

## **Written evidence from the Chartered Management Institute (CMI) (SFF0068)**

### **About the Chartered Management Institute (CMI)**

- CMI is the UK's chartered professional body for managers. We have a membership community of over 220,000 aspiring and practising managers and more than 150,000 people are currently studying on one of our management and leadership programmes.
- We work across the public sector, and with businesses and educators to develop more skilled, confident and successful managers and leaders. Working with nearly 850 partners to deliver our qualifications, alongside 150 universities and 500 Further Education colleges, independent training providers and employers. Backed by a Royal Charter, CMI is the only organisation able to award 'Chartered Manager' status.

### **Consultation questions and CMI responses**

- What kinds of skills do you think will be needed for the future of the UK economy? Is the UK's skills and training system capable of equipping increasing numbers of people with these skills?

Management and leadership skills are of paramount importance to securing a prosperous and productive future UK economy. CMI's *Management and UK 2030* report highlights the urgent need for better management by 2030 if it is to develop the next generation of globally competitive, high productivity businesses.

However, analysis of the UK labour market suggests that leadership skills are undervalued in the UK compared to many of its competitor nations. Drawing inspiration from top-performing nations such as the USA, Germany, Sweden, Singapore, and South Korea, our research identifies three key drivers for successful management capabilities: competitive markets, a long term investment in improved management, and effective institutions. By learning from and implementing these drivers, the UK can bolster management capabilities, tackle regional inequalities, reform public services, and narrow the productivity gap with international counterparts.

CMI has used Lightcast and LFS data to analyse the market dynamics of managerial occupations in some of the UK's sectors and across the world's top performing economies, according to the World Management Survey.

- I. The UK requires 10% more management job adverts to require high level management skills if it is to close the gap with the world's most productive economies. Within the last year, only 32% of managerial jobs in the UK had defined the skill of management as a requirement, below the G7 average of 35%.
- II. The UK will need to recruit over 120,000 extra managers by 2030.
- III. Data suggests the UK's health sector is undervaluing skilled managers, in comparison to other sectors, with only 23% of health professional job adverts in the last year specifying the need for management skills.
- IV. Around 50% of the UK's total productivity gap with the USA is due to lack of management capability.

For the UK to succeed in the face of pressing global challenges the future workforce will need the right skills at the right level in the right places across all ages. This means investing in the core skills employers need the most, particularly at higher levels, which are vital irrespective of the sector or job. The pool of jobs people can access in order to enhance their ability to progress needs to be widened. Management and leadership skills are far from generic - they encompass a specific skill set which leads to tangible growth and needs to be taught and nurtured.

As the UK moves towards a net zero economy, the workforce will require a range of different skills that go beyond what many would consider to be 'green skills'. In addition to industry specialists and technical skills, a successful transition will require people with broader skills, such as management and people skills<sup>1</sup>. The UK skills and training system will need to be able to equip managers and leaders with green management skills to facilitate this shift. Better management leads to improved firm and individual productivity. With appropriately skilled managers, and those with green management skills businesses will be better equipped to take advantage of the opportunities that will come from a greener economy, leading to increased economic growth and productivity, across the UK.

Managers and leaders will:

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<sup>1</sup> [https://www.worldskillsuk.org/wp-content/uploads/2022/06/GreenSkillsReport-2022\\_v3b.pdf](https://www.worldskillsuk.org/wp-content/uploads/2022/06/GreenSkillsReport-2022_v3b.pdf)

- Set, and operationalise the strategies needed at macro, meso and micro levels (national/ international, regional and organisational).
- Provide the opportunity and frameworks for the innovation required to meet net-zero targets.
- Be agents of change whilst recognising net zero resistance, anxiety and tensions.
- Provide purpose driven and ethical leadership - ensuring this is a just transition.
- Is it clear to everyone involved in the skills system what the respective roles of the Government, employers, individuals and institutions are within that system?

The skills system needs to take a more holistic and long-term approach. Rather than having delivery of skills “for skills sake”, there needs to be a more focused skills attainment which can be directly linked to the broader economic and public service goals.

In order to achieve this, there needs to be better and more targeted diagnosis of skills gaps, shortages and a plan to future proof the skills of the workforce. We are looking forward to putting forward evidence as part of the development of Skills England, and we hope to see a more joined-up, cross-government approach to skills, with an Industrial Strategy focused on tackling the urgent and future skills gaps vital for improved productivity and economic growth. In order to protect against unintended consequences that risk deepening the UK’s skills shortages - most notably in the public sector - there is a strong need for detailed consultation on recently announced plans to restrict the use of Apprenticeship Levy funds for Level 7 apprenticeships.

- What is the appropriate level of government intervention in the development of skills policies? How can the government best add value in this area?

Research from CMI’s *Management UK 2030 report* shows that training and education across most of the countries that have high management performance scores has tended not to be provided centrally. Instead, upskilling was localised — either through the employer due to company culture or regionally through dedicated local institutions. Regional-based

policy initiatives significantly improved management practices through tailoring training to regional needs with a demand-driven approach. Resulting in substantial growth in management practices and overall economic performance.

Skill development must be linked to regional skills gaps and wider economic challenges during the course of the decade. Continuing the direction of travel of current devolution, with a strong national and regional combined agenda to improve management skills across the current and future workforce, is key. Power over skills should be devolved and devolved bodies will need to recognise the centrality of management skills.

CMI has **five key recommendations**, which includes how the government can best add value in this area:

- I. Upgrade the management capabilities of the government and public sector workforce and those who supply its goods and services.
  - II. Government to act as a campaigner for better management.
  - III. Support existing policies such as higher level Management Apprenticeships and Help to Grow that improve UK management.
  - IV. Use strategic policies such as the new industrial strategy and regulation levers to improve management capabilities.
  - V. Seek stronger trade deals that support the place of UK business in global supply chains as a driver of improved management capability.
- Are current Government policies on skills, particularly apprenticeships and training, sufficiently clear? Have policies and the institutional set-up been sufficiently consistent over time? If not, what changes or reforms would you recommend?

We are concerned about the unintended consequences of the new proposals for businesses to fund a greater portion of their Level 7 apprenticeships outside of the apprenticeship levy. This restriction will affect individuals, businesses and negatively impact three of the five government missions - economic growth, public sector reform and opportunity for all.

Contrary to popular belief, public services rely more heavily on Level 7 management apprenticeships than businesses. CMI data indicates that

less than 10% of level 7 apprentices are in FTSE 350 companies and almost 60% are in public services. Even if the NHS is exempt from these changes, care services, local government, education and the wider public sector will be impacted.

The potential impact on public services can be seen in the following breakdown of CMI management apprenticeship by public, private and voluntary sector:

	Private	Public	Third
Level 3	46%	45%	7%
Level 5	50%	41%	8%
Level 6	32%	61%	7%
Level 7	33%	59%	8%

There will also be a significant impact on the higher education sector which is already contending with challenges in recruiting international students following changes made to visa rules by the last Government. This will especially affect universities in the regions of England where practical and vocational qualifications make up a larger proportion of their provision. It's important to also note that 60% of level 7 apprentices are in the lower half of deprivation in England and over 70% come from backgrounds where neither parents had a degree. This highlights what could also be a significant impact on social mobility.

- Concerns have been raised over the operation of the Apprenticeship Levy, particularly in relation to the decline in young people taking on apprenticeships. Is there a case for reforming the levy, for example by ring-fencing more levy funding for training for younger apprentices?

We have already set out some of our concerns around the proposals to restrict funding of Level 7 apprenticeships. As we do not yet know the full detail of these proposals, we feel it is important to share our *Apprenticeship Levy 2.0 – flexibility and productivity* report, which lays out alternative pathways for the next phase of apprenticeship investment in the UK. The report seeks to focus discussion on the overarching challenges facing our ability to meet long-term needs and, therefore, improve productivity, support growth, and improve the quality of public services.

Much of the current debate about apprenticeships and levy that funds them has been driven by narrow short-term cost-benefit calculations of a variety of players within the system. There is a need for wider engagement with core issues such as our inadequate investment in high quality training across the board. We hope the broad options we have laid out make a contribution to meeting this wider, urgent need.

If the proposed changes go ahead, there is a clear need for the government to articulate alternative options for government accredited management qualifications, given the wider and evidenced productivity and business impact. The first Skills England report<sup>2</sup>, published on 24th September provides clear evidence as to why restricting access to higher level apprenticeship funding will hold back the UK's productivity:

"For example, the Employer Skills Survey found that management and leadership skills were difficult to find for 44% of SSVs. In addition, OECD analysis shows the UK has shortages across management skills and cross-country research has found UK firms, on average, score lower on management quality metrics than firms in countries like the US, Germany, and Sweden. This gap in managerial practices is linked to lower productivity levels in the UK."

Looking specifically at management, CMI data indicates that degree-level management apprenticeships can lead to more than 20% productivity gains, with private sector productivity gains estimated at 27%. Restricting access to these apprenticeships would have a long term impact on organisational productivity in the UK.

## **Foundations of the current system**

The apprenticeship model is a good one to build on: employers have been required to fund apprenticeships, but in return employers develop the apprenticeships they need and choose the standard that works for them. Whilst not all employers are able to use their levy funds directly, unused funds are distributed into the system for wider upskilling, benefiting all employers indirectly (and sometimes, for example through levy transfer, almost directly as sector skills are improved). Major levy-paying

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<sup>2</sup> <https://www.gov.uk/government/publications/skills-england-report-driving-growth-and-widening-opportunities>

employers have told CMI that they place high value on the quality and rigour that modern apprenticeships have brought to the system.

Quality and positive impacts of the apprenticeship model need to be retained and safeguarded. Funded courses or programmes should include:

- Retaining a clear link to the labour market, strong employer endorsement and/or involvement with key skills mapped to occupations and/or competencies.
- Work-based application of learning, with on the job and dedicated learning time
- Independent accreditation and assessment.
- Co-investment by employers and government (and learners in some circumstances) sharing the costs (as they do the benefits).
- Content that addresses both base level competencies and the technical requirements of the job.
- Establishing up front clear aims, criteria and methodology for measuring return on investment.

### **Case Study 1 – Broadley Speaking**

~30 employees | Business Services | Tavistock, South West

“The agency’s Director spoke about the profound effect of an employee’s apprenticeship on all aspects of the business. Through the apprenticeship, the employee has been instrumental in generating over £200k additional revenue for the business and is well positioned to deliver on succession planning.”

[Read the full case study here.](#)

### **Case Study 2 – Diamond Hard Surfaces**

~10 employees | Manufacturing | East Midlands

“Chris, the CEO and Director of Diamond Hard Surfaces Ltd, shared the positive impact of an employee’s apprenticeship experience at Level 5 and 6. New ways of operating, identified through the apprenticeship, resulted in the company growing by 60% in 2020-21.”

[Read the full case study here.](#)

- What should the role of business be in encouraging the development of skills in the UK? Should business be a consumer, funder, trainer or co-designer of skills provision?

There are clear examples of where a business-led approach to training is successful, as shown in Case Study 3 in Ireland with Skillnet Ireland.

### **Case Study 3 – Irish Levy System** The National Training Fund (NTF)

**The National Training Fund<sup>3</sup>** is a dedicated fund to support the training of those seeking to take up employment, those in employment seeking to upskill, and facilitate lifelong learning. The fund is financed by a levy on employers and collected through the PAYE/PRSI system.

In 2022 the NTF raised around €765m for enterprise related training including apprenticeships. This amount is increasing every year, with figures from the Department estimating this will rise to over €1bn annually by 2025.<sup>4</sup> Relative to the UK working population that is the equivalent of raising £8.3 billion. Funding for apprenticeships and enterprise-focused Higher Education provision currently totals around €354m a year which is the equivalent of £3.8 billion in the UK.<sup>5</sup>

The NTF is managed by the Department of Further and Higher Education, Research, Innovation and Science. It funds apprenticeships in both Further Education and Higher Education as well as a wide range of high quality qualifications and programmes developed with employers and based on need. The majority of employers can benefit from the schemes the NTF funds.

#### **Driving engagement with small businesses**

One of the recipients of the NTF is Skillnet Ireland - an agency with a dedicated responsibility to be a leader in workforce development, particularly in SMEs. It acts as a skills hub/ accelerator, working closely with businesses, industry bodies, and training providers to identify skill needs, design training programs, and deliver targeted training solutions.<sup>6</sup>

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<sup>3</sup> <https://www.cedefop.europa.eu/en/tools/financing-adult-learning-db/search/national-training-fund-ntf>

<sup>4</sup> Ibec (2022) Future of the National Training Fund.

<sup>5</sup> Total levy funds: UKWP is 12.7 times bigger than Ireland. 12.7x €765m is the equivalent of £8.3 billion (June 16 2022).

<sup>6</sup> <https://www.skillnetireland.ie/>



- In a more mobile, flexible labour market, what incentives do employers have to provide training for their employees? Why do you think that employer investment in training has declined in recent decades?

Employer investment in training, however, remains far too low. The latest comparable data shows that, out of the 30 European countries that took part, the UK ranked 9th in terms of the percentage of total labour cost enterprises spend on continued vocational training (CVT). In 2015, UK enterprises spent 1.8% of total labour costs on CVT compared to Denmark which spent 2.7% and France and Slovenia which spent 2.5%. In addition, Belgium (2.4%), the Netherlands (2.3%), Ireland (2.2%), Luxembourg (2.1%) and Malta (2.2%) all spend a higher proportion of total labour costs on CVT compared to the UK<sup>7</sup>. Recent data from the UK suggests spending has not proportionately increased since 2015<sup>8</sup>. This is despite the evidence that increasing human capital accounts for around one-third of productivity growth<sup>9</sup>.

- Should further incentives be put in place to reverse the decline in employer investment in training, and if so, what form should these incentives take?

Lack of employer investment appears to contain a cultural element. There are a number of steps that should be taken to reverse the decline in employer investment in training. Firstly, double transparency – this is where employers should be required to publish how much they invest in training and learning and development, similar to the requirement for larger employers to measure and report gender pay gaps.

Secondly, the future of the apprenticeship levy should be considered in the context of ensuring that employers who are investing proactively are not penalised, and those who are not investing proactively should not be gaining unfairly.

Thirdly, the levy and tax system – including the potential for R&D relief style incentives – should be seen in the context of trying to encourage good employer behaviour and practices. As well as discouraging employers that refuse to train their staff yet benefit from workers who

<sup>7</sup> Eurostat, Cost of CVT courses by type and size class - % of total labour cost of all enterprises.

<sup>8</sup> GOV.UK (2019) Employer Skills Survey.

<sup>9</sup> Rui Costa, Nikhil Datta, Stephen Machin and Sandra McNally, Centre for Economic Performance (2018) Investing in People: The Case for Human Capital Tax Credits.

have been trained elsewhere, it is important to note the wider impact this has on a variety of sectors. Government tax policy needs to encourage a virtuous cycle of training and development of staff whereby the pool of available, skilled talent grows and is incentivised.

Employers are traditionally not the best place to identify their skills needs. Management capability is a link to enabling employers to better understand where their gaps lie.

CMI argues that by giving employers purchase, the levy system works, those that pay the levy are, in turn, spending it on training.

- What incentives do individuals have to involve themselves in apprenticeships and training? Is the system available and attractive enough to encourage individuals to seek training, and if not, what can be done to improve this?

A more holistic approach should be taken when considering the incentives of both employers and individuals with regards to training and apprenticeships. Incentives for apprentices include getting an uplift in their employability, as well as earning potential, and having the opportunity to work on more varied and challenging opportunities as their role develops.

With regards to the system being available and attractive enough to encourage individuals to seek training, there needs to be far more clarity and transparency in the system. This needs to include apprenticeships and their likely impacts on employability, earning potential and career progression, including for those who are interested in upskilling.

Achieving greater clarity of the pathways available will be beneficial especially if it is in a way that is connected to actual training opportunities, so there is a career lifecycle element – it will help both those who are embarking on their career but also those who are looking to retrain, upskill and progress throughout their career.

CMI have identified a gap in support for individuals during their apprenticeships. One of the factors behind apprentices dropping out of their programme is the sheer difficulty of financially and practically managing workload, while foregoing potential earnings elsewhere and

balancing the need to maintain both mental and physical wellbeing while studying.

To solve this issue, CMI has suggested the creation of an apprenticeship accelerator. This can be implemented on a sector or regional basis with an aim to provide support for both apprentices and smaller employers that have reported their struggles with the administrative elements of the apprenticeship system. For individuals, an accelerator will help enable them to stay in the system through advice, counselling and on occasion hardship support.

For more detailed information on this, please refer to *Towards Flexibility and Productivity: Apprenticeship Levy 2.0* and *The Future of the Apprenticeship Levy: Raising Productivity and Delivering Economic Growth*.

- How does the UK's approach to skills and training compare to those of other countries? Are there examples of good practice that the UK should be learning from?

Looking at successful international strategies and evidence of their impact, valuable insights for crafting an effective plan can be drawn. The OECD has identified learning from global practice as an area of weakness in the UK.

Existing skills programmes include the lifetime skills guarantee; skills bootcamps; plan for jobs; the apprenticeship programme and other higher and further education channels. However, a long-term aggregate national skills strategy is required - one which links existing infrastructure and institutions, both nationally and regionally in order to strengthen pathways for training and career development not only for individuals but employers as well.

As a nation we need to create an environment where employers, Government and individuals are invested in a skills system for future economic growth - both demand and supply need to be in an equilibrium that will maximise improving productivity and consequently economic growth.

Drawing on the following three case studies (Lessons from Singapore, South Korea and Ireland), we suggest that the best design principles for a future UK National Skills Strategy includes:

- I. Support future productivity and economic growth first and foremost,
- II. Induce the demand side of the skills market,
- III. An integrated and embedded National Skills Strategy, across social and economic partners, national and regional governance, and
- IV. Pathways to opportunity.

## Case Study 4 – Lessons from Singapore

### SkillsFuture Movement

#### Key strengths

1. Co-ordinated strategy, constantly reviewed and updated.
2. Continuous, clear communicated commitment by the government.
3. Easy access to a variety of funding sources for both individuals and businesses.

#### Impact

1. Continuous growth of uptake of initiatives.
2. In 2021, YoY growth of 18% - a total of 660,000 Singaporeans benefited from the SkillFuture movement and 247,000 people spent the SkillsFuture credit.

#### Key initiatives

1. Skills are an integral part of the economic growth plan, and people and human capital are designated as the most important economic resource.
2. Consistent, continuous clear communication of the importance of upskilling and reskilling across major platforms. For example, Singapore's Deputy Prime Minister (DPM) and Minister for Finance, Lawrence Wong addressed the issue of upskilling in depth at the Singapore Economic Policy Forum this year, stating. He stated that the city state will continue to invest in one of its most important resources, people and human capital.
3. Involves proactively upskilling the older generation of workers.
4. Policy emphasis on business and economic strategy being supported by the skills strategy.

#### Funding

There are a number of innovative and easy to access funding initiatives for both individuals and business.

1. SkillsFuture Enterprise Credit (SFEC) grant encourages employers to invest in enterprise transformation and capabilities of their employees.
2. S\$400 individuals who reach 25 years of age to reskill as needed and top-up later on.
3. Eligible employers can receive a one-off \$10,000 SkillsFuture Enterprise Credit (SFEC) to cover up to 90% of out-of-pocket expenses on qualifying costs for supportable initiatives, over and above the support levels of existing schemes.
4. Existing schemes include funding for productivity enhancing equipment. Eg. for SMEs looking to implement IT solutions and equipment or carry out projects intended to improve productivity.
5. Easy access for SMEs to apply. There is a clear and accessible

online website, accessible from anywhere in the world.

## **Case Study 5 – Lessons from South Korea**

Inclusive National Social Policy Promotion Plan (2019 - 2022)

### **Key strengths**

1. Strong National culture which values education across law and institutions across the country.
2. Regional skills are a focal point. Infrastructure developed across regions enabling easy access to knowledge and learning centres and cities. Strong National culture which values education. across law and institutions across the country. Regional skills are a focal point. Infrastructure developed across regions enabling easy access to knowledge and learning centres and cities.

### **Impact**

1. The regional Gwangyang HRD Program achieved average employment rates of 92.3%.
2. POSCO Human Resource Development Consortium successfully enhanced training for SMEs. This has resulted in substantial growth in management practices and overall economic performance.
3. Improving accessibility, resulted in Suwon city's literacy rate moving towards 100% .

### **Key initiatives**

1. Training quality is ensured through the Korean Skills Quality Authority (KSQA), founded in 2015 by the Minister of Employment and Labour.
2. Regional skills focus through dedicated local institutions, e.g. Human Resource Development (HRD) programmes launched in 1982 in South Korea, which tailor training to regional needs with a demand-driven approach.
3. Promoting easy access to lifelong learning. Creation of a "lifelong learning city" - Suwon City. Initiatives have been built-upon since the introduction of the Lifelong Education Act in 1999.
4. Suwon city has managed to establish and maintain a learning city ecology that includes voluntary participation from citizens, institutes and centres, thus potentially serving as a role model for other attempts to promote lifelong learning.

### **Funding**

Funding mechanisms for training are a combination of individual and employer contribution.

1. An employment insurance scheme was established in 1995, and both employers and employees pay into the fund (0.9-1.5% by employers, employees 0.65% of wages).
2. The insurance fund finances vocational training programmes for employees who are currently covered by the insurance or those

- who are unemployed but were previously covered.
3. However, in practice, employees rarely make sure this is right due to Korean work culture - employees tend to take as little time off work as possible. This means that employees often do not take holidays, and even fewer make use of their right to take paid leave to participate in vocational training programmes during working hours.



## **Case Study 6 – Lessons from Ireland**

### **Ireland's National Skill Strategy 2025**

#### **Key strengths**

1. Lifelong learning has been designated as an objective.
2. National culture incorporates a high willingness to learn compared to the rest of the EU. The share of people who did not and did not want to participate (32%) is among the lowest in the European Union (Eurostat 2016).
3. Managerial skills have been recognised as critical to company growth in Ireland.
4. The creation of nine Regional Skills Fora, enables Employer participation in skills development via collaboration optimising return on investment.
5. Strong institutions to ensure skill strategy is impactful.

#### **Impact**

1. The share of young adults with a tertiary degree increased considerably in recent decades and is now significantly above the OECD average (63% of 25-34 year-olds progressed to tertiary education in 2021, compared to the OECD average of 47%), ranking Ireland 5th out of the 38 countries for which data are available.
2. Only 30% of adults have less than basic digital skills (Eurostat, 2022).
3. Participation in lifelong learning lags behind top EU performers. E.g., 14% of Irish adults participated in formal and non-formal education and training (in the last four weeks) in 2021, which is slightly above the EU average of 10.8%, but far behind top EU performers, such as Finland (31%) or Sweden (35%) (Eurostat, 2021).

#### **Key initiatives**

1. Ireland's National Skill Strategy forms part of the Government's long term economic plan and is closely aligned with broader Government policy including Enterprise 2025, Pathways to work 2016 – 2020 and the Action Plan for Jobs.
2. Management and leadership skills have been identified in the skills strategy as vital to help identify and adapt to changing market dynamics and understand customer needs. Importance of managers to up-skill particularly in SMEs formed part of objectives in Ireland's National Skill Strategy 2025.
3. The Management Development Council recommended that a national system for management development be put in place in order to boost productivity, innovation and competitiveness amongst Irish SMEs.
4. National Skills Council set up to oversee prioritisation of skills

needs.

## **Funding**

Funding in Ireland is similar to the UK where employers pay a levy into a fund to support nationwide training. However the OECD have recommended that incentives for greater participation in lifelong learning need to be strengthened.

1. The National Training Fund is a dedicated fund to support the training of those seeking to take up employment, those in employment seeking to upskill, and facilitate lifelong learning. The fund is financed by a levy on employers and collected through the PAYE/PRSI system.

- **Annex I – In summary, we propose the following design principles for a future UK National Skills Strategy**

### **I. Support future productivity and economic growth first and foremost.**

The strategy will need to take into account skills mismatches which are impeding future productivity gains, but will also need to foresee skills needed to transition into a greener, high productivity economy with exceptional public services. This should be the primary goal and that would need clear expression within Skills England and its mission.

### **II. Induce the demand side of the skills market.**

The skill strategy will need to take active steps to increase employer demand for training and upskilling and also create the right sort of employer demand to support the future productivity and growth of the economy. Individuals will also need to be encouraged to take up the right sort of skills which will enable the economy to grow whilst allowing individuals to earn higher wages and have stable and flourishing careers.

### **III. An integrated and embedded National Skills Strategy, across social and economic partners, national and regional governance.**

The national skill strategy will need to cut across and form pathways across regional and devolved strategies; UK's industrial policy; UK's innovation strategy and other national growth plans and develop in conjunction with employers, providers, trade unions and governance at all levels.

### **IV. Pathways to opportunity.**

A skills strategy will need to serve underserved groups and ensure those that are marginalised from learning and the labour market are given opportunities and pathways to develop. The skill strategy should incorporate learning for individuals across all ages and ensure a learning for life culture is fostered in the UK.

- **Annex II – data points on the critical contribution of Level 7 Management Apprenticeships**

John Van Reenen and Nicholas Bloom of the World Management Survey suggest that more than half of the productivity gap between the UK and America can be attributed to poor management practice. In their ranking of organisational performance as measured through established managerial practices, the UK sits below an elite group that is headed by America and also includes Japan, Germany, Sweden and Canada. The issue was also examined in detail by The Economist.

Level 7 apprenticeships, including in management, address long-term skills needs in the economy. CMI analysis of labour market trends suggests that the UK would need 10% more management job postings requiring high-level management skills by 2030 if we are to close the gap with the world's most productive economies.

Contrary to popular myth, CMI data indicate that less than 10% of level 7 apprentices are in FTSE 350 companies.

There is no current trade-off between level 7 and lower-level apprenticeships: both can be accommodated within the existing levy scope without the need for risky and potentially damaging changes to the "all ages, all levels" principle of the English apprenticeship system.

### **Data highlights**

- Level 7 Apprenticeships are vital to both developing and reskilling managers and leaders in the industries critical to UK growth, including digital and technology solutions specialists, AI specialists, post-graduate engineers and clinical practitioners.
- There is growing evidence that essential public services, most notably the NHS, cannot be improved without concerted investment in management and leadership training. Government data found

that 30% of level 7 senior leader apprenticeships are in Human Health and Social Work and 24% are in Education.

- Higher level apprenticeships support social mobility, enabling people who have missed out on - or been denied - a chance at HE to regain access. According to CMI data three in five level 7 senior leader apprentices come from the 50% most deprived areas in the UK.
- The ONS found that the largest positive contributor to productivity growth has been workers with higher-level qualifications.
- CMI data indicates that degree-level management apprenticeships can lead to more than 20% productivity gains, with private sector productivity gains estimated at 27%.
- CMI management apprenticeship data shows that level 7 senior leader apprentices are predominantly working in the public sector
  - 66% work in the public sector or not for profit (59% in the public sector and 8% not for profit).
  - Only 33% work in the private sector.
- 3 in 5 level 7 senior leader apprentices come from the 50% most deprived areas in the UK.

## Myth busting

- **They're not MBAs for Chief Executives** – The MBA element of the Level 7 senior leader apprenticeship standard was removed in 2020. Levy funding cannot go towards an MBA.
- **They're not dominating apprenticeship levy spending** – Despite how they are often portrayed, management apprenticeships are not crowding out other apprenticeship starts. Reports which suggest that higher level apprenticeships are overwhelming the system are one sided. In 2022/23, level 7 senior leader apprenticeships made up just 1.6% of all apprenticeship starts, and level 6, 0.8%.

## Key CMI reports and briefings for further reading

- Apprenticeship Levy 2.0 – flexibility and productivity
- The Future of the Apprenticeship Levy
- Management & UK 2030
- Better Management Report

*27 September 2024*