate apprenticeship offerings. Initiatives such as T-Levels and apprenticeships offer promise, but more systematic and cohesive efforts are needed to address the growing skills gap.

## **2. Government Intervention in Skills Policies**

Government intervention is essential to set a clear, long-term strategic direction for skills development. The Government's proposed post-16 education strategy should focus on:

- **Expansion of Apprenticeships:** Despite recent growth, apprenticeship uptake remains below potential. Data from the Department for Education (DfE) shows 349,200 apprenticeship starts in 2022/23, which is an increase but still insufficient to meet demand, particularly in fast-growing sectors such as digital and green industries. The Government must prioritise increasing access to apprenticeships at all levels, including entry-level qualifications that provide a foundation for future career growth.
- **Stable and Long-Term Funding:** One of the greatest challenges facing education and training providers is inconsistent funding. Unstable and short-term funding cycles hinder providers from making long-term investments in facilities, staff, and curriculum development. The Government must guarantee sustained financial support for skills training, with specific funding ring-fenced for critical areas such as green and technological skills.
- **Promoting Lifelong Learning:** The world of work is changing rapidly due to technological advances. As a result, lifelong learning and reskilling will become crucial. The Government's Lifelong Learning Entitlement, set to launch in 2025, is a step in the right direction, but it must be scalable and fully funded to meet the needs of a workforce that will need to regularly retrain throughout their careers.

### 3. Clarity and Consistency of Government Policies

Government policies surrounding skills, apprenticeships, and training have lacked coherence and stability in recent years, creating uncertainty for businesses and learners alike. A stable policy framework is essential to encourage investment in training programmes.

For example, while the Apprenticeship Levy has created opportunities, it has also led to confusion and frustration for smaller employers, who often find it difficult to navigate the system. A 2022 report by the *House of Commons Library* found that £2 billion in unspent levy funds have expired since the levy's inception, indicating that many businesses are unable or unwilling to take full advantage of the available resources.

**Consistency in Policy Application:** To address this, the Government must provide clearer guidance and more streamlined processes to access apprenticeship funding. The DfE's plans to simplify the system are a welcome development but must go further to ensure that employers, particularly SMEs, can access training funds more easily.

### 4. Institutions for an Effective Skills System

A successful skills system requires strong coordination across national, regional, and sectoral institutions. The proposal to establish **Skills England** is a positive step towards centralising oversight, but regional and sectoral institutions must also have sufficient autonomy to address local skills shortages.

- **National Coordination:** Skills England should have the authority to set national goals, allocate funding, and monitor the performance of regional and sectoral bodies. It must work with existing entities like the Institute for Apprenticeships and Technical Education (IfATE) to ensure coherence in policy and delivery.
- **Regional Flexibility:** Local Skills Improvement Plans (LSIPs), as mandated by the Skills and Post-16 Education Act 2022, offer a model for how regional authorities can tailor skills training to the needs of their local economy. For example, the West Midlands and North East—regions with strong manufacturing bases—require an emphasis on advanced manufacturing skills, while the South East may need a greater focus on digital and financial services skills.

### 5. Role of Businesses in Skills Development

Businesses must be more than consumers of skills; they should also play an active role in designing and delivering training programmes. As industry experts, businesses are well-positioned to collaborate with education providers to create tailored curricula that meet current and future market demands.

- **Investment in Training:** The decline in employer investment in training is concerning. According to research by the *CIPD*, the UK spends half as much on training per employee as the EU average. In addition to financial contributions, businesses should be incentivised to offer apprenticeships, work-based learning opportunities, and continuous professional development (CPD) for their workforce.
- **Partnerships with Educational Providers:** Business involvement in curriculum design will ensure that training programmes remain relevant to the labour market. For example, industry-academia partnerships in Germany have been a key factor in the success of their vocational training system, which could serve as a model for the UK.

## **6. Incentives for Employer Investment in Training**

To reverse the long-term decline in employer investment in training, the Government should introduce a combination of financial and non-financial incentives:

- **Financial Incentives:** These could include tax breaks, grants, and enhanced levy rebates for businesses that commit to apprenticeships and training programmes. Employers investing in skills development should also receive targeted subsidies, particularly SMEs that often struggle with the cost and complexity of managing training programmes.
- **Non-Financial Incentives:** The Government could establish recognition schemes for businesses that prioritise training, as well as provide greater support for SMEs to help them navigate the apprenticeship system. Accreditation programmes that reward companies for sustained investment in their workforce could serve as a strong motivator.

## **7. Concerns Over the Apprenticeship Levy and Balancing Reform with Increased Demand**

The Apprenticeship Levy, while successful in some respects, has faced criticism for being inflexible and underutilised. The number of young people engaging in apprenticeships has declined, and some of the funds are not being fully utilised.

**Balancing Reform with Expansion:** Reforming the levy must be balanced with a commitment to increasing the number of apprenticeship starts. In 2023, of the 1.3 million individuals who registered with UCAS, half a million expressed interest in apprenticeships. Of these, 357,000 were domiciled in the UK, far exceeding the number of apprenticeship starts in recent years.

Modelling by UCAS suggests that, by 2030, there could be up to 160,000 additional individuals interested in apprenticeships, driven by the growth of the 18-to-19-year-old population and a rising interest in reskilling among current employees. The Government must ensure that funding and capacity within the apprenticeship system can meet this rising demand, which will be felt acutely in certain industries and regions. This growing demand will intensify the pressure on the current apprenticeship supply, which is already insufficient to meet the needs of learners and employers alike.

**Reforming the Levy for Flexibility and Accessibility:** The current Apprenticeship Levy has been criticised for being overly rigid, which limits its effectiveness for many employers. One potential reform could involve allowing employers to use levy funds for shorter training courses, particularly those focused on specific skills gaps that do not require full-length apprenticeships. This would help smaller businesses, which often find it challenging to commit to the full scope of apprenticeship programmes, to engage in the system and address immediate workforce needs.

**Ring-fencing Levy Funds for Younger Apprentices:** A significant concern with the current system is the decline in young people taking on apprenticeships. Given that young apprentices often fill entry-level roles that provide a foundation for future career growth, it is essential to encourage greater participation at Levels 2 and 3. To achieve this, a portion of the levy should be earmarked for apprenticeships aimed at younger people (16-24) and entry-level qualifications. This will help to ensure that the apprenticeship system continues to provide opportunities for young learners while addressing the ongoing skills shortages in key sectors like construction, engineering, and digital industries.

## **8. Government's Proposal for a Youth Guarantee**

The Government's proposal for a youth guarantee, ensuring access to training, apprenticeships, and employment support for all young people, is a promising step towards addressing youth unemployment and skills shortages. According to the *Office for National Statistics (ONS)*, the UK's youth unemployment rate was 11.4% in 2023, highlighting the urgent need for improved pathways into work and training for young people.

**Institutional Responsibility:** To effectively implement a youth guarantee, a multi-agency approach will be necessary. Institutions such as local authorities, FE colleges, and Jobcentre Plus must collaborate to provide comprehensive support for young people. This will require additional resources, particularly in areas with high youth unemployment or low access to training opportunities. The Government should consider establishing a dedicated fund to support the institutions responsible for delivering the youth guarantee, ensuring they have the resources to expand their capacity.

**Providing Additional Resources:** Institutions delivering the youth guarantee will need expanded resources and powers to ensure equitable access to opportunities. Targeted investment in regions with higher youth unemployment, such as parts of the North East and Midlands, will be essential to prevent regional disparities in the availability of apprenticeships and training. Additionally, funding for career guidance services should be increased to help young people navigate the complex world of apprenticeships, vocational training, and employment options.

## **9. Further Education and Demand-Led Funding**

Moving towards a demand-led funding model for further education (FE) similar to higher education (HE) could provide learners with greater flexibility but would require significant changes to the existing funding framework. While the demand-led HE model, which uses student loans, has worked to some extent in universities, it is less clear whether a similar approach would be appropriate for FE.

**Challenges in Demand-Led Funding for FE:** FE serves a more diverse student population, including younger learners and those from lower-income backgrounds. Many of these individuals are unlikely to take on debt to fund vocational qualifications, which could limit participation if a demand-led funding system were to be implemented in the same way as HE. Instead, the Government should explore hybrid models that combine public funding with employer contributions to ensure access to FE, particularly for disadvantaged learners.

**Youth Guarantee and FE Funding:** A demand-led funding system must also align with the Government's proposed youth guarantee. To guarantee every young person access to training and apprenticeships, public investment in FE must remain robust, ensuring that providers can meet demand without increasing costs for learners.

## 10. International Comparisons

The UK can learn much from international best practices in vocational education and training. Countries like Germany and Switzerland have long-established systems that integrate apprenticeships with formal education, and both countries have achieved strong results in youth employment and skills development.

- **Germany's Dual Apprenticeship System:** Germany's dual system of vocational training combines classroom instruction with on-the-job training, ensuring that apprentices gain practical skills while also acquiring theoretical knowledge. In 2020, around 52% of young Germans entered an apprenticeship, compared to just 6% in the UK. The strong collaboration between employers, educational institutions, and trade unions in Germany provides a model for the UK to replicate in terms of employer involvement in apprenticeship design and delivery.
- **Switzerland's Vocational Education:** Switzerland's vocational education system is another successful example, with completion rates for apprenticeships exceeding 90%. In Switzerland, apprenticeships are available in over 230 different fields, from traditional trades to modern industries like IT and finance. Swiss employers are highly engaged in the design of apprenticeship standards, ensuring that training programmes are closely aligned with the needs of the labour market. This model of employer engagement is something the UK could learn from to improve the relevance and quality of its apprenticeship offerings.
- **Employer Engagement:** A key feature of both the German and Swiss systems is the deep engagement of employers in shaping the content and structure of apprenticeships. In the UK, increased collaboration between businesses and training providers would help ensure that apprenticeships remain relevant to the evolving demands of the economy. The Government should consider establishing sector-specific apprenticeship councils that bring together employers, educators, and policymakers to co-design apprenticeship standards and pathways.

## **Conclusion**

The UK's skills and training system faces significant challenges as it seeks to meet the demands of a rapidly changing economy. The future will require a workforce equipped with digital, green, and soft skills, and the Government must take an active role in shaping policies that support lifelong learning, employer engagement, and the expansion of apprenticeship opportunities.

By reforming the Apprenticeship Levy, enhancing the flexibility of training provision, and ensuring that institutions are adequately resourced to meet rising demand, the UK can build a more responsive, inclusive, and effective skills system. Drawing on international best practices and balancing the need for reform with a commitment to increasing apprenticeship starts will be critical in addressing future skills shortages and supporting the next generation of workers.

The evidence presented here underscores the need for sustained investment and clear, consistent policy direction to create a skills system that meets the needs of learners, employers, and the broader economy.

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