

Spotlight

Thought leadership and policy

Skills and Apprenticeships: A fairer future?

Seema Malhotra

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Dan Norris





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Local issues, national crisis

As if fighting within his own party wasn't enough, last month Rishi Sunak had to contend with unhappy local authorities. In January English council leaders descended on Westminster with a warning for MPs over the perilous state of council finances. Since 2021, six local authorities have declared themselves bankrupt, with one in five councils saying they expect to be insolvent within the next 15 months.

The overall trend is due to a mix of financial mismanagement and chronic underfunding. Local authorities face ballooning costs in services they provide, such as housing and social care, and the funds they receive from central government decreased by 40 per cent in real terms between 2010 and 2020. Reforms to allow councils to keep more of their business rates have failed to cover shortfalls, prompting the government to inject emergency short-term cash.

The impacts of this crisis are evident

across England, in shuttered leisure centres and unrepaired potholes. But they are evident, too, in a lack of skills provision. Last year, exclusive polling by *Spotlight* found that nearly a third of England's councillors say their local authority had cut adult learning services since 2010. According to the Institute for Fiscal Studies, spending for adult further education will be 22 per cent lower in 2024-25 compared to 2009-10.

Skills is still one of the most devolved areas of government spending. In 2022-23, 60 per cent of England's total adult education budget was controlled by mayoral combined authorities. West of England mayor Dan Norris says this is the right approach (pages 24-26). And as Seema Malhotra, the shadow skills minister, explains (pages 8-11), localised upskilling is key to addressing regional jobs shortages. Further devolution of skills spending would also benefit other public needs – more people training in construction could lead to better-quality housing, for instance.

Given its fiscal discipline, Labour will rely on the private sector to localise skills provision, says Malhotra, with a local "partnership model". But as councils crumble under the weight of financial debt, the question remains – will their leaders have the resources to get involved in that partnership? Or will they have to rely on employers in their areas to do this for them? ●

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Spotlight

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THE NEW STATESMAN

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First published as a supplement to the New Statesman of 2 February 2024.
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The paper in this magazine is sourced from sustainable forests, responsibly managed to strict environmental, social and economic standards.
The manufacturing mills have both FSC and PEFC certification and also ISO9001 and ISO14001 accreditation.

This supplement can be downloaded from:
newstatesman.com/spotlight/reports

The View from Government



Robert Halfon MP
Minister for Skills, Apprenticeships
and Higher Education

“I don’t agree with calls to spend the Apprenticeship Levy on other skills”

This National Apprenticeship Week I’m looking forward to the best part of my job – getting out there and meeting people whose lives are being transformed by this training. From east to west, from arboriculture to audiology, I will be touring the country to congratulate apprentices climbing the ladder of opportunity to better work and higher wages.

Strengthening further education is a key support holding up the ladder, and the Apprenticeship Levy is an important part of this. I do not agree with the calls to spend it on other skills. Its funds have raised the quality of apprenticeships since 2017, making

them respected by employers and sought after by learners. Since 2010 the government has doubled the apprenticeships spend in cash terms, from £1.2bn in 2010-11 to £2.5bn in 2022-23. Diluting its use would significantly reduce the number of apprenticeship opportunities. Allowing employers to use half of the fund for other skills training could have resulted in around 60 per cent fewer apprentice starts in the last academic year, according to official estimates.

The Apprenticeship Levy is a Ronsal levy – it does what it says on the tin: supports employers to take on more apprentices and invest in the high-quality training needed for a skilled workforce. As Jo Shipley, head of apprenticeships at Wolseley UK, a supplier of building materials, says: “We now offer 45 different programmes which we would not be able to facilitate internally. Without the levy we’re not sure we would offer this development and training.”

This levy is part of the huge progress we’ve made since 2010 to transform apprenticeships and skills education. There have been over five million apprenticeships since then, with quality rising through the decade.

There were fewer than half a million people doing apprenticeships in 2009/10. Last year there were over 750,000 participating and training to the more rigorous, industry-designed standards we introduced from 2014. Over 690 different apprenticeships are now available, in roles from nursing to aerospace engineering, each delivering the skills industries seek in new staff.

To expand the potential of these routes, we introduced degree-level apprenticeships in 2015. Since then there have been over 218,000 people starting on these prestigious training pathways. Students benefit from collaborations between top businesses and world-class universities, which fit them for great work, pay them a wage, and don’t charge tuition fees. Like all apprenticeships they offer earning and learning, which is particularly valuable to people from disadvantaged backgrounds. Degree apprenticeships can provide the perfect higher-education gateway for someone who might not otherwise consider a degree due to costs and debt.

This is the great strength of apprenticeships, and we’re continually working to make them more accessible to those who could most benefit from them. We’re currently building a pilot scheme to help training providers to offer quality mentoring to disabled people embarking on apprenticeships so that they can get tailored support from someone who understands their individual needs and circumstances.

We want more care-leavers to access the life-changing opportunities apprenticeships can bring, which is why last August we raised the bursary for those starting one to £3,000. These young people leaving care can now begin their career confident they can cover the living costs usually met

by family. This is on top of the £1,000 available to both the employer and training provider who take on a care-experienced apprentice – making a total of £5,000 of additional funding available per apprentice to boost outcomes for this group.

Small businesses are engines of opportunity, typically employing younger apprentices and those in more disadvantaged areas. We are slashing regulation and red tape for these businesses, including reducing the steps needed to take on an apprentice, and we have already removed the limit on the number of apprentices they can hire. We continue to pay 95 per cent of training costs for small employers, rising to 100 per cent for the smallest firms if their apprentice is aged 18 or under.

Our other skills routes have been built to complement the apprenticeships programme, creating a world-class system where quality is paramount. We have invested £3.8bn over this parliament to expand and strengthen further and higher education. This includes launching high-quality T Levels for 16-year-olds, and £300m for 21 Institutes of Technology to lead technical training in Stem-related industries. Next year we will introduce the Lifelong Learning Entitlement, which will revolutionise the skills landscape. Like getting on and off a train, learners will be able to alight and board their post-school education when it suits them, rather than being confined to a single ticket.

And following the Prime Minister's announcement last autumn, we are laying the groundwork for the Advanced British Standard. This new qualification will combine the best of A-levels and T Levels, putting an end to the artificial divide between academic and technical education.

In my office I have a picture of John F Kennedy, the 35th president of the United States. He once said: "We choose to go to the moon ... and do the other things, not because they are easy, but because they are hard."

Our apprenticeships and skills reforms will take time to bear fruit. I know this because I've been campaigning on them for a long time. Since being elected in 2010, everything I've done has been to champion apprenticeships and skills; I was the first MP to employ a full-time apprentice in my parliamentary office.

I'm doing this not because it's easy, but because it's hard. Every skill learned means better jobs, prospects and security for the apprentice. Kennedy also said: "Our progress as a nation can be no swifter than our progress in education."

And step by step, we are building a skills and apprenticeships nation. Every business that prospers thanks to the people it has successfully trained is proof of that. I know that when I'm out and about during National Apprenticeship Week, from Bodmin to Ipswich, the inspiring apprentices, training providers and businesses I meet will confirm to me that the hard things are worth doing. ●

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Bridging the skills gap

We've progressed on vocational training – but there is more to do

By Alice Barnard

In association with



This year will be a year for change. Half the world's population will have the opportunity to cast their vote, as some 65 countries hold elections.

A (perhaps) lesser-known fact is that 2024 also marks the 20th anniversary of the Edge Foundation – which provides an opportunity to reflect on the progress in the education and skills landscape, as we hear messages of hope from politicians vying for your vote.

Set up to challenge the perceptions around technical and vocational education that entrench social divides and stagnate growth, Edge has spent the past two decades promoting the value of an education system more in touch with the demands of life and the modern working world.

We have come a long way.

Twenty years ago, we spoke in very old-fashioned terms about our ambitions for a world-class technical education system in Britain, mainly focusing on manual professions: engineering, craftsmanship and manufacturing. We sought “parity of esteem” between what some called “academic” and vocational pathways in an effort to legitimise their value among the middle classes. In parallel, significant work with industry was undertaken to transform the training offer for employers, raise standards and improve outcomes in vocational courses and apprenticeships.

Today, a broad swathe of public opinion is overwhelmingly supportive of our mission: 44 per cent believe apprenticeships offer young people better job prospects and preparation for the workplace than university. Nearly three quarters (73 per cent) report they would be happy if a family member decided to take on an apprenticeship, compared with just 17 per cent who would prefer them to go to university.

Confidence in vocational qualifications has grown as the quality of courses has improved. And the focus isn't just on manual professions and traditional industries anymore. Legal apprentices, for example, outperformed other non-apprenticeship candidates seeking to qualify as solicitors in the new Solicitors Qualifying Examination (SQE). Apprentice pass rates were 26 per cent higher on average than the overall pass rate in the exam's first year.

Businesses report they have changed their workforce strategies and hiring processes – moving away from an

over-reliance on academic performance in GCSE and A-levels in favour of other skill sets and attributes. In turn, they are reaping the financial and wider benefits of greater diversity in their workforce. Companies like Amazon, Microsoft and PWC offer apprenticeship courses in data analysis, network engineering, and consulting, with competitive salaries, and rather than selling the idea of vocational training, we now worry about a “middle-class grab” of apprenticeships.

So: can we sit back and relax now that our work here is done? Not quite.

There is still a long way to go to ensure that vocational education powers productivity and growth.

In recent years, there has been a groundswell from just about every corner of society echoing Edge’s position that we need to breathe new life into our sluggish education system. We want to see knowledge-rich learning sit alongside the teaching of skills needed for life and work. From front-line staff working in schools, colleges and universities, to parents and businesses, the arts, sciences, and media – major reports from the *Times’* Education Commission and the House of Lords Education for 11-16 Year Olds Committee, respectively, as well as other think tanks, have shifted the dial.

Changes in the labour market will increasingly require the education system to provide young people with higher-level communication, collaboration, creative problem-solving and comprehension skills. And families recognise this too – a recent report from the Laidlaw Foundation found that parents are not satisfied with a narrow academic focus, but want to see more emphasis on well-roundedness (82 per cent), preparation for future employment (77 per cent) and promoting success beyond academic attainment (72 per cent).

It is enormously encouraging, in the year of a general election, to see every major party scrambling to pitch their plans to revitalise education and skills training, and pledge their support for the institutions, such as further education colleges, at the heart of delivery.

While it’s not usually a top-tier issue for voters, we’re hearing promises from the shadow education secretary Bridget Phillipson to review the curriculum, introduce real-world maths and more oracy, in addition to seeing direction from No 10 itself to end the separation of



academic and technical education post-16 through a new advanced British standard. At last, there is widespread acceptance that essential and technical skills are not for the less “academically” able, but that every young person will need them if we are to address our skills deficits and boost our economic competitiveness as a nation.

After the next general election, many people will be hoping for a quieter period in British politics. But we can’t afford for these pledges on education and skills to be all talk, or a short-term bid to appease public opinion and win votes. Promises of new quangos, skills strategies and reviews can seem like a helpful way to plug a lively debate at a time of fiscal constraint, but any incoming government must see through its promises when it comes to the next era of education and skills reform.

Low public trust in politicians, escalating skills shortages (73 per cent

of UK organisations are currently experiencing skills gaps) and the challenging state of the economy (to put it gently) make these questions of education too costly to ignore.

But if this is what can be achieved in one 20-year period, who knows where we’ll go in the next. Whoever comes to power at the next election, we’ll be continuing to push both the importance of this agenda and hold the occupant of No 10 to account, whether on issues like the advanced British standard, a proposed growth and skills levy, or real-world maths. From swimming against the tide to riding the wave, at Edge we look forward to turning this talk into action. ●

Alice Barnard is CEO of the Edge Foundation, an independent organisation promoting a broad and balanced curriculum and real-world learning. For more information visit www.edge.co.uk

“The Tories are short-changing young people”

Seema Malhotra on Labour’s skills agenda

By Sarah Dawood

The shadow skills minister Seema Malhotra first stood for the Labour Party in 1983, when she was 11 years old. As a candidate in her primary school council elections, inspired by her grandmother and four siblings, she pledged better pensions and more public facilities for children. She didn’t win, but she did come second.

At the age of 15, Malhotra gave her second major polemic. Asked by her English teacher to write about something that “wound [her] up”, she chose Margaret Thatcher. Not much later, when Malhotra was officially a Labour member, she invited the late Glenys Kinnock, a former teacher herself, to speak at her school. Malhotra’s teachers declined, however. They didn’t want students getting “too political”, she recalls when we meet at her parliamentary office in January.

“Obviously, this was like a red rag to a bull,” says Malhotra. She is friendly, if slightly nervous, in a red blazer and matching lipstick. After studying politics and philosophy at university, she started her career in IT consultancy, campaigning for Labour on weekends. She has been the Labour and Cooperative MP for Feltham and Heston in Hounslow since 2011, and on the skills brief since 2023. The daughter of Indian immigrants, she grew up above her family’s shop, which sold school uniforms and jewellery in the west London borough. Her engineer father ran the shop while her mother, a former headteacher, worked with children with special needs in local primary schools. Alongside being an MP, Malhotra also runs a charity called Hounslow’s Promise, which works to provide better access to education and employment for local children from underprivileged backgrounds.

Skills, a policy area that touches economic growth and opportunity, seems, therefore, like a fitting portfolio for the 51-year-old. But it’s not a simple one – the UK faces major skills shortages across multiple industries. The government’s new immigration rules will deter more international key workers from coming to the UK, exacerbating gaps in the NHS, hospitality and social care. Meanwhile, according to Department for Education figures, four in ten 19-year-olds leave school without vital “level three” qualifications – meaning A-levels or equivalent. An estimated 11 million adults lack the



◀ digital skills they need for the evolving economy, according to research by Lloyds Banking Group. A recent survey by the Learning and Work Institute found that there are nearly four million fewer “adult learners” today than in 2010.

The Conservatives have overseen “14 years of decline” in skills and education, says Malhotra. “The economy is changing, and... demands from industry are not being met. There’s a real issue in terms of supply and demand of what we need for the economy, but also what people need to be successful.”

In particular, she adds, there is an issue with the “missing middle” of the workforce in crucial sectors, between qualification levels 3 and 6 – those between A-level and university degrees or equivalent. According to another Learning and Work Institute report, this means that the workforce is “excessively polarised” with too many people in either high- or low-qualified roles, hampering social mobility and productivity, and worsening skills gaps in sectors such as construction, hospitality and manufacturing. Creative subjects have been completely devalued too, says Malhotra. “There is a huge link in terms of personal development [with creativity] but also with inspiring change and being part of what we need to drive the industries of the future,” she says.

Bringing soft skills – such as communication, critical thinking, problem solving and teamwork – into the school curriculum is a core part of Labour’s mission to “break down barriers to opportunity”. Keir Starmer has specifically highlighted the benefits of oracy. It is “incredibly important”, says Malhotra, “to have the confidence to go into an interview, to talk about yourself, to communicate really well, to be able to feel part of a team, and to have the confidence to achieve your own ambitions and goals”.

Conservative policy has concentrated more on science, technology, engineering and maths. Last year, Rishi Sunak announced reforms for all students to study maths to 18. Malhotra wouldn’t say whether a Labour government would implement such a policy, but she thinks that the way subjects like maths are taught needs to be more accessible, intuitive and “relevant” from primary school age. Labour will be undertaking a curriculum review, she tells me, overseen by the shadow schools minister

Youth work experience is key to Labour’s skills strategy

Catherine McKinnell and in partnership with teachers, unions and parents to create a “coherent strategy” of “what a curriculum should look like”.

Work experience will also be central to Labour’s strategy. Placements are crucial for giving young people the chance to experience a workplace and more “clarity” about what jobs exist. “[For some] it’s the first time they’ve had the chance to be in an environment where they actually hear adult conversation,” she says. But while work-related learning used to be compulsory for 14- to 16-year-olds, this was scrapped by the Cameron coalition government in 2012. A Freedom of Information (FoI) request Malhotra conducted in 2013 found that this had resulted in 60,000 fewer work experience placements in the first year of that policy. In 2021, Keir Starmer pledged that he would reintroduce such placements.

Labour has ambitious targets to get 85 per cent of young people into “sustained” (at least six months) education, employment or training by 2030, with 70 per cent in higher education. But many students lack guidance, says Malhotra. A vital first step is “to make sure we’ve got the investment in our teachers, recruitment and retention”. The party has also committed to employing 1,000 more careers advisers in schools. “I hear time and time again,” she says, “[from] young people who say, ‘I never knew this was open to me, I never knew it was a possibility.’

“This is short-changing young people with the information, advice and support they need to make decisions for the long-term.” Helping them to be “more confident in [their] choices” could be a boon to social prosperity.

Devolution will be crucial to filling skills gaps. Labour has pledged to set up Skills England, a new national body that will identify shortages across the economy, create accredited courses in partnership with government,

industry and the education sector, and inform a skills strategy.

Labour also plans to rebrand further education colleges as “technical excellence colleges”. These will have specialisms based on the needs of local economies and will join up with schools’ improvement plans for key skills. Courses will be taught with nearby industry partners to help transition young people from education into the workplace.

But local government is in dire straits – a growing list of authorities and councils are going bankrupt. How will they have the resources to fund a localised skills strategy? The private sector will be essential to this, says Malhotra: “Local authorities have been subject to their own decade of decline. That’s why it’s really important to have our systems working together... it’s got to be a partnership approach.”

Cooperation with the private sector comes up a lot in our conversation, which is not surprising, given Starmer’s focus on positioning Labour as the “party of business”. Malhotra, who says her parents’ shop sparked an appreciation for entrepreneurship and small business in her, is adamant that collaboration between industry and government will be vital to her brief.

“It applies to how we set the demands for where the skills needs are, but also through delivery with employers, engaging with our schools through work experience, engaging in our qualifications through apprenticeships and T-levels... and in delivering technical excellence colleges,” she says. She believes this will be “transformative” for skills strategy and delivery.

Labour will also reform the Apprenticeship Levy, which the shadow minister says has “failed”. Introduced in 2017, it requires employers with an annual payroll of more than £3m to contribute 0.5 per cent of their total income to fund apprenticeships. Employers that pay into the levy can access that money, plus a government top-up, for apprentice training. But detractors claim it is hard to access, not financially viable for small businesses, and inflexible.

“Businesses have lost confidence” in the levy, says Malhotra. Since 2017, there have been 200,000 fewer people starting apprenticeships, and over £3bn in unspent levy money. Labour’s answer is a reformed growth and skills levy, which will give employers more “flexibility” on



The Apprenticeship Levy has failed businesses and individuals, says Malhotra

training and spending. Businesses would have the freedom to use up to 50 per cent of levy contributions on non-apprenticeship training, based on a Skills England-approved list of qualifications. This includes more “modular” courses that can be completed alongside a job, rather than full-time apprenticeships.

One of the UK’s core skill-shortage areas is in green jobs, such as renewables engineering. The shadow chancellor Rachel Reeves has pushed back the party’s £28bn green prosperity plan, with this level of annual investment not expected to be reached until 2027. Last month, the party also denied claims it was dropping the pledge altogether. How can Labour invest in green skills without the financial commitment?

Malhotra repeats what has become a familiar line on the £28bn figure: “It isn’t going to all be about the size of investment on day one; this has got to be a plan over a period of time. We’re looking at... a decade of renewal in our skills... as we increase and ramp up that investment to £28bn. [And] we’re inheriting a really difficult set of circumstances from the Conservatives.”

A national skills strategy and skills framework will be key to addressing gaps, she says. Labour will develop these in line with the party’s industrial strategy and green prosperity plan.

“We aren’t going to deliver an industrial strategy across different sectors without having a skills strategy underpinning it,” she says.

In 2020, the government dropped the New Labour target of getting 50 per cent of young people in England into university. In his party conference speech last year, Rishi Sunak described Labour’s higher education target as “one

of the greatest mistakes of the last 30 years”, claiming it led to a devaluing of degrees.

In his Labour Party conference speech, Starmer said the Conservatives had “levelled down” people’s aspirations, speaking effusively about the right of working-class people to tertiary education. But should everyone go to university, I ask Malhotra?

“Some of the narrative we have of university vs vocational, technical education, is extremely unhelpful,” she says. The drop in apprenticeship starts and adult learners shows that “things have moved backwards”. People need to be able to choose whether they go to university, vocational education, or both – better partnerships between further and higher education institutions and more flexibility could mean that some students do apprenticeships, then convert their training to a degree. Others might want options where “learning is combined with working”.

More flexible models of learning will help older people back into the workplace too, says Malhotra. Economic inactivity in the UK is at an all-time high, with 2.5 million people out of work due to long-term sickness, and record numbers of over-50s leaving the workforce.

“I see in my constituency a lot of people who want to get back into the workplace but who struggle to get back, whether it’s for skills, or it might be confidence for getting through an interview or dealing with ill health or caring needs,” she says. “That’s why I think having colleges at the heart of our communities... is extremely important”, as is “the devolution of our adult education, budget and powers”, she adds.

Our time is up, but before Malhotra rushes off to another meeting, she asks one of her staff to take a few snaps of us on his phone – “candid” and “posed”. She frantically searches for her keys on her desk and tells me as she dashes out of the room, “If it’s important, I’ll lose it.”

She may now be a shadow minister, but Malhotra’s values have remained fairly consistent since that first election in 1983. Her aim, she tells me, is to ensure young people have opportunities like she did: “It’s about making sure that young people are more confident in the choices they’re making for themselves – and that we have a system that is enabling that.” ●

“The university vs technical education narrative is very unhelpful”

How to improve the Apprenticeship Levy

Flexibility is needed to fix the skills pipeline

By Ed Almond

In association with



Apprenticeships are a valuable way of developing skilled engineers and technology specialists to maintain thriving and world-class UK industries, solve humanity's global challenges and deliver tomorrow's commercial opportunities. Their value is unquestioned in terms of career progression and development. But, as with everything, we need to assess and refine policies to ensure they are fit for purpose and realising their full potential.

We know that businesses have long been calling for improvements to the Apprenticeship Levy regime, including asking for greater flexibility for businesses to be able to reallocate unspent money. While the levy does work well for many employers, the 2023 Institute of Engineering and Technology (IET) Sustainability Skills Survey found that 45 per cent of engineering employers surveyed think there should be more flexibility, 47 per cent saying there should be greater awareness of how it works. In particular, they say it needs greater flexibility and support for SMEs, as they are often critical in the innovation system, but have least confidence in utilising the levy.

Skill shortages

Research from the 2023 IET Skills for a Digital Future Survey found that the UK has persistent and critical skills gaps in new technologies – with nearly half of employers agreeing that it harms productivity, and over a third concluding that it restricts growth.

In total, England faces a shortfall of 2.5 million highly skilled people by 2030. However, the Industrial Strategy Council's research estimates that more than 80 per cent of the UK's 2030 workforce has already left the education system. This means that upskilling and reskilling current employees will be critical to closing the UK's technical skills gap, and hence driving the innovation that creates sustained economic growth. Over half of UK engineering employers in the IET Sustainability Skills Survey favour upskilling and reskilling as a way to reduce skill shortages, and report that this would have the biggest impact in addressing their skills shortages.

However, among employers in ten countries surveyed, the UK was the least likely to offer training in new

technologies (15 per cent) – a critical skills gap in the future workforce.

Repurposing funding

Only around 4 per cent of employers are spending their full Apprenticeship Levy funding, according to City and Guilds, while a Freedom of Information request in 2022 revealed that, under the government’s “use-it-or-lose-it” rules, over £3bn of unused Apprenticeship Levy funds had been returned to the Treasury since May 2019.

This is a clear missed opportunity: if employers were able to repurpose that money into upskilling and reskilling their employees, this would cover the annual training costs of around 200,000 employees and help substantially reduce the £1.5bn burden Stem businesses are facing due to skills shortages.

Upskilling and reskilling 200,000 more workers per year, particularly with micro-credentials in digital skills to harness new technologies such as AI, would also boost the productivity of the UK economy. If we use the government’s 2019 Employer Skills Survey estimate of there being a £2,500 annual training cost per (new) employee, with McKinsey’s low-end estimate of a 6 per cent productivity gain per worker and the OECD’s estimate of £43 of productivity per worker (GDP per hour worked), then we can estimate that a reformed Levy might generate around £858m a year

from productivity increases alone.

Technology potential

“Digital twins” are a prime example of the potential of new technologies: the concept of a digital twin has existed in various forms since early space exploration, where it was referred to as a “mirrored system” and first used by Nasa nearly 50 years ago to rescue the Apollo 13 mission. The term “digital twin” itself appeared in the early 2000s. In the current workplace, digital twins, combined with other new digital technologies such as AI, can enable cutting edge solutions to various sectors. For example, the IET’s 2019 *Digital Twins for the Built Environment* report found that in manufacturing they can provide predictive maintenance models and reduce downtime by 30 per cent. The concept has huge potential for the UK, but the skills deficit has led to a lack of adoption, meaning it is not being harnessed to its full capability.

Our sustainability skills survey shows that, compared to other countries surveyed, UK engineering employers are least likely to recognise digital twins as a priority technology for reaching net zero, with only 3 per cent from the construction sector identifying it as important. Furthermore, less than a quarter of respondents think that the UK has the skills needed in this field. It is a clear example of an area where skill

shortages are having an impact on the UK as an innovation powerhouse.

Micro-credentials

The UK should focus on support for upskilling and reskilling for lifelong learning by establishing a small funds initiative alongside the Apprenticeship Levy, which will enable unused funding to be rapidly and effectively re-purposed depending on an employer’s skills gaps.

Alongside this, a series of micro-credentials – bespoke short courses – in areas of cutting-edge technology such as digital twins or AI would enable UK employers to remain competitive and agile in a changing environment. Short training courses would also allow employers to gain a greater awareness of new technologies and how they can be utilised by their business in an informed way – without needing to invest in expert training, which can be expensive and time consuming before yielding results.

Flexibility is key

Creating a small funds initiative alongside the Apprenticeship Levy to allow unused funds for short courses in areas of critical skill shortages, such as new digital technologies, would support UK businesses’ innovation and growth, as upskilling is foundational to an approach which puts innovation at the heart of the UK economy. Training often takes time that workers and businesses, particularly SMEs, don’t always have when it comes to new technologies such as AI. That is why it is important that this model brings greater agility to the current system.

The next decade presents challenges on national security and net zero that will require the mass mobilisation of new digital and sustainability-themed technologies. This requires government to provide a skills training system that focuses on what employers are asking for – flexibility. Small but important reforms to the Apprenticeship Levy would allow employers to upskill and reskill in priority areas. Giving employers the flexibility to decide where funds are used will amplify the economic benefits of upskilling. ●

Ed Almond is the chief executive of the Institution of Engineering and Technology.

The full survey can be found on theiet.org



Allowing unused funds to be redistributed to skills training would catalyse growth

INSTA PHOTOS / SHUTTERSTOCK

The grey return

Why do we let older workers leave their jobs so easily?

By Samir Jeraj



Many column inches have been devoted to the “Great Resignation”, the recent wave of people in their twenties and thirties leaving jobs they didn’t like. But it is the Covid-era trend of older workers leaving the workforce that poses the bigger challenge for the economy.

In autumn 2022, the Office for National Statistics estimated that, by July the same year, just under 400,000 more adults aged 50-64 had become economically inactive compared with before the pandemic. Many either retired early, developed long-term health conditions, or were made redundant and thereafter unable to find another job. This is one of the factors, along with Brexit, driving the UK’s labour crisis.

In its focus on economic growth, boosting employment, and reducing the costs of the benefits system, the



UK government wants to get over-fifties back into the workforce. But efforts have been fitful. In July 2022, the government announced a £22m package of support for those wishing to re-enter the job market. In the 2023 spring Budget, Chancellor Jeremy Hunt announced a “returnerships” initiative modelled on the idea of apprenticeships – but this was quietly downgraded to redirecting older workers to existing schemes just a few months later.

Since Covid, a record number of over-50s are not in work

“What we saw before the pandemic for a good two decades or so was an improvement in the employment rate of [over-]fifties,” said Luke Price, senior research and policy manager for work at the Centre for Ageing Better, a non-profit. “And then the pandemic hits.” People often leave the workforce for a mixture of reasons. Some, for example, are forced into retirement either because of poor health or because the workplace is not willing or able to support staff with long-term conditions.

“The right employment opportunities aren’t there,” he added, and “employers aren’t thinking about how they structure work to enable all the workers with health issues to engage”.

Price would like to see changes to employment support services, such as the government’s Work Programme, which is meant to support the long-term unemployed, and the Work and Health

Programme, which is meant to help people look for a job. These initiatives do not meet the needs of older workers, he said, adding: “I think what we need is a targeted employment support programme, because that’s got the best chance of addressing [the] systematic disadvantage that older workers might face.”

Employees over the age of 50 are also more likely to have caring responsibilities, from children and grandchildren to partners and parents. As has been amply documented, women over 50 take on a disproportionate amount of that care. Price wants to see progress beyond what was achieved with the Carer’s Leave Act 2023, which comes into force on 6 April, to stem the tide of older workers leaving the job market. This new legislation will give workers who are carers ten days of paid leave and six months of leave, but ▶

◀ Price believes it needs to go further.

One of the solutions being piloted by government via Jobcentre is “midlife reviews” or “midlife MOTs”, which help people assess their skills, health, finances and career. More businesses should be encouraged to introduce midlife reviews for their staff, said Price, but they could also be useful for people who are out of work, helping them plan for the future, including re-entering employment, reskilling or upskilling.

Anna Savage is a manager of the Age at Work Programme at Business in the Community, Scotland, a responsible business network. She helps her clients “rebrand”, recognising the skills that they have developed throughout their lives, communicating that effectively, and finding relevant job opportunities. A lot of the people Savage meets are returning to work after a protracted period of caring for someone, or their own ill health.

“Many of those people have only had one or two jobs, so for them the process of getting back to work is really quite scary,” she explained.

One of Savage’s clients was made redundant from the airline industry during the pandemic. The economic crisis meant they struggled to get back into it – but they also found it difficult to recognise that the skills they had developed as a project and operations manager could be deployed elsewhere. With support, however, they found a similar role in train travel.

“Sometimes people... have got skills that are really, really easy to transfer, but they can’t envisage transferring them,” Savage said.

Financial pressure is one reason people want to rejoin the workforce, but a sense of purpose is often part of it too. “The right amount of work is good for you. Even if you do have a health problem, that doesn’t mean you can’t do anything,” she said, adding that flexibility is key to the over-fifties being able to re-enter employment.

The think tank Demos estimates that in the UK 800,000 over-fifties are currently unemployed but would like to return to work. It commissioned a survey of 1,068 people aged 55-75 and a series of focus groups to find out the views of that age group on work. While there were many people who wanted to be in employment, they also found the opposite was true for some. Those who

leave work and “describe themselves as retired are pretty unlikely to return”, said Andrew Phillips, a researcher at the think tank.

Despite being an urgent economic challenge, the government has been slow to act. “It’s classic British policymaking,” said Phillips’ colleague Andrew O’Brien, director of policy and impact at Demos. “We wait for a massive problem to emerge, and then we start panicking about how we’re going to fix it. Demos’s evidence shows “that the horse has bolted already”.

O’Brien is critical of the government’s use of tax breaks to tempt people back to work, rather than focusing them on people in their fifties who are currently in work but at risk of leaving. Demos believes people should be supported so that they don’t leave the workforce earlier than they want to. Ways to enable this include reducing their working days over a longer period to give people greater flexibility for caring responsibilities or to cope with ill health.

One of Demos’s proposals is that the government could offer an incentive, or a “thank you”, to older workers in key industries to encourage them to stay on. This would help mitigate the skills and labour crises in those sectors. “It was an undercurrent in some of the focus groups that people don’t necessarily feel like they are always appreciated by their employers,” said O’Brien.

Demos is also looking at how government could subsidise occupational health services being provided by employers to prevent workers developing long-term conditions, and to support staff with poor health. Similarly, better redundancy support and retraining could, Phillips and O’Brien explained, help people stay in work longer when faced with unemployment in their fifties. Currently, a lot of services for people who have been made redundant only

“Many people can’t envisage transferring their skills”

kick in once they have run out of money.

“We know that European countries are spending a lot more money on CPD [continuing professional development] in-work training, vocational education for their workers,” O’Brien said. This means they have a much more flexible workforce that can be deployed in different roles. It was only as recently as a decade ago that the UK had a similar rate of employment among over-fifties as Germany, said O’Brien. What’s missing here is investment in training.

A government spokesperson said that “getting older people back into work is a key priority for the government”, adding that “this age group has a lot to offer”. The government is investing £2.5bn in the Back to Work plan announced in the Autumn Statement, which will provide extra support to 1.1 million, including older people, and £2.7bn to support more apprenticeships, the spokesperson said.

They added that eligible job-seekers aged 50 or over on Universal Credit receive additional work-coach time, and there are dedicated 50Plus Champions working in job centres. The midlife MOT and the digital MOT are open to everyone, including people out of work not claiming benefits. The spokesperson highlighted that the government has invested more than £150m to expand free flexible skills boot camps and free courses for job training schemes.

But for O’Brien, there is a more fundamental question at play: what type of economy do we want?

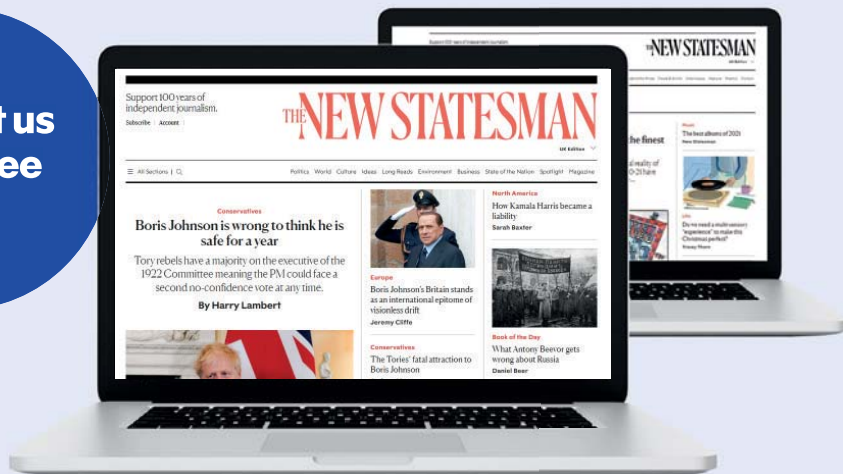
“We could end up sleepwalking into maintaining our low-growth, low-productivity setting, by excessively trying to extend people’s working lives,” he said.

In countries that have an earlier retirement age, such as France, the economy has higher rates of saving and investment in capital that increases productivity. In Britain, meanwhile, “we are addicted to labour over capital,” O’Brien said. His alternative is to boost savings, which would allow people to retire earlier. This would then unlock money for investment in the capital needed to boost productivity – and it would force firms to focus on using capital, rather than trying to squeeze a few more years out of their labour force. ●

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Towards a National Employment Service

Jobcentre Plus must reframe its focus beyond skills

By Victoria Head

In association with



Public opinion towards JobCentre Plus (JCP) in the UK is decidedly mixed. While most people would ideally see these centres as essential support structures that offer hope and guidance to job-seekers and those needing financial help, they are often viewed as places of frustration, punishment and stigma. Processes are bureaucratic, there are often delays to benefit disbursement, and there is a drive for staff to place job-seekers into the first job available, suitable or not.

While it is essential to recognise that JCP provision is integral to the UK's social safety net, it often falls short in matching job-seekers with roles that offer immediate income and long-term sustainability. Instead of focusing on quality interactions with work coaches who guide individuals towards sustainable and engaging career paths, the emphasis tends to fall on completing tick-box exercises, in which individuals must spend at least 35 hours per week on an application to “earn” their benefits. This is often no fault of the JCP staff, who lack the capacity and incentives to spend time with candidates to identify barriers to work, and explore jobs and career opportunities that could lead to long-term employment.

In France and Germany, over 70 per cent of job-seekers utilise public employment services. In the UK, however, less than 20 per cent engage with these services – significantly below the European average of 54 per cent. It prompts us to question where our employment services may have gone astray.

Any job will do?

For too long, the dominant mantra of employment services has been “any job will do”. As revealed in a report on skills by the former education and employment secretary David Blunkett, Jobcentre Plus has often focused on filling vacancies quickly rather than considering the long-term consequences for job-seekers due to issues with under-resourcing. As a result, many individuals find themselves trapped in dead-end jobs, unable to progress their skills and aspirations. A “one-size-fits-all” approach may cost less in the short term (and reduce unemployment statistics) but it is an ineffective long-term solution. Individuals might never reach a

sustainable and liveable income, or may drop out of the workforce at the first hurdle.

“Jobs” themselves are also not as simple as they once were. This is a good thing. We no longer need to divide people into traditional trades that follow assigned training pathways. New creative, digital, tech, and green roles mean those entering their first job or those who wish to reskill and upskill have the opportunity to join growing industries that will provide them with sustainable careers.

Under the current financial constraints, offering the space for a tailored service takes time and effort. While colleagues working at JCPs want to give job-seekers the best opportunity to find employment, the current structure often means that jobless individuals are “passed from pillar to post”. This creates confusion for the job-seeker and can often pose barriers to helping them into work. It is also expensive.

Upskilling and reskilling

What could JCP look like? Rather than a place of last resort, JCPs could be vibrant hubs offering opportunities and guidance for those seeking work. They should be places where people learn new skills, explore different career pathways, and are supported to access other services to overcome their barriers to work.

They could also be reskilling and upskilling centres. Beyond the traditional skills routes, Jobcentre Plus must cater to the industries of the future, offering training in digital skills, green skills and the creative industries. Politicians have started to recognise that. Labour’s shadow employment minister Alison McGovern regularly calls for Jobcentre Plus to allow people to retain their benefits while in education or training for long-term careers, rather than being pushed into short-term fixes.

Dedicated career counselling services should be central to the job-seeking journey. Experienced professionals can help individuals explore new career paths and set achievable goals. At Catch22, we have been working in employment services for many years. Our work coaches get to know people as individuals and understand what motivates them. We also provide wrap-around support that covers mental health, clothing and travel, which can pose real barriers to finding work.



Catch22’s work coaches provide holistic support, not a tick-box exercise

We have also found that providing people with three to six months of in-work support is key. This is particularly true post-pandemic, when many people are looking to re-enter the workforce after prolonged economic inactivity.

That is why programmes like the TikTok Creative Academy delivered by Catch22, are so effective; providing young people who face barriers to work with the opportunity to learn about jobs in the cultural and creative industries, build their employability skills, and connect with prospective employers. Our other programmes – such as Digital Edge and Digital Leap, two skills programmes funded by, respectively, Microsoft and Salesforce – provide general employability support as well as digital role insights. The national average for staying in work six months after being placed at a job by JCP is 37 per cent. Our programmes achieve, on average, 63 per cent.

The future of welfare-to-work

I started working in the welfare-to-work pipeline more than 25 years ago. During

that time, I saw governments come and go. These problems are stubbornly cyclical. One government’s struggle with keeping unemployment rates down becomes another’s tendency to allocate people any jobs leaving them to suffer from skills gaps later. A lot of political space is spent criticising people receiving benefits for not returning to the job market. The solution is not individual blame but addressing the concerns of each new generation with new facts and expectations.

People look to their parents and grandparents as ambassadors; but for many, their blueprint is no longer relevant to the job market. This is where a good work coach makes a difference. They do not simply funnel people into another coding programme but guide you to navigate the tech industry and advise you on where you belong. We have the opportunity to transform JCP so it looks beyond skills and towards aspiration. ●

Victoria Head is strategic director of employability and skills at Catch 22.

Comment



Dr Anne-Marie Imafidon
CEO of Stemettes

“Good skills policy will close the gender gap in Stem”

Skills policy encompasses a range of outcomes that impact society, from childhood education to the workplace, influencing both health and economic aspects. As an advocate for diversity in Stem (science, technology, engineering and mathematics) subjects, I have come to appreciate the potential of good skills policy in addressing the Stem gender gap.

When I founded the social enterprise Stemettes in 2013, my goal was not to address a skills gap but to bridge a participation gap by providing young women and non-binary individuals with information about opportunities in Stem. Then, only 13 per cent of the UK's Stem workforce were women. Today we're approaching 30 per cent.

Back then, numerous reports and recommendations from institutes, all-party parliamentary groups (APPGs), and think tanks

emphasised the need for more role models, better support for women at work, and increased funding across the ecosystem. Despite policy pushes for change at scale, contradictions such as the co-existence of the Equal Pay Act and the gender pay gap frustrated me, leading me to focus on front-line work rather than creating more laws or policy. Today, the skills landscape has evolved somewhat, influenced by the growth of the Stem sector, events such as the Covid-19 pandemic, and the AI frenzy of 2023. Has there been enough fervour for upgrading policy to ensure gender balance across Stem?

Last year, Stemettes' tenth birthday roundtable discussions in Newcastle, Birmingham and London revealed the impact of the absence of women's names in the national Stem GCSE and A-level curriculums. Curriculum change and policies promoting equity could be transformational.

Closing the Stem gender gap is achievable through the evolution of good skills policy. An equitable approach to inclusive practice across the skills landscape is crucial. The Youth Equity and Stem project, a five-year collaboration led by the Institute of Education at University College London, produced an Equity Compass resource, which emphasises the need to recognise and value differences between people to ensure a strong connection to Stem. The project highlighted the need to change structures and practices that perpetuate inequalities.

Listening, hearing, and acting on the demand for skills from individuals, especially young women and non-binary people, is key to successful policy. Allocating resources to organisations working to close the gap is crucial. Many in this space struggle for funding, often leading to their disappearance or ruin. Good skills policy should ensure sustained provision while the broader landscape catches up to adequately supporting women.

Engagement with our closed Stemettes Society network in January underscored the importance of provisions beyond the classroom for young people. Informal science learning organisations, community groups and charities play a significant role that is often overlooked in wider policy discussions.

Finally, good skills policy can close this persistent gap by supporting those in the majority with core skills. Empowering managers, leaders, academics and others in Stem spaces with skills that enable them to understand, connect with and value women in Stem is crucial. Collaboration, communication and connection are not just future skills, they are essential now. Closing the gap requires building these skills to foster innovation and ensure the inclusion and value of individuals of all genders, across Stem domains.

Let us champion good Stem skills policy, advocate for better practices, and ensure a distribution of skills that enables society to solve problems faster than they arise. Here's to closing the participation and skills gaps simultaneously. ●



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A new solution to the UK's skills challenge

Real change is possible, even for the most complex cohorts

By Grace Duffy and Aman Johal

In association with



For a generation, the shortage of skills, from construction to science, technology, engineering and maths, has undermined UK productivity and economic growth. The challenges of an ageing population and rapid technological developments require us to think differently about lifelong learning and how to more effectively tailor services to meet a broader range of needs. But more pressing is today's very human problem – a lack of skills remains one of the greatest barriers to opportunity.

Whether it is the 700,000 young people in the UK not in education, employment, or training, the one in four former prisoners who return to prison rather than to employment, or the record numbers of people who are economically inactive, there is a common thread: traditional public services are failing to achieve real change. But there is a solution, and it is as simple and obvious as it is radical. Instead of providing one-size-fits-all services, put the person at the centre and organise the service around them.

Social Outcomes Partnerships are a means of providing the personalised, asset-based and holistic support needed for people like Jake (not his real name). He was due to be released from prison on Christmas Eve with no home and no job to go to, and would most likely have become yet another rough sleeper. Instead, Jake was referred before his release to this new type of service. The Kirklees Better Outcomes Partnership (KBOP) set out not just to put a roof over Jake's head but to open the door to a successful future.

Too often traditional public services focus on immediate or isolated interventions in place of a holistic plan, failing to address the root causes of problems like homelessness or criminal activity, such as a lack of skills and poor employability. Had KBOP been a traditional housing service, its priority would have been providing supported accommodation that would have restricted Jake's ability to work. But KBOP listened to his long-term aspirations to return to employment and re-engage with his young family. They used his drive to turn his life around as the motivator for doing things differently – KBOP funded his Construction Skills Certificate, purchased site equipment so he could

get a job, and provided a bond for the deposit on his privately rented accommodation. Instead of giving him what a service might have assumed he needed, KBOP supported Jake to lead his own resettlement and journey to sustained independence.

For complex social issues, Social Outcomes Partnerships such as KBOP offer a more effective, better-value way to deliver public services. Unlike traditional “pay-for-inputs” where the public sector pays service providers regardless of whether outcomes are achieved, or “payment-by-results” models, which incentivise tick-box activities and quick wins, the outcomes approach focuses on meaningful positive milestones. Without the constraints of detailed specifications or artificial key performance indicators, Social Outcomes Partnerships enable collaborative design and tailored, personalised care, making them particularly effective for individuals who would fall through the cracks of the current system.

Importantly, Outcomes Partnerships can adapt to evolving issues rather than being tied to activities everyone can see aren't working. Take the Department for Work and Pensions' recent Restart scheme, which was supposed to help long-term unemployed people back to work but cost more and delivered less

than expected – the restrictive contracts didn't allow for the necessary adaptation and tailoring of services to respond to the realities of delivery, which were quite different to the theory of their design. People aren't single-issue, and nor should our services be. We should bring skills into housing, refugee and domestic violence services, and we should consider the whole person when seeking to improve their skills.

Under the Social Outcomes Partnerships model, social investors including government, philanthropic foundations and pension funds' place-based allocations provide the upfront delivery funding for a consortium of specialist, local delivery partners. They are paid back only when pre-agreed meaningful outcomes are achieved and evidenced. How those outcomes are reached are for the front-line delivery experts to determine, in collaboration with the people they are supporting, resulting in more effective services and more sustained outcomes.

The UK's leading social impact investor, Big Society Capital (BSC), has invested alongside others in many Social Outcomes Partnerships, including those delivered by Bridges Outcomes Partnerships (BOP), which have achieved incredible results. In Greater Manchester, Outcomes

Partnerships addressing long-term homelessness reduced rough sleeping by over 60 per cent over three years at 70 per cent lower cost than comparable services delivered by traditional contracts. In London and East Anglia, outcomes-based family therapy delivered an average 25 per cent better outcomes for 80 per cent more families at 20-50 per cent lower cost per family, keeping more children safely out of care. An independent analysis for BSC – Outcomes for All – of ten years of Social Outcomes Partnerships found that for every £1 that government spent paying for outcomes, the projects had delivered £10 of social, economic and fiscal value, including £3 in direct budget savings.

There is growing evidence that high-quality, holistic, person-centred services are not a luxury, they are an investment which pays back. So BOP and BSC are calling on the next government to expand the use of Social Outcomes Partnerships when personalised services are needed, and to think about the skills agenda more holistically. A future Labour government should remove restrictive, outdated procurement and budget rules that hamper long-term decision-making. Instead, Labour should give local authorities the freedom and flexibility to invest in preventative, person-centred services that achieve better outcomes and ultimately reduce costs in the long run. By focusing on outcomes, Labour can liberate front-line experts to use their expertise as they know best – to truly help people.

Effectively dealing with our skills crisis will achieve positive results for public spending, productivity and the economy. But fundamentally this is a human issue – too many people are simply unable to achieve their potential, trapped in systems beyond their control. This model of personalised, asset-based and holistic support offers hope for those who have too often been abandoned by the state or considered beyond help. It is a model with people at its heart. ●

Grace Duffy is director of policy, influencing and engagement at Bridges Outcomes Partnerships. Aman Johal is managing director, head of social outcomes at Big Society Capital. For more information visit: bigsocietycapital.com



The “class ceiling”

Can skills policy boost equality of opportunity? The evidence is mixed

By Harry Clarke-Ezzidio

It is harder to climb the social ladder in Britain than in many other developed nations. According to research by Goldman Sachs from 2018, Britain is one of those countries where incomes are most likely to stay the same across generations. And this year, the Institute for Fiscal Studies (IFS) found that it is harder now than at any time in the past 50 years for people born in lower-income families to improve their socio-economic status.

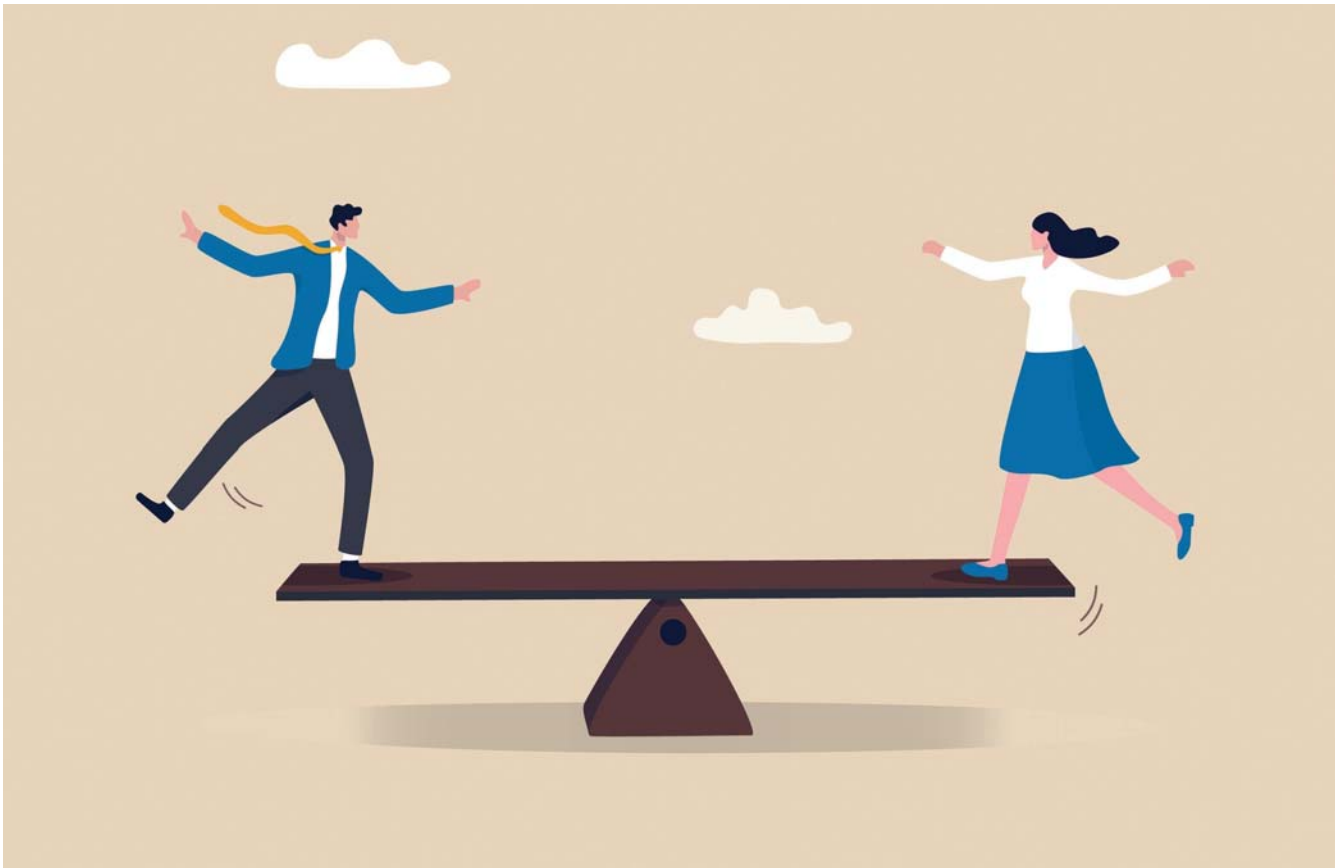
Labour has pledged to break through “the class ceiling” with its “national mission” to “break down the barriers to opportunity”, while another of its missions promises sustained growth that will make “everyone, not just a few, better off”. Spending on skills and apprenticeships is often billed not only as a driver of growth, but as a lever of increased social mobility. But how far can a skills agenda go in helping to achieve more equal opportunity?

Research on the specific impact of adult skills provision is sparse, and the evidence is mixed. Government reviews in 2006 and 2016 looked at the link between skills and social mobility, but neither provided concrete evidence that the former leads to the latter. Nor did they focus specifically on adult skills.

If Labour connects skills policy with its aims on social mobility, regional governments ought to play a central role. Adult skills-spending is one of the few universal policy areas that metro mayors across the country control. Since 2017, regions with Mayoral Combined Authorities (MCAs) have been responsible for spending their allocated Adult Education Budget (AEB), which was once exclusively held and distributed by central government. (In 2022-23, 60 per cent of England’s total AEB was handed to MCAs.)

Regional leaders, who know their areas better than civil servants or Labour Party officials in SW1, believe they are best placed to decide on local skills spending. Dan Norris, mayor of the West of England, wants Keir Starmer to give him more power over skills and jobs programmes if Labour forms the next government.

When he won the mayoralty from the Conservatives in 2021, Norris told *Spotlight*, the skills programmes his predecessor Tim Bowles had devised were “not necessarily the most



Labour has pledged to break the “class ceiling”

productive [for the] region”. The initiatives reminded Norris of programmes he used to run in his former career as a social worker, mostly focusing on engaging with “people who were quite distant from the job market”, such as those struggling with mental health issues. Initiatives to upskill people already in work, improve their prospects and wages and meet the needs of employers in the region, were limited.

Norris has now changed focus. Support for people struggling to get into work “isn’t really a jobs challenge – it’s another kind of challenge that other parts of the system should deal with”, he said. The West of England Combined

Authority now offers courses “futureproofing” skills for vocational workers, including electricians, welders and retrofitters, but also filling current shortages in areas such as social care and bus-driving.

One area of concern for Norris is that the University of Bristol has some of the lowest acceptance rates for white working-class males in the country. This reflects a wider trend. According to a 2021 education committee report, in 2018-19 the percentage of white British pupils on free school meals who start higher education by 19 was the lowest of all ethnic groups, aside from the traveller community.

While Norris wants university attendance rates to improve, he also wants to introduce other kinds of training for people to build skills and get jobs in the region. Norris points to the £4bn gigafactory being built by Jaguar Land Rover in Somerset, set to open in 2026, as an example. The factory will be located in an area with “historically very high unemployment, particularly among working-class people”, said Norris. Locals not at university “could jump

from where they are now, to [acquiring] the skills needed”.

Across the country “there’s a variation between the combined authorities in terms of the impact they’re having” through their skills policy, said Stephen Exley, head of policy, PR and public affairs at the LTE Group, a training and further education provider. A big part of that, he suggests, is down to the large variation of funds available to each MCA, with more funding for regions with big cities. In 2023-24, for example, Greater London and the West Midlands Combined Authority have increased their AEB budgets by 13.5 and 10 per cent respectively, on top of the funding they get from central government. Meanwhile MCAs in less affluent areas – Tees Valley; West of England; North of Tyne – “have less wiggle room in their budgets”, said Exley, and will not increase them from the baseline figure.

These disparities, Exley believes, could hamper efforts to balance the UK’s unequal economy: “Not only do ▶

Skills spending is often billed as a lever of social mobility



West of England metro mayor Dan Norris

◀ you risk having those funding gaps between the devolved areas and non-devolved areas [increase], you also have the risk of gaps emerging between the different devolved areas.”

If the link between funding for skills and equality of opportunity has yet to be fully evidenced, the connection between regional inequalities and poor social mobility seems clearer. Last year’s IFS study found that people born in London are more likely to earn higher wages than their parents, compared with those from big northern cities such as Manchester, Leeds and Newcastle.

In 2019, the government’s Social Mobility Commission (SMC) asked whether a decrease in adult skills investment was hurting social mobility. The SMC noted research which suggests that, while there may be a “small positive relationship” between participating in adult educational classes and subsequent qualifications gained from them, the “magnitude of this relationship varies widely”. Studies on “the relationship between adult skills and social mobility have been similarly mixed”, the report found. Any social mobility gains from adult learning

become apparent in the medium-term, and these tend “to accrue most to younger adults (aged less than 25)”.

What is clear is the appetite for education. Nearly half of adults (49 per cent), a record high, are either currently learning or have done so within the past three years, according to research from the Learning and Work Institute. But this has coincided with a decline in funding for adult further education: despite a boost announced in the government’s 2021 Spending Review, total adult-skills spending in 2024-25 will still be 22 per cent below 2009-10 levels.

The money that is held by MCAs is sometimes hard to spend, too, especially on skills and training. While the AEB is devolved to local leaders,

UK adult skills spending is low by international standards

they “do not have full responsibility” over spending regarding skills and jobs, Andy Street, mayor of the West Midlands, said in a 2022 Institute for Government report. Some interventions, including the National Careers Service and technical and lifetime skills education, were controlled and spent in “quite a fragmented way” by Whitehall, with local leaders having little overall influence, Street said.

Meanwhile Britain’s spending on adult skills is relatively low by international standards. The SMC’s 2019 report warned that this could “disproportionately affect adults in lower social groups and other disadvantaged groups”. These cohorts are already the least likely to access training initiatives, compared with those from more affluent and educated backgrounds.

More money aside, Norris believes “radical” devolution could counter Britain’s adult skills bottleneck. He wants to create a holistic West of England employment service that includes upskilling opportunities, but which would also help the unemployed back into the workforce. This would mean taking responsibility (and corresponding budgets) from various central government departments: the National Careers Service and National Skills Fund (overseen by the Department for Education) would be combined into a single, local service in conjunction with Jobcentres (run by the Department for Work and Pensions).

Gordon Brown made this recommendation in his 2022 report for Labour’s Commission on the UK’s Future. The party has adopted some of those ideas in its proposed Take Back Control legislation, which if Labour wins the election will devolve more powers (including regarding skills) to regional leaders across England.

Norris believes such devolution could boost the economy and turn the UK into a place where it is easier to move socio-economically. He advises caution, however – and thinks the combined authorities could be where Labour tests out new ideas. The party needs “ambitious plans, but we should trial them and roll them out regionally”, he says, “and metro mayors would be a very good way of doing that”. ●



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The hard truth about soft skills

A holistic approach to learning could unlock new opportunities

By Ayesha Baloch

In association with



Keir Starmer has promised “a new direction on skills”, to be delivered through a new generation of technical excellence colleges which specialise in the high-growth skills needed to drive the economy.

But a narrow focus on hard skills alone risks ignoring what makes a person employable, and as a result, risks overlooking the young people who could benefit from these new opportunities the most.

In 2023, youth unemployment rose by 1.7 per cent. Currently, there are around 800,000 young people across the UK who are neither learning, nor earning.

We are sitting on a gold mine of human potential. One that could not only transform young people’s prospects, but also our communities and the future of the economy.

At Impetus we believe that all young people deserve to succeed in school and in work, whatever their background. For more than 20 years, we have been supporting charities which pioneer innovative solutions to support young people to fulfil their potential.

We do this because we know that too many young people are being let down and left behind.

Our groundbreaking Youth Jobs Gap research found that young people from disadvantaged backgrounds are 50 per cent more likely to not be in education, employment or training (NEET) than those from more well-off backgrounds who share the same qualifications.

Decision-makers are all too aware of the implications of youth unemployment, but whether it’s green, digital, or precision welding, too often the conversation around skills assumes that the skills needed to do the job are the only ones that matter.

Our research demonstrates that improving technical skills alone is not enough. To set these young people up for success we must take a broader view.

What are commonly referred to as soft skills, we instead call “essential skills”. These include speaking and listening, problem solving and teamwork, and they play an essential role in determining employability.

But access to these skills isn’t fairly distributed. Research from the charity Skills Builder found that students eligible for free school meals (FSMs) score lower on essential skills tests than their non-FSM-eligible peers. In particular,



Soft skills unlock opportunities for people from disadvantaged backgrounds

students in alternative provision scored less than half as well on average.

Where a young person's circumstances mean that they miss out on these skills, it can undermine confidence, well-being and productivity, as well as shutting them out of a competitive job market. So, what if we reimagined our approach to skills? What if, rather than focusing on technical skills alone, we instead put greater value on supporting individuals to be job-ready through a wider set of essential skills?

At Impetus we work in partnership to understand the challenges and support solutions that have real impact, recognising that young people from disadvantaged backgrounds have additional barriers to overcome in order to access sustained and meaningful employment.

We're especially proud of our ongoing partnership with Resurgo, an organisation which has grown bigger

and more impactful since partnering with us in 2010.

Resurgo's Spear programme helps 16-24-year-olds realise their potential by equipping them with the confidence, motivation and skills they need to succeed in long-term employment.

According to the Department for Work and Pensions' Employment Data Lab, which assesses the impact of employment-related interventions by evaluating the outcomes of participants, Spear is one of the best-evidenced employment interventions in the country.

Its report found that the Spear programme increases participants' employment outcomes and reduces by 20 per cent their chances of becoming NEET one year after the programme.

This means that if all young people who are NEET received support as effective as Resurgo's programme, we could reduce the number of young people who are NEET by over 130,000

and fill over 10 per cent of the vacancies in the economy, delivering a huge boost to business, communities and young people themselves.

The success of Resurgo's programme proves that, ultimately, having the skills to do a job is not enough. Young people need to learn the skills to work.

It is no secret that the UK needs to kick-start economic growth. By putting essential skills front and centre on the agenda, we have the opportunity not only to address our economic challenge, but to channel our focus to reach those furthest from the labour market.

By putting in place the support to learn the skills for the job with the skills to work, we can steward a generation of young people towards meaningful sustained employment: good news for individuals, good news for communities and good news for the bottom line. ●

Ayesha Baloch is a Policy Advisor at Impetus

Sarah Atkinson: “Asking for help isn’t a weakness, it’s a strength”



The chief executive of the Social Mobility Foundation on leading a charity through Covid, Welsh well-being policy, and closing the child attainment gap

How do you start your working day?

I usually start, as I suspect many charity CEOs do, by listening to the *Today* programme. It’s helpful to get a heads-up on anything that is likely to shift my focus that day. While I’m listening, I attempt to choose an outfit my tween daughter won’t criticise. It’s a tough challenge to begin the day!

What has been your career high?

I’m so lucky to be able to talk to the young people we work with regularly. They all face challenges, but often you’d never know; they’re so positive and ready for the future. So, it’s lovely to be recognised for the small part we play in their lives. Receiving the

Queen Elizabeth II Platinum Jubilee volunteering award was a definite high.

What has been the most challenging moment of your career?

Leading the charity through the pandemic was a big challenge. I’d only been CEO for ten weeks when we went into lockdown, and I was worried – but the team were magnificent. Their experience and determination to meet our commitment to the young people we support carried us through. As is often the case, these challenges leave you stronger and help you work smarter.

If you could give your younger self career advice, what would it be?

Asking for help isn’t a weakness, it’s a strength. When I went back to work after maternity leave, I lost my confidence. I should have admitted I needed help instead of trying to power through. Successful people invariably have a great support network. This is something we support our students to develop – we all need someone to lean on.

Which political figure inspires you, and why?

I instinctively admire women who break ground for others. Barbara Castle is one of those women. She was an influential, reforming politician, but she did it on her own terms, navigating a very male environment without aping men. It’s important to be true to yourself and your values regardless of the environment you find yourself in.

What UK policy or fund is the government getting right?

One policy area that needs more attention across the political spectrum is closing the education attainment gap between children living on lower and higher incomes. No political party has nailed this, although the government was right to focus on tutoring. But an effective tutoring offer needs long-term commitment, more resources, and to be targeted at those who need it most.

And what policy should the UK government scrap?

When I tell people that charities often pay VAT, I regularly get a double take. Charities aren’t there to make money but to serve their communities, often doing so on a shoestring with an army of volunteers. Despite this, charities pay about £1.8bn in irrecoverable VAT – I would scrap it or find a way to reduce the burden.

What piece of international government policy could the UK learn from?

Although it’s good to look internationally for inspiration, in my view, we don’t need to go that far. The Well-being of Future Generations Act in Wales is offering a much-needed counterweight to the short-termism of politics. The focus on equality, which includes socio-economic background, is the direction of travel we need in Westminster.

If you could pass one law this year, what would it be?

This is an easy one. Employers tell us that what gets measured, gets done. That’s why a mandate on socio-economic reporting for all public and private firms with over 250 employees could shift the dial on equality in the workplace. Talent is everywhere but opportunity is not, which is why more needs to be done to level the playing field. ●

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Reactor



Spotlight

Economic Growth ● AI ● Sustainability
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The *New Statesman's* award-winning policy supplement, providing the latest insight from government ministers, parliamentarians and business leaders