

CIPD

Policy report
October 2023

Devolution and evolution in UK skills policy

Finding common ground across
the four nations

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1 Executive summary

Policy-makers and researchers in the UK and its four constituent nations regularly seek to learn from the best-performing international examples in the relevant public policy area. Comparing our systems with those of our competitors is a useful exercise, as it can provide different perspectives in similar contexts.

This, however, has diverted attention from the differing approaches within an increasingly divergent and devolved UK. In skills policy, especially, there is a real lack of intra-UK research, compared with a broad range of internationally focused work. This report seeks to fill that gap.

The skills systems of the four UK nations have seen increasing divergence in recent years, especially after the introduction of the Apprenticeship Levy in 2017 and subsequent reforms.

The impact of this is twofold:

- First, employers and people professionals who operate across more than one nation have to navigate an increasingly complex landscape. This frustration shines through in every forum or consultation on the topic.
- Second, it provides an opportunity to compare very different approaches with their impact on outcomes. Sharing best practice and cross-national learning should be a key strength of devolution, not an afterthought.

This report sets the context of longstanding megatrends impacting the UK's world of work (like industrial change or the ageing population), arguing that skills development policy is the key policy lever needed in response. It compares and summarises current labour market and skills challenges across the four nations as well as employer approaches to training, and provides an overview of key public policy developments.

The second half of the report focuses on our apprenticeship systems. These have seen the biggest evolution and divergence over the last six years and therefore offer a useful case study. Furthermore, evidence suggests that it is vocational education - and apprenticeships in particular - that needs to be boosted if we are to tackle skills gaps and mismatches across the UK.

The report concludes with a summary of the key themes emerging from our evidence-gathering, points to several areas of best practice, highlights individual programmes in the four nations, and ends with a series of public policy recommendations that are transferrable to individual legislatures.

Below is a brief summary of the report's key findings and recommendations.

Key findings

- Skills and labour shortages continue to impact employers across all four nations and virtually all sectors of the economy. In addition to this, skills gaps, mismatches and underutilisation point to persistent inefficiencies between the labour market and the skills development system.
- Employer underinvestment in staff training - both in quantity and quality - is a serious problem across the whole of the UK.
- England's apprenticeship system has diverged considerably since 2017. It has at least three times as many standards as the other three nations.
- England and Wales have nearly double the participation rates of apprentices per 1,000 employees compared with Scotland and Northern Ireland.
- There has been a 31% decrease in the number of apprenticeship starts between 2015/16 and 2021/22 - a drop of over 160,000 - in England.
- With the exception of Northern Ireland, apprenticeship provision is increasingly concentrated among older apprentices.
- In Scotland, the number of apprenticeship starts aged 25+ has doubled since 2015/16 (an increase of over 5,400), but the number of apprenticeship starts by those aged 16-24 has fallen by over 5,800.
- The UK business population is dominated by SMEs (99%), with the majority of private sector employment (61%) also concentrated there. But the number of apprenticeship starts for small businesses in England is 45% below pre-Apprenticeship Levy figures.

Key recommendations

- ✓ Reform the Apprenticeship Levy into a Flexible Skills Levy.
- ✓ Develop devolved ringfenced funds for Levy-payers to use on programmes beyond apprenticeships, along with shorter, funded upskilling opportunities aimed at individuals.
- ✓ Support the delivery of good quality advisory services for the smallest of businesses, including interventions aimed at boosting management capability.
- ✓ Provide UK-wide advice to employers that operate cross-nationally on how to navigate the skills development landscape.
- ✓ Apprenticeship policy needs to include a discussion on the role of direct financial incentives alongside a focus on funding off-the-job training.
- ✓ Support small businesses by providing apprentice hiring incentives.
- ✓ Ensure public bodies tighten controls on the development of English apprenticeship standards, and focus on quality of provision.
- ✓ All four nations should specify that apprenticeship programmes be at least two years long (with some exceptions), with set minimum off-the-job training days as a percentage of the programme.
- ✓ Widen access to apprenticeships for those with limited qualifications by increasing focus on traineeships and other pathways that can lead to apprenticeships.
- ✓ Ensure apprenticeships are positioned as vocational pathways (not upskilling opportunities) that provide young people with in-depth quality training and experience in a workplace setting.
- ✓ Introduce fast-track routes to apprenticeship qualifications for adults with existing on-the-job skills. In addition, new master craftsperson qualifications should introduce a level of progression for adults.

2 Changing labour markets and the importance of skills policy

The economy of the UK and its four nations has changed significantly over the last few decades. The last five years alone have seen economic changes as a result of the UK's departure from the EU and the COVID-19 pandemic. The evolution of AI and automation, as well as the transition to net zero, mean that more changes are on the horizon.

Skills policy was and remains at heart of these large transitions. Ensuring that skills supply matches labour market demand is more important than ever. Skills matching is crucial to individual and organisational productivity, the UK's economic growth and - by extension - the prosperity of us all.

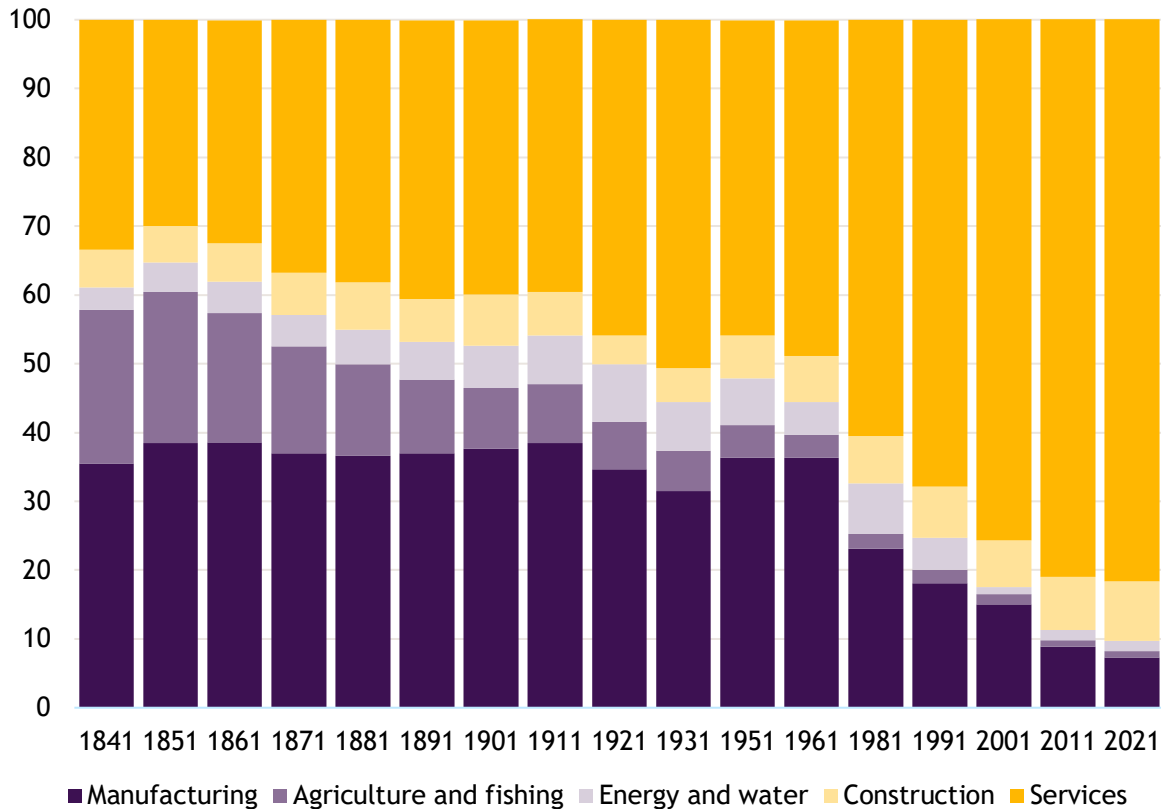
Large industrial shifts

Perhaps the most obvious industrial transition has been the decline of the UK's manufacturing sector and the growth of services. Manufacturing's share of UK economic output has been in steady decline for decades, from 27% of gross value added (GVA) in 1970 to just 10% in 2021.

Figure 1 highlights the changing proportions of employees across five main sectors in England and Wales since 1841. The dominance of the services sector in recent decades has only been increasing, with 82% of the population working there (compared with 61% in 1981).

Figure 1: Services now form the vast majority of employment in England and Wales

% of labour force in England and Wales working in each sector of the economy, 1841 to 2021



Source: ONS and CIPD 2021 Census Analysis.

Despite the overall reductions in the sector, important manufacturing clusters remain across the UK, primarily in aerospace industries, automotive and pharmaceuticals. Some are heavily regionally concentrated, with impacts on local skills development policies and approaches. This extends to other industrial sectors, with the offshore energy sector in the northeast of Scotland a useful case study for the defining trend of the coming three decades - the transition to net zero.

Ninety-eight per cent of the 25,000 jobs directly dependent on oil and gas production are located in Aberdeen and Aberdeenshire, which have over the last few decades become a global energy hub. The local economy is tied to the offshore energy sector, with the oil price slump in 2014 still felt across local communities. The northeast of Scotland is more exposed than most to the risks - but also the opportunities - of the net zero transition.

However, achieving net zero emissions by 2050 will involve UK-wide and economy-wide changes with considerable skills implications that go beyond job creation and job displacement. There will be impacts on skills demand and needs, the occupational mix in the labour market as well as wages. There are three different categories of jobs, in the context of net zero, that require a skills system response:

- new and emerging jobs that relate directly to the transition to net zero (for example, hydrogen cell technicians)
- jobs affected by the transition to net zero that will need enhanced skills or competencies (for example, architects)
- existing jobs that will be needed in greater numbers as a result of the transition to net zero (for example, insulation installers).

The net zero transition is not the only industrial trend that will see changes to skills supply and demand. The long-heralded impact of so-called Industry 4.0 has accelerated this year with the spread of large language model (LLM) chatbots, the impact of which is only just starting to be explored. [Research](#) for the Department for Business, Energy and Industrial Strategy in 2021 suggested that around 7% of existing jobs in the UK were likely to face a high probability of automation over the following five years, with the percentage rising to nearly 30% after 20 years.

The importance of essential skills (meta-skills) like critical thinking or problem-solving, as well as soft skills like empathy or creativity, is going to increase exponentially. In addition, skills systems will need to increase focus on specific digital skills to allow employees to make the best use of AI and machine learning.

Recent occupational changes

The occupational makeup of a nation shapes the demand for skills in the economy. At an aggregate level, Wales and Northern Ireland both have a smaller proportion of 'high skill' jobs compared with the UK average. In 2022, 45% of employment in Wales and Northern Ireland was in the top three occupational categories. This compares with an average of 51% in England and 48% in Scotland, against a UK figure of 51%.

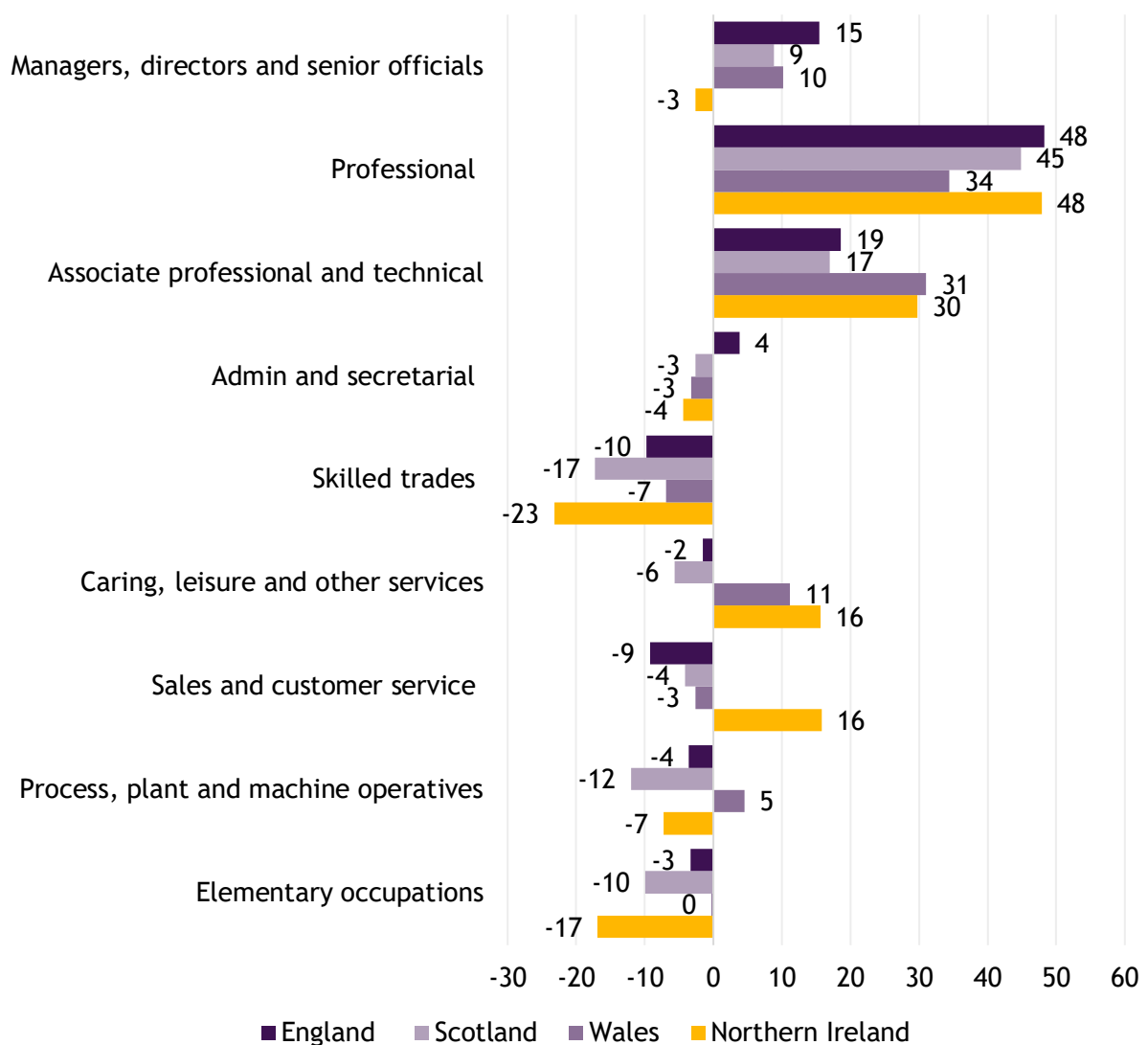
Figure 2 shows how the occupational structure of the four nations has changed over the past decade. The pattern has largely followed that of the wider UK economy, with growth concentrated among the top three occupational categories. However, there are a number of important differences to note:

- Wales and Northern Ireland have both seen much greater growth in the number of people employed in caring, leisure and service occupations.

- Northern Ireland is the only nation which has seen growth in sales and customer service occupations over the last decade.
- Growth in professional occupations has been considerably slower in Wales compared with the other UK nations.
- Scotland and Northern Ireland have experienced the biggest contractions in employment in process plant and machine operatives, skilled trades, and elementary occupations.
- England has seen a bigger increase in managers, directors and senior officials than the other nations and the biggest fall in those in sales and customer service roles.

Figure 2: Occupational growth concentrated amongst the top three occupational categories

Change in employment, by broad occupational category 2011/12 to 2021/22 (%)



Source: ONS, Annual Population Survey, Apr 2011 - Mar 2012 (SOC 2010) and Apr 2021 - Mar 2022 (SOC 2020).

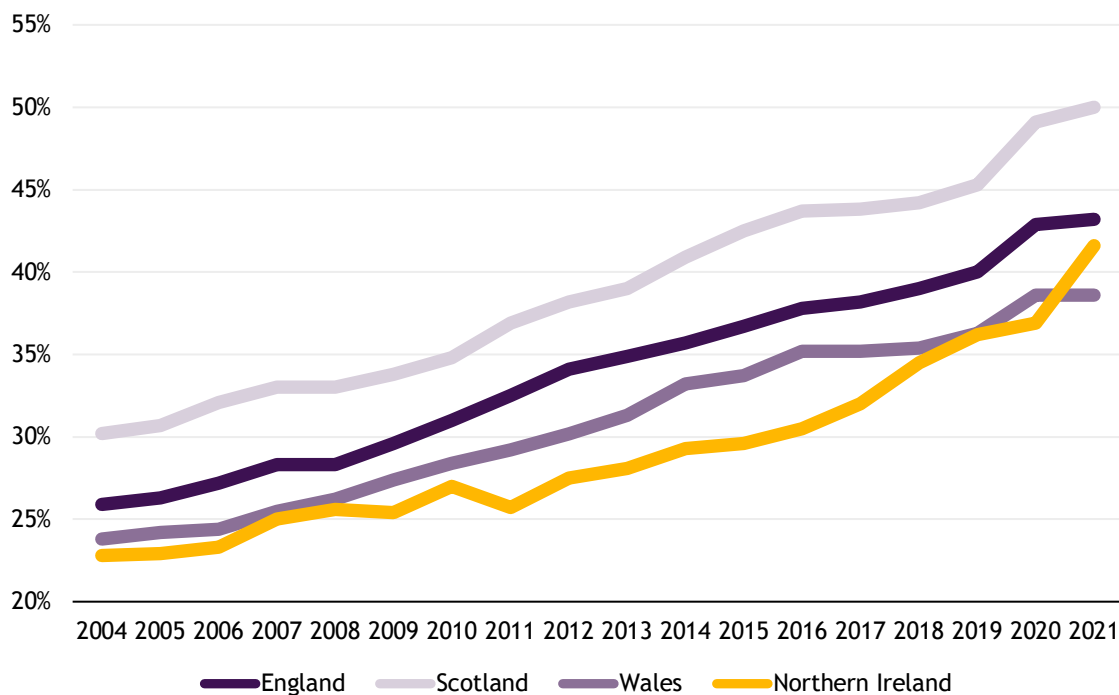
Changing qualification mix and the ‘missing middle’

The industrial shifts previously described mean the UK economy is becoming increasingly knowledge-based - this has led to a spike in demand for workers with high levels of skills and qualifications. On the skills supply side, the last few decades have seen a significant increase in the number of students entering higher education (HE), with graduates now making up 42% of the UK workforce.

In consequence, both skills demand and supply issues led to the overall increase of qualification levels among the populations of all four nations, as shown in Figure 3.

Figure 3: Qualification levels have risen gradually across all four nations of the UK

Proportion of 16-64-year-olds with NVQ4+ qualifications



Source: ONS, Annual Population Survey.

The skills of the population are an important component of labour productivity, and improvements in skills were [estimated](#) to have accounted for 20% of the UK’s productivity growth before the financial crisis. Figure 4 shows a breakdown of qualification levels across the UK and its nations.

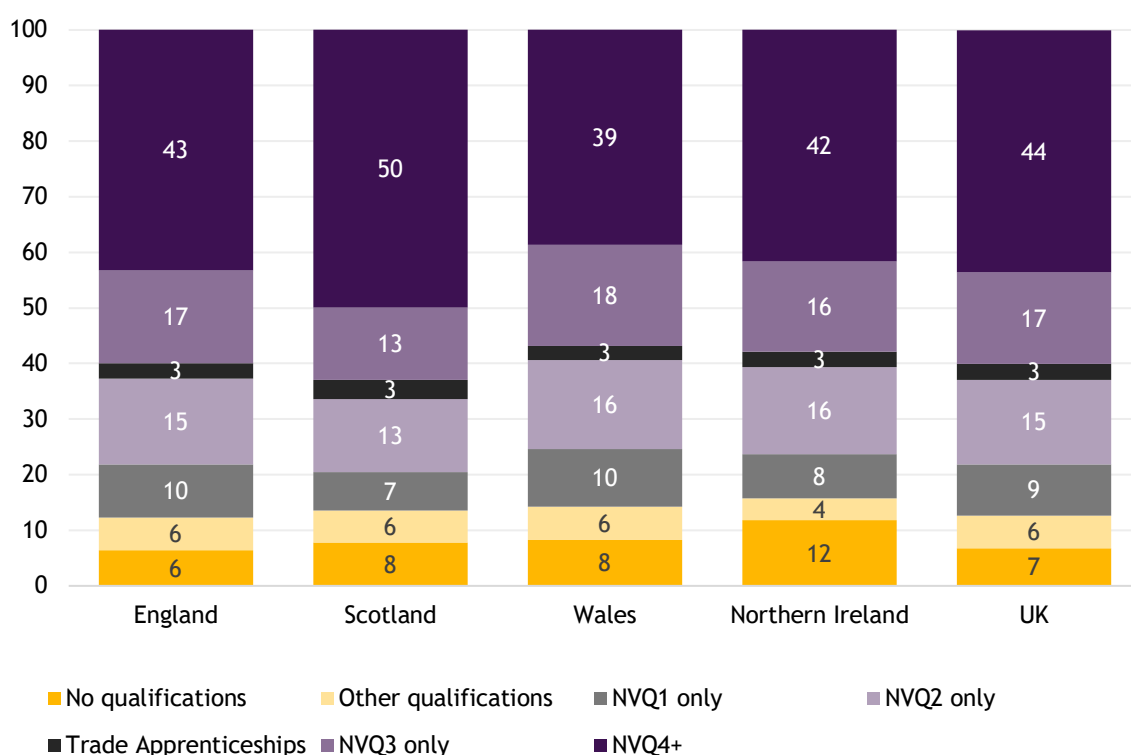
Compared with the UK average and the other nations, Scotland has the highest concentration of adults educated to degree level or above (NVQ 4+) and the lowest level of low-skilled adults (NVQ 2 and below). While Northern Ireland has a similar level of highly skilled adults compared with the UK average, the proportion of adults with no qualifications is of concern, currently standing at almost double the UK average.

There have been considerable improvements over the last decade across all of the four nations, with a substantial reduction in the proportion of adults with no educational qualifications and an increase in the proportion of the population with higher-level qualifications.

However, while all nations have rapidly expanded the proportion of their workforces qualified to degree level and above, there are clear gaps, relative to other countries, in intermediate and higher technical-level qualifications.

Figure 4: Scotland has the most educated adults and the least low-skilled

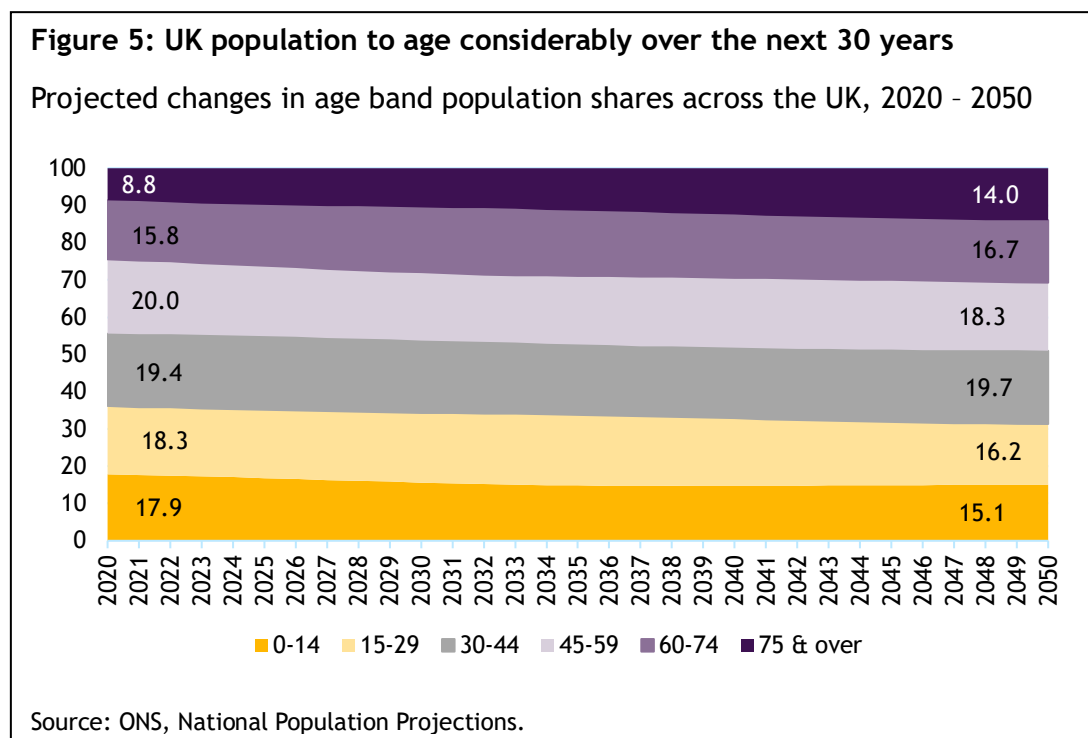
Qualifications of the UK working age population in 2021, by nation (%)



Source: ONS, Annual Population Survey, Jan 2021 - Dec 2021.

Demographic change

Another long-term trend with considerable public policy implications is the UK's ageing population, as illustrated in Figure 5. The proportion of those aged 60+ across the UK is projected to increase by a quarter from 24.6% to 30.7% over the next 30 years.



There are differences in the rates of change across the UK's four nations:

- In England, the proportion of people aged 65 and over is projected to increase from 18.5% in 2020 to 24.5% in 2050.
- In Scotland, the proportion is projected to increase from 19.3% to 25.5%.
- In Wales, the proportion is projected to increase from 21.1% to 25.8%.
- In Northern Ireland, the proportion is projected to increase from 16.9% to 25.8%.

These changes in the ratio of the working and non-working-age population are of concern in each of the four nations. This has implications for the tax system, pensions costs and the demand for health and social care services.

Our skill systems, however, also need to change. All four nations have front-loaded education systems, with the majority of public funding - understandably - aimed at young people's skills development. There are differences in post-16 education, including in the levels of co-funding from the learner, but until recently lifelong learning provision has been poor. The fast-paced economic changes, alongside longer working lives, will inevitably require large-scale upskilling and reskilling supported by public funding.

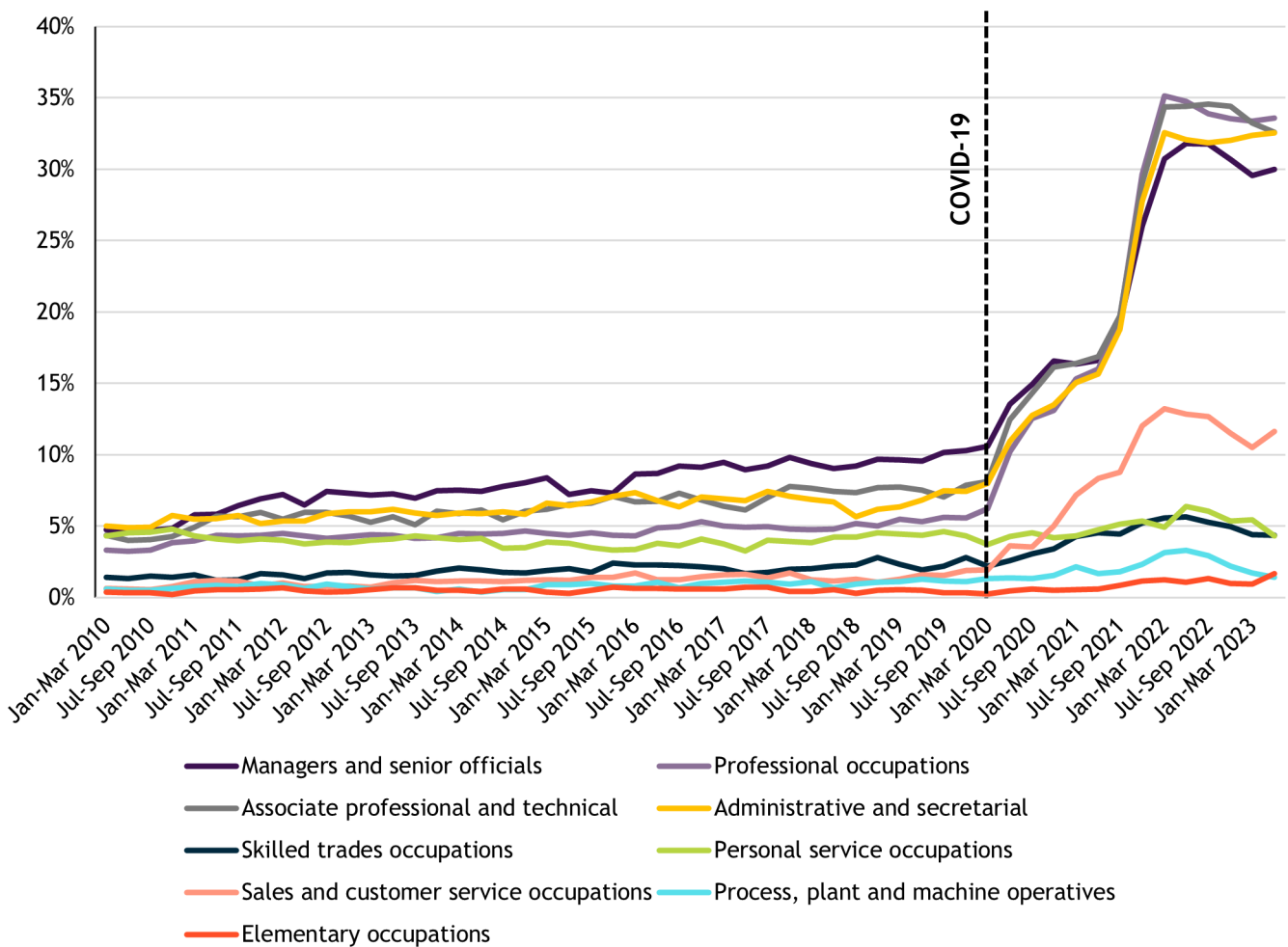
Recent years have seen progress: in England, the Lifelong Loan Entitlement is being introduced; Scotland is developing a Lifetime Skills Offer; Wales rolled out Personal Learning Accounts; and Northern Ireland has a SkillUP Flexible Skills Fund. However, some of these initiatives are time-limited, with restrictions on the number of participants that will not meet demand. In the context of the net zero transition, for example, it is estimated that around 14,000 people will need to move roles between oil and gas and renewables by 2030 if Scotland is to achieve its ambitions.

Public policy interventions are only one part of the puzzle. Fostering a culture of lifelong learning and encouraging individuals to think about their career and skills development will require a more fundamental societal shift. While the widespread skills and labour shortages incentivise organisations to focus on upskilling their employees to fill gaps, UK employers invest less in skills development than our competitors - ranking 17 out of 23 developed countries. Furthermore, evidence - including from the CIPD's annual Good Work Index - also shows that employers are less likely to offer training to older employees.

Post-COVID world of work

While there are some signs of a reluctant return to the office, we can now confidently say that the increase in the levels of home and hybrid working is here to stay to a significant degree. Figure 6 shows the scale of change across the nine main occupational groups since 2010.

Figure 6: Homeworking up exponentially since COVID-19, but occupational differences are stark
Changes in shares of employees within occupational groups primarily working from own home since 2010



Source: CIPD analysis of ONS LFS data.

Figure 6, however, also shows that the impact of homeworking is very uneven across the economy, since nearly half of all jobs in the UK cannot be done from home, including the vast majority of jobs in certain sectors like hospitality, retail and health. This has highlighted the importance of broader flexible working, leading to changes in UK legislation and the announced introduction of a day one right to request flexible working.

Our research has consistently highlighted the positive relationships between flexible working and individual wellbeing, but also individual - and by extension organisational - productivity and lower staff turnover. A more flexible approach to work, and an increased focus on job quality, has the potential to boost our economic performance.

The increase in remote working, however, also opens the possibility for more flexible and buildable skills development routes that can flex around individual circumstances. This is important in the context of adult upskilling and reskilling, as described above.

3 Persistent skills and labour market challenges

Considerable industrial transitions as described above should be an opportunity for countries with a strong history of innovation. While the UK has first-class research institutions - including some of the best universities in the world - the translation of this research into economic growth has stalled since the 2008-09 financial crisis. This is most evident in our productivity growth. Between 1974 and 2008, the UK's productivity grew at an average rate of 2.3% a year. In contrast, the growth rate between 2008 and 2020 was around 0.5%. By 2022, UK productivity was 22% lower than it would have been if the pre-crisis growth rate had been maintained.

In addition to stagnant productivity and GDP growth, the UK is plagued by persistent inequalities between and within its nations and regions. This is evident in differing employment rates, GDP per capita, productivity growth, but also health inequalities, life expectancy and poverty rates. On most economic metrics, London and the southeast of England stand out ahead of all other nations and regions of the UK.

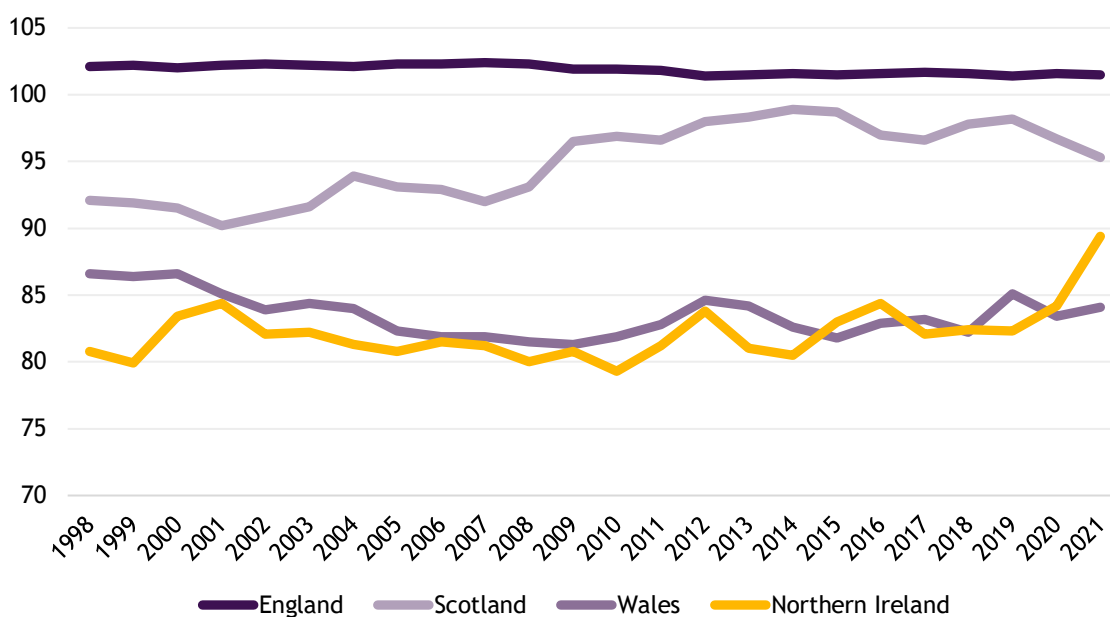
Labour productivity

Productivity, measured as gross value added (GVA) per hour worked, varies considerably across the four nations. Wales is the weakest-performing UK nation on the basis of output per hour worked and is just 84% of the UK average in 2021, followed by Northern Ireland (NI), which stands at 89% of the UK average. It is an area of persistent weakness for both NI and Wales, as demonstrated by Figure 7.

By contrast, Scotland has managed to narrow the performance gap over the last two decades: in 2000, GVA per hour worked stood at 90% of the UK average, and in 2021 this rose to 95% of the UK figure.

Figure 7: Low productivity in Northern Ireland and Wales, relative to the UK average

National indices of GVA per hour worked (UK=100)



Source: ONS, Regional Productivity Time Series.

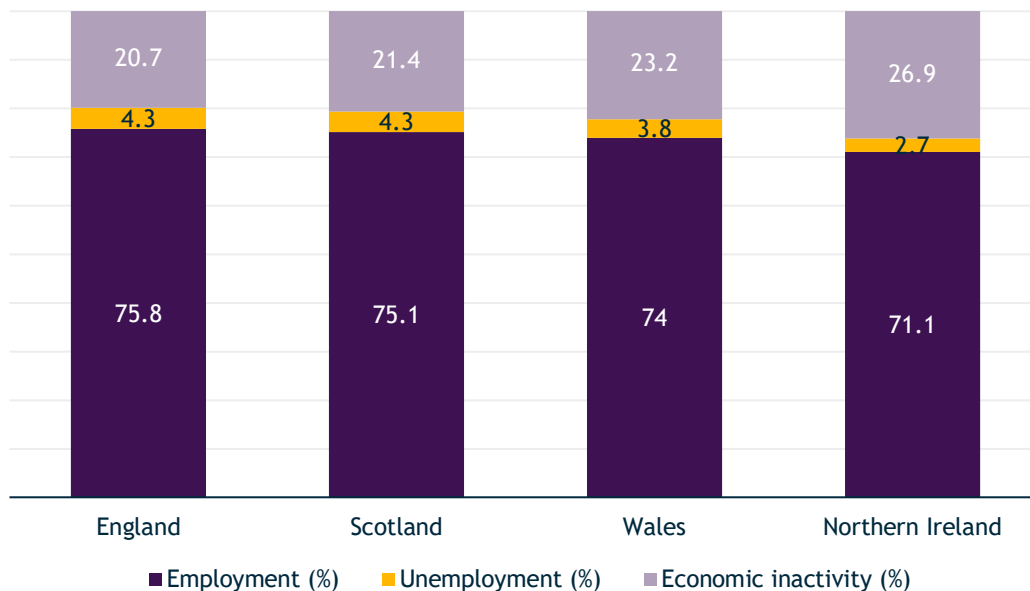
The UK’s weak productivity growth has been of growing interest to policy-makers as well as researchers. In addition to capital infrastructure and innovation investment, poor skills matching across the labour market has increasingly been identified as a brake on productivity. Furthermore, there is a growing body of research that shows a positive relationship between job quality improvements and employee productivity.

Employment, unemployment and inactivity

All four nations of the UK are currently experiencing a period of high employment rates and historically low unemployment levels. However, there is still substantial variation between the nations, with employment rates highest in England and lowest in Northern Ireland.

Figure 8: All four UK nations are currently experiencing high employment rates

Headline employment and inactivity rates (% of working-age population 16-64 years) and unemployment rate (% of economically active population 16+) in the four nations, May-July 2023



Source: ONS, Labour Force Survey.

In the latest ONS figures (May-July 2023), the UK unemployment rate stood at 4.3% of the economically active population. Across the nations it was highest in England and Scotland (4.3%) and lowest in Northern Ireland (2.7%), with figures for Wales standing at 3.8%. High employment rates have led to a range of employer responses, including:

- an increased focus on job quality
- upward pressure on pay and benefits
- more investment in upskilling
- the broadening of traditional labour pools.

For policy-makers, it has led to a considerable interest in economic inactivity across the age spectrum. Just over a fifth (21.1%) of the UK working-age population was classed as economically inactive. Northern Ireland exhibits the highest level of economic inactivity (26.9%), followed by Wales (23.2%) and Scotland (21.4%), with rates lowest in England (20.7%).

For younger people, the transition from compulsory education into work is crucial if we want to address economic inactivity. For older workers, employers are taking steps to improve retention by focusing on flexibility, health and wellbeing as well as skills development. Lastly, more focus is needed in understanding how long-term ill health drives economic inactivity and what else needs to be done on a public policy (eg health service) and employer (eg occupational health provision) level.

Skills and labour shortages

The COVID-19 pandemic, coupled with recent post-Brexit immigration changes, exacerbated skills and labour gaps across the UK. These shortages can hinder economic growth by limiting a nation's ability to meet the demands of industries and sectors, leading to decreased productivity, inefficiencies, and missed economic opportunities.

Reports of skills and labour shortages have intensified following the lifting of pandemic restrictions in early 2021. Our summer 2023 *Labour Market Outlook* (LMO) [report](#) has found that 44% of all UK organisations report hard-to-fill vacancies and over a third of all organisations (36%) in the UK report having vacancies that are hard-to-fill because of skills shortages.

The recently published 2022 Employers Skills Survey (ESS) has comparative figures for England, Scotland, Wales and Northern Ireland. It finds:

- Over a third of vacancies (36%) in England were proving hard-to-fill due to applicants lacking the relevant skills, qualifications or experience the role required; this represented a total of over 460,000 vacancies and affected 10% of organisations.
- In Scotland, 10% of organisations reported having a skills shortage vacancy, with an estimated total of nearly 37,000 vacancies accounting for 31% of all vacancies.
- In Wales, 35% of vacancies were hard-to-fill due to the quality of the applicants, representing 20,600 vacancies and affecting 10% of establishments in 2022.
- The figures for Northern Ireland are similar, with 9% of organisations reporting that they had a skills shortage vacancy (accounting for around 13,600 positions, or 35% of all vacancies).

These numbers are considerably worse than the last set of comparable figures in 2017. The number of skills shortage vacancies has more than doubled in every one of the four nations. Similarly, the percentage of establishments with at least one skills shortage vacancy has increased by four percentage points in all four nations.

Shortages are primarily reported in lower-skilled roles as well as higher technical roles. For example, our *Labour Market Outlook* research shows that the sectors that are most impacted are education, transport and storage, manufacturing, and primary and utilities. Similarly, 2022's *Employer views on skills policy in the UK* [report](#) also showed that where organisations struggle to find specific skills from the available labour supply, the skills perceived to be most lacking are technical skills (68%).

Similar gaps are identified at sub-UK level too. Northern Ireland's *Skills Barometer*, for example, highlights that the supply of qualifications in the country - with relatively few

mid-level skills provided by the education system - means there is likely going to be an undersupply of qualifications at Level 3 and above. This emphasises the importance of more technical and vocational skills acquired through further education (FE) and apprenticeships. All four nations have also consistently highlighted gaps in so-called STEM education across all qualification levels.

Some of the recommendations made in this report are aimed at rebalancing vocational and academic education to better match the needs of the UK economy. One crucial aspect, however, where all four nations are currently pursuing reform, is careers advice and guidance. Our *Youth employment in the UK* [report](#) highlighted serious gaps in both the quantity and quality of the service.

While the majority of young people received some type of careers advice and guidance in education, just a fifth reported that the guidance they received was high quality. Only 1% (rising to 3% at college) of respondents received help and support at school to understand the labour market, jobs and salaries. Likewise, just 1% received help in applying for an apprenticeship at school. However, 52% of those who attended university would have been open to doing an apprenticeship instead if an apprenticeship had been available in their subject area of interest.

Skills gaps, skills mismatch and overqualification

Skills gaps, where employers consider their existing staff not to be fully proficient at their job, impact an organisations' ability to introduce new working practices, products, processes or services, and negatively affect organisational performance and productivity.

Internal skills gaps impact between 11% and 15% of organisations across all of the four nations:

- In 2022, 15% of employers in England (259,000) reported skills gaps, affecting 5.9% of employees (1,516,000 staff).
- In Scotland, 15% of employers (23,000 establishments) reported skills gaps. A total of 119,000 employees were considered to not be fully proficient, 4.8% of all employees.
- 14% of employers in Wales reported skills gaps (12,200 organisations) with a total of 51,500, or 4.1%, of employees not fully proficient.
- In Northern Ireland, 11% of employers reported skills gaps (7,000 establishments), with 4.6% of employees identified as not fully proficient in their roles (36,700).

However, while skills gaps are a challenge, underutilisation of existing workforce skills is a more prevalent problem. Past Employer Skills Surveys showed that around a third of organisations across all UK nations reported that they had at least one employee with both qualifications and skills more advanced than required for their current job role. In total, it is estimated that somewhere around 8-10% of the workforce in each nation is underutilised.

Overskilling or [overqualification](#) can have a negative impact on organisations and individuals alike, resulting in lower pay and poorer career progression, as well as increased stress and decreased life and job satisfaction for individuals and higher turnover and inefficiency for employers.

The OECD has argued that a significant part of the UK's low productivity levels, compared with some other major economies such as Germany, is attributed to [poor workforce skills development](#) as well as how well an individual's skills are matched to their jobs and whether they are used effectively in the workplace. For example, OECD [research](#) finds that the UK

could benefit from a 5% productivity gain if the level of skills mismatch was reduced to OECD best-practice levels.

Employer demand for skills, and the ways skills are used in the workplace, has seen increased focus in local economic development in recent years. The OECD has been particularly influential, [arguing](#) that policies to tackle skills mismatch include improved job design, human resource management and businesses' product market strategies. Further, they have called for a focus at the local level, as "it is often at the local level where the interface of these factors can be best addressed. Policies which aim to improve skills use in the workplace can address the multifaceted challenges many local economies are facing and contribute to national productivity and inclusive growth objectives."

The importance of the local dimension is particularly relevant in the case of SMEs, which are more likely to serve local markets and draw from a local supply of skills. Smaller firms find it particularly difficult to make the best use of their employees' skills because of poor management or a lack of a specialised HR function. The UK Government's 2019 [Business Productivity Review](#) noted that "UK SMEs compare particularly unfavourably internationally on people management, which is the factor most correlated to productivity. Leadership and management practices therefore represent one of the greatest opportunities for firm-level productivity growth in the UK."

The employer response: training participation and investment

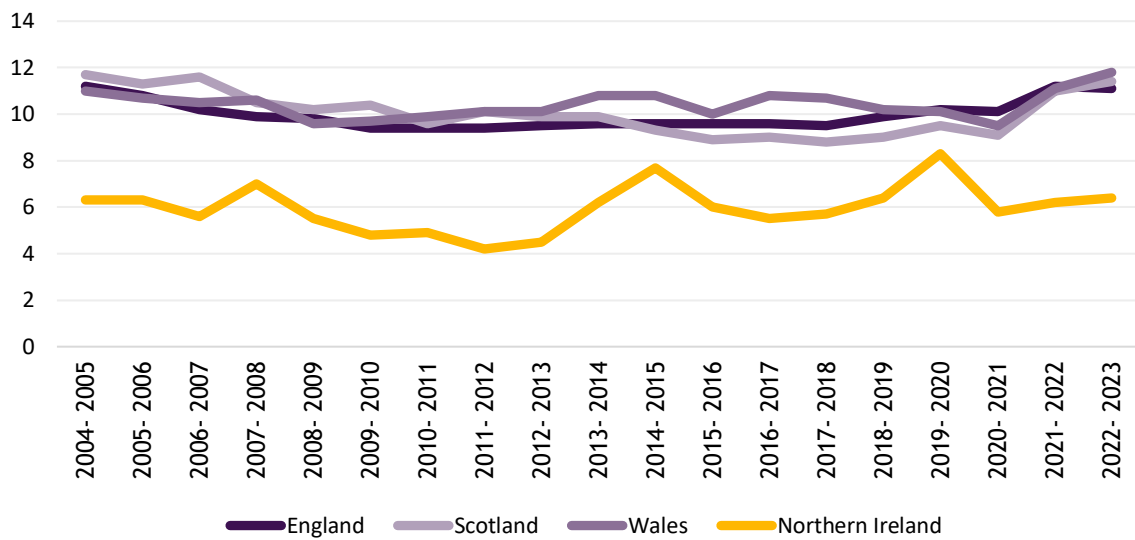
Investing in training and development is critical for tackling skill gaps and improving workplace productivity. Yet, despite its importance, evidence suggests that employers in the UK are training less and investing less in their workforces than they were 20 years ago, with UK investment per employee now standing at around half that of the EU average.

Furthermore, headline training participation figures mask a concerning trend in employer investment and training volume, with the available evidence suggesting that formal workplace training has been on the decline for many years.

The Annual Population Survey provides the most timely series of data on training participation in the UK. The most commonly reported statistic is the proportion of employees who have received work-related learning in the last four weeks. This data is presented in Figure 9 and shows that while training participation figures for Northern Ireland have consistently lagged behind that of other nations, overall rates have remained relatively stable over the past 20 years across all UK nations.

Figure 9: Participation in job-related training has remained stable in recent decades

Those in employment who received job-related training in last four weeks - aged 16-64 (%)



Source: Annual Population Survey, ONS.

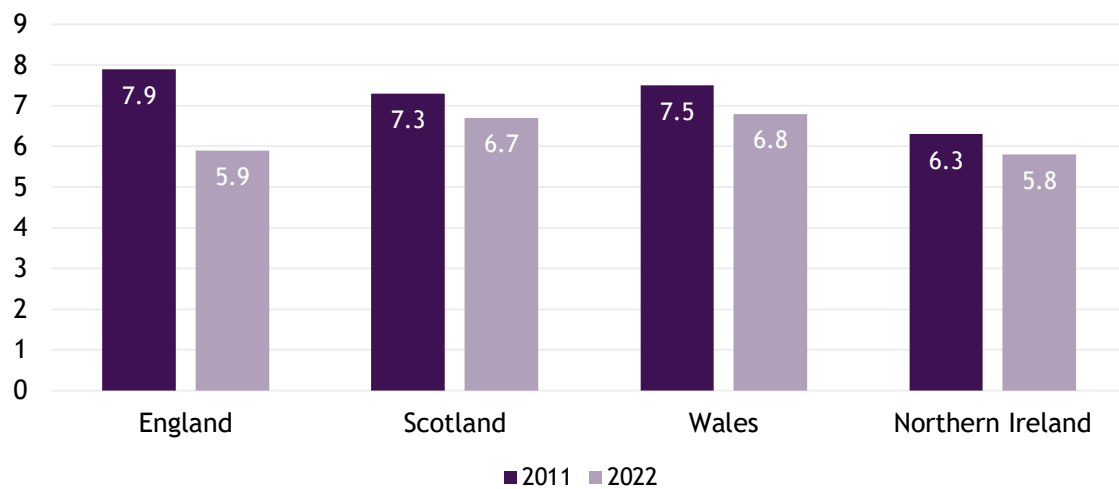
However, these headline figures on training participation mask worrying underlying trends, both in training intensity (the amount of time spent training) and training quality. Figure 10 shows the number of days trainees spent in training in England, Scotland, Wales and Northern Ireland in 2011 and 2022. While there have been improvements in Wales and Northern Ireland since the last Employer Skills Survey (ESS) in 2019, trainees across all four nations spent fewer days training than they did in 2011.

Much of the training that does occur in organisations is focused on health and safety and induction training. The most recent 2022 ESS shows that 60% of establishments provided some sort of training in the last 12 months - a drop from 66% in 2017.

Breaking this training down by type, the three most common types of training provided were job-specific training (84%), health and safety training (71%), and basic induction training (64%). While it is important that organisations are compliant with health and safety legislation, and that employees are provided with support when starting in a new role, this type of training has very little impact on skill levels or tackling skills gaps and shortages.

Figure 10: Training intensity has declined since 2011 across all UK nations

Training days per trainee, 2011 and 2022



Source: 2022 Employers Skills Survey.

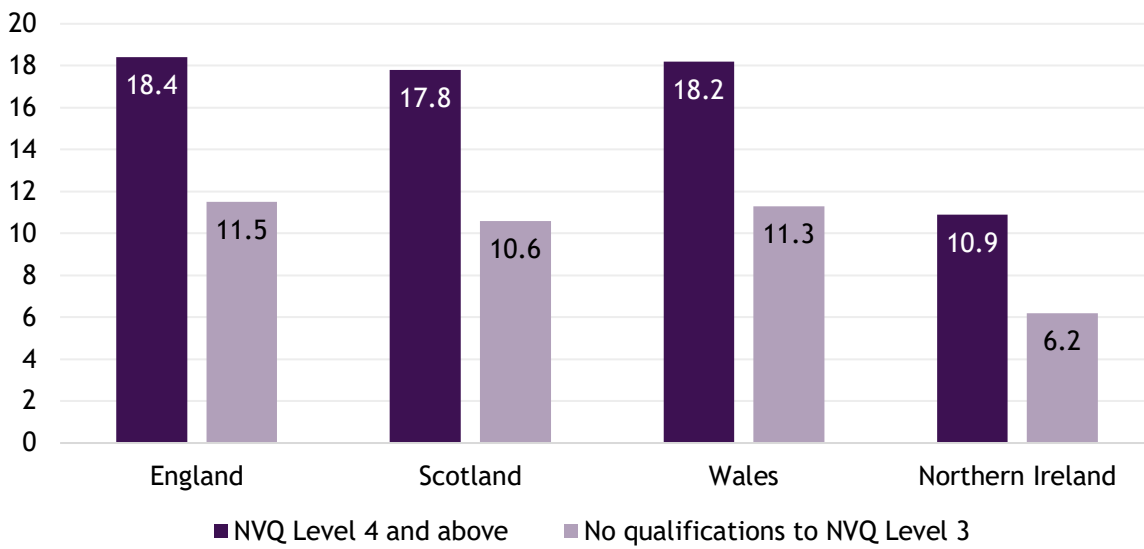
In 2022, the ESS showed that employers dedicated £53.6bn towards training, which includes the wage expenses for individuals undergoing training. This amount remained relatively constant in real terms when compared with the figures from 2011. However, the workforce has expanded by 3.5 million individuals during this period, and as a result investment in training per employee experienced a decline of 19%, dropping from £2,191 to £1,778.

It should also be noted that training opportunities are not evenly distributed, reinforcing existing labour market disadvantage. Training is less commonly offered by smaller businesses and employers in sectors with lower wages and productivity, such as retail and hospitality. Workers with lower qualifications and earnings also face challenges in accessing training opportunities, which perpetuates their disadvantage within the job market and restricts their potential for career advancement.

Figure 11 shows that the job-related training rate for individuals with qualifications up to Level 3 stands at less than two-thirds of the average of those who have qualifications at Level 4 and above (degree level) in each of the four nations.

Figure 11: Training opportunities are concentrated among those who are already highly qualified

Those who have received job-related training in the last four weeks, by qualification level (%), 2021



Source: Annual Population Survey, ONS.

4 Recent changes in skills policy across the four nations

All UK nations face a very similar set of labour market and skills challenges. These include challenges arising from the UK's ageing workforce, slower growth, technological disruption, continued sectoral and industrial transformation, shifts in ways of working, and climate change.

These trends have increased the need for an agile and responsive skills system that:

- provides opportunities to reskill and upskill across employees' working lives
- delivers the intermediate and advanced technical skills that employers require
- maximises employer investment and engagement in skills and training.

This section sets out how the governments of the four nations have responded to these challenges over the past decade, and summarises upcoming and proposed changes to the skills systems. All four nations are in a period of flux, with major policy changes planned. This lack of policy stability is regularly highlighted by employers as a source of frustration.

It also needs to be pointed out that the skills systems of the four nations diverged at a different pace, with Scotland's system historically the most distinct. Wales and Northern Ireland saw more divergence post-2010, with the introduction of the UK-wide Apprenticeship Levy in 2017 providing a further impetus to change.

Skills policy in England

Skills policy in England is undergoing significant changes, with recent reforms focused on further and technical education. In January 2021, the government unveiled its vision for the future of this vital sector through the publication of the [Skills for Jobs](#) white paper. Aligned with the UK Government's broader 'Plan for Jobs', this document strives to place employers at the forefront of the vocational education and training system. It acknowledges the critical role that the FE sector can, and should, play in boosting productivity, strengthening local communities, and supporting individuals to develop the skills they need to succeed at all ages.

The ambition is to:

- increase the availability of skills to the economy and the alignment of education with the needs of business
- provide a mechanism for 'levelling up' and increasing opportunity for all citizens by improving access to learning
- rebalance the education system away from universities and towards vocational and technical education.

The UK Government seeks to achieve this by:

- developing a lifetime skills guarantee for all citizens
- reforming the funding of post-18 learning provision and integrating FE into the HE loan system
- aligning education and training provision with employers' needs and funding colleges to connect their offer more strongly to employers
- providing colleges with £1.3bn in capital funding.

At the local level, Local Skills Improvement Plans (LSIPs) are being created and aim to set out “the key changes needed to make technical skills training more responsive to employers’ skills needs within a local area”. Led by employer intermediary bodies and developed by local employers, in collaboration with colleges and training providers, these plans will set out “a credible and evidence-based assessment of their skills needs, to which providers will be empowered to respond”.

Additional changes include:

- national oversight on skills gaps through the Future Skills Unit
- ensuring that all post-16 qualifications are underpinned by employer-led standards
- additional funding for FE establishments to facilitate changes to provision that have been endorsed by local employers
- support for colleges to become accredited as College Business Centres, to aid business development and innovation.

The current suite of reforms builds on the substantial reforms to apprenticeships and technical education that have taken place over the last decade. Recognising longstanding issues with the quality of apprenticeships, following the [Richards Review](#), the UK Government embarked on a series of wide-ranging reforms to address quality concerns. These included: setting minimum standards on duration and off-the-job training; employer-led new apprenticeship standards; and the launch of a new body, the Institute for Apprenticeship and Technical Education (IFATE), to oversee the quality of the new system.

How apprenticeships are funded has also changed. From 2017, all UK employers in the public and private sector with a pay bill of over £3m have had to contribute to the Apprenticeship Levy (0.5% of their annual pay bill). In England, employers can access and manage their funds through an online apprenticeship service run by the Education and Skills Funding Agency, with the funds used towards the cost of apprenticeship training and end-point assessments.

The government has also embarked on a wide-ranging suite of reforms to technical education and training. In 2015 the [Independent Panel on Technical Education](#) was tasked with undertaking a review of current technical education provision. The panel highlighted the fragmented and confusing nature of the vocational landscape: young people had to navigate over 20,000 different courses and 160 providers, with very little information on which types of pathways would provide the best route to employment. To address this, they recommended streamlining the technical education system into 15 ‘high quality’ routes, with standards set by employers.

The government’s response, set out in the [Post-16 Skills Plan](#), accepted all of the panel’s recommendations and explained how it intended to reform the system, creating a technical option that would help young people access skilled employment and also provide the technical knowledge and practical skills needed by industry.

T Level qualifications have formed the centrepiece of these reforms. T Levels are Level 3 qualifications designed to sit alongside apprenticeships and A Levels. Once they are fully rolled out, there will be 24 T Level ‘routes’, covering all the main industry sectors and job roles. T Levels take two years of full-time study, which combines classroom learning and an industry placement lasting at least 45 days. The content of T Levels has been designed by employer panels.

Skills policy in Scotland

Scotland's distinct education and skills system pre-dates devolution and can therefore differ considerably from the other three nations. Aspects of the system have undergone reform (for example, the introduction of the Curriculum for Excellence) over the last decade, with significant further changes planned.

Among a range of reforms planned, some of the most significant ones are changes to the institutional landscape. This includes:

- a new public body responsible for the development and award of qualifications, replacing the Scottish Qualifications Authority (SQA)
- a replacement agency for Education Scotland (ES), providing advice and guidance on curriculum, assessment, learning and teaching
- a new independent inspectorate responsible for assessing the overall performance of Scottish education
- a single skills funding body, merging (most) of the functions of Skills Development Scotland (SDS), the Scottish Funding Council (SFC) and, potentially, the Student Awards Agency Scotland (SAAS)
- SDS was recommended to be changed into a national careers services body.

The last two recommendations were at the centre of the [Skills Delivery Landscape Review](#) by James Withers, which reported in May 2023. Its recommendations are wide-ranging and will take time to implement. There were attempts in the past to closer align the roles of SDS and SFC, as well as Scotland's enterprise support agencies, but they have not had the desired impact.

The review's recommendations follow significant criticism in Audit Scotland's 2021 [Planning for Skills](#) report, which highlighted challenges in the cooperation between SDS and SFC, in particular on skills planning and skills alignment - how provision is matched to labour market demand. This function is to be brought in-house to the Scottish Government, with a stronger role and autonomy for regions.

In addition to a stronger regional focus, there is a desire to give employers an enhanced role through a network of regional employer boards and a national employers forum. This would expand the Developing the Young Workforce Network, which has existed in Scotland since 2014, with the aim of establishing and cultivating closer relationships between local employers and skills providers (primarily schools and FE colleges).

Apart from institutional reform, Professor Hayward's [Review of Qualifications and Assessment](#) (IRQA) from June 2023 suggests significant reform, with likely changes to secondary school assessments and the introduction of a Scottish Diploma of Achievement (SDA). The review is also making the case to change how qualifications are referred to and recorded, with the corresponding SCQF level coming first and the qualification name second. This would support consistency as well as parity of esteem between different qualification types.

Finally, significant changes to the way careers services are designed and delivered in Scotland have been proposed in the [Career Review](#), chaired by Grahame Smith, with its final report published in March 2023. These need to be underpinned by considerable investment, but the review envisages a new person-centred career development model, focused on the development of skills and habits essential for the future world of work, through experiential career education.

The changes outlined above need to be seen in the context of a new 10-year economic strategy published in March 2022 - [National Strategy for Economic Transformation \(NSET\)](#). The strategy is underpinned by five broad policy programmes of action, with a sixth programme focused on delivery and accountability:

- Establish Scotland as a world-class entrepreneurial nation founded on a culture that encourages, promotes and celebrates entrepreneurial activity in every sector of the economy.
- Strengthen Scotland's position in new markets and industries, generating new, well-paid jobs from a just transition to net zero.
- Make Scotland's businesses, industries, regions, communities and public services more productive and innovative.
- Ensure that people have the skills they need at every stage of life to have rewarding careers and meet the demands of an ever-changing economy and society, and that employers invest in the skilled employees they need to grow their businesses.
- Reorient the economy towards wellbeing and fair work, to deliver higher rates of employment and wage growth, to significantly reduce structural poverty, particularly child poverty, and improve health, cultural and social outcomes for disadvantaged families and communities.

The *Skilled Workforce* programme includes a range of actions that align well with our priorities in this space - a rebalancing of vocational and academic education pathways, a stronger focus on lifelong learning, and a more flexible, buildable approach to qualifications. The transition to net zero is at the heart of the proposals, with a boost in the Green Jobs Workforce Academy and targeted investment for workers in carbon-intensive industries. A lifetime skills offer is also currently being developed, dually targeted at employees and employers.

Around £3.2bn is spent annually in post-school education and skills by the Scottish Government - this includes HE (including tuition fee support for Scottish domiciled students), FE, apprenticeships and other skills development pathways.

A persistent challenge is the fragmented nature of the budget, with various funding streams committed to projects that target different demographics (eg younger workers), employers (eg Apprenticeship Levy payers), sectors (eg oil and gas) or regions (eg northeast Scotland). In addition to different users, the delivery and administration of the interventions can be by central or local government, or a range of agencies - SDS, SFC or enterprise agencies. The *Skills Delivery Landscape Review's* recommendations seek to address some of these challenges.

Scotland's apprenticeship system has also changed in recent years - from the establishment of the Apprenticeship Approvals Group in 2020, a stronger role for employers through the Scottish Apprenticeship Advisory Board (SAAB) and the introduction of Foundation and Graduate Apprenticeship routes. The number of apprenticeship frameworks remains considerably smaller than England's standards, but also smaller than in Wales and Northern Ireland.

The introduction of the Apprenticeship Levy has led to a considerable divergence in the English system from those of devolved nations. In a Scottish context, Levy-payers (and SMEs) have access to a limited Flexible Workforce Development Fund, providing up to £15,000 annually to invest in shorter skills development opportunities. However, the majority of funding raised through the Levy is not directly accessible by Levy-payers. Instead, it is used (notionally) to fund a range of skills interventions, primarily apprenticeships.

The Scottish Government provides a contribution to the off-the-job training costs, which differ by framework, age as well as other characteristics.

The majority of frameworks are Modern Apprenticeships. Foundation Apprenticeships (FAs) were first introduced in 2016 and are, in fact, not apprenticeships in the traditional sense, as there is no income for the learner - hence their exclusion from official statistics. FAs are at SCQF Level 6 (with Level 4/5 being piloted), equivalent to RQF/CQFW Level 3, and are picked by secondary school pupils as one of their subjects in S5 or S6. They are more akin to Northern Ireland's traineeships or England's T Levels.

Graduate Apprenticeships (GAs) were first introduced in 2017/18. These are at SCQF Levels 8-11 (RQF/CQFW Level 5-7 equivalent) and combine a job with degree-level study. Most of the time is spent on on-the-job training and the rest studying with a university that's partnered with the employer. Over half of GA enrolments are taken up by older employees (25+) and over 80% of new starts already work with their employer, placing GAs in the upskilling space rather than a traditional apprenticeship.

Scotland still provides Individual Training Accounts (ITAs) (the Welsh version of this scheme operates slightly differently), which offer eligible learners £200 towards the costs of training in areas aligned to the Scottish Government's strategic labour market priorities. Despite the limits imposed by eligibility criteria - for both learners and training courses - the demand for the scheme tends to outstrip the annual funding available. Applications for 2023/24, for example, are only open for a month, with an estimated 6,000 applications accepted. We've been making the case for a boosted version of ITAs since we published our *Skills to Grow* report in early 2021.

Skills policy in Wales

There have been a number of significant changes and reforms to the Welsh post-16 education and skills system in recent years. The most significant change was the establishment of the Commission for Tertiary Education and Research (CTER) in September 2023, following the passing of the Tertiary Education and Research Act in 2022. The CTER will be responsible for the strategy, funding and oversight of FE, HE, apprenticeships and training in addition to adult education and community learning. This has the potential to be transformative, creating a whole system approach to post compulsory education and aligning education and training more closely with the needs of employers and ensuring vocational and academic learning are equally valued.

CTER will be responsible for delivering the vision set out in the recommendations of the 2016 Hazelkorn review [Towards 2030: A framework for building a world-class post-compulsory education system for Wales](#) to create an integrated and coherent post-compulsory education system with pathways and opportunities for learners. The goal is to establish a sustainable and collaborative tertiary education system that ensures fair and equitable access to the right development opportunities for all learners, in the right place at the right time.

Alongside governance reforms, the Welsh Government has also set out its plan to help people upskill, access fair work and thrive. The [Plan for Employability and Skills](#) outlines how it will ensure that everyone has access to high-quality education and jobs in a green economy - allowing businesses to thrive in a way that champions fairness and equality. Of particular relevance to this report are the priority actions set out under *Nurturing a learning for life culture*, which aims to support learning across the life course, narrow educational inequalities, and widen participation for minority ethnic groups and disabled people. Priority action areas include: strengthening the role of Regional Skills Partnerships; expansion of

apprenticeships and Personal Learning Accounts; and the role of Mid-Life Career Reviews for the over-50s.

These priority actions are summarised below:

- **Regional Skills Partnerships:** Wales has three Regional Skills Partnerships (RSPs) that oversee southeast Wales, southwest and mid Wales, and north Wales. Each RSP is responsible for generating and assessing labour market data, establishing connections with local employers, and providing guidance to the Welsh Government regarding skills development priorities based on feedback from local employers. The Plan for Employability and Skills aims to strengthen RSPs and widen their influence and scope, particularly with public bodies and local authorities, to achieve national milestones and promote a coordinated educational offering within their areas.
- **Personal Learning Accounts:** In 2020, the Personal Learning Account (PLA) programme was introduced to address issues related to low wages and career progression by providing flexible courses that support people already in work to retrain for careers in specific sectors with skills shortages. The Plan for Employability and Skills sets out plans for the expansion of the PLA programme to support individuals to upskill as well as reskill, enabling individuals to access a broader array of higher-paying job prospects.
- **Apprenticeship expansion:** Over the Senedd term, the plan aims to create 125,000 apprenticeships to address skills shortages, boost productivity in critical economic sectors, accelerate the delivery of net zero skills, promote STEM pathways, raise qualifications, increase inclusivity, and support young people.
- **Mid-Life Career Reviews:** The Plan for Employability and Skills sets out plans to introduce Mid-Life Career Reviews for the over-50s workforce to encourage proactive career and skills development, health and wellbeing, financial planning, and work-life balance.

The Welsh Government has also recently published a [Net Zero Skills Action Plan](#), which aims to deliver the vision for a fairer, stronger, greener Wales. The action plan sets out a series of priority areas aimed at: building a shared understanding of net zero skills as well as the current and future skills requirements of emission sectors; growing a net zero workforce through outlining career progression pathways for new and transitioning jobs and encouraging a more proactive business response; strengthening the skills system to support greater flexibility, responsiveness, and adaptability, to meet the need for net zero skills; support young people to make informed career choices and build an understanding of net zero skills and opportunities; and ensure *a just transition* so that no one is left behind.

Alongside broader changes to the skills system, there have also been a number of changes to apprenticeship policy in Wales over the last decade. These have focused on creating a more robust and responsive system that meets the demands of both learners and employers, and have included: actions to develop apprenticeships in growth sectors and emerging occupations; the introduction of an all-age approach to apprenticeships; a focus on increasing the number of apprenticeships at Level 3 and above and enhancing performance measures to focus more on employment and progression outcomes; improving access to apprenticeships for underrepresented groups; integration of apprenticeships into the wider education system; and the introduction of a new system to review and develop apprenticeship frameworks, ensuring they meet employer needs and respond to industry changes.

The Welsh Government also launched the degree apprenticeship programme in 2018, following the recommendation of the 2016 [Diamond Review](#), which allows employers to offer

degree apprenticeships in IT, engineering or advanced manufacturing, areas which were identified by Regional Skills Partnerships (RSPs) as sectors in which there were skills shortages in highly skilled occupations.

Skills policy in Northern Ireland

Recent years in Northern Ireland have been marked by the lack of stability in political institutions, constraining progress on a range of issues. At the time of writing, there is no functioning Assembly or Executive and civil servants, tasked with running departments, are limited in the scope of their policy development. The additional uncertainty arising from the UK's departure from the EU and the ongoing negotiations regarding Northern Ireland's market also casts a shadow over the policy landscape.

On top of these challenges, the latest 2023/24 budget settlement - introduced by the UK Government in the absence of functioning institutions - is likely going to result in significant fiscal tightening across departments. The Department for the Economy (DfE), responsible for funding most of the skills initiatives discussed in this report, estimates its spending power will be reduced by £130m (equivalent to 16% of their whole budget). This is likely to impact the delivery of some policy programmes.

These political and policy factors frustrate attempts to tackle Northern Ireland's underlying and persisting labour market challenges. A recent DfE delivery plan reports that Northern Ireland has:

- the highest rate of working-age economic inactivity in the UK for the past 30 years
- the lowest median wage of the UK nations - over 8% lower than the UK average
- the fewest people with third-level qualifications and more with no qualifications than the UK as a whole
- one of the worst-performing UK regions in terms of productivity, 10-20% below the UK average, and 40% lower than Ireland.

The DfE published a new economic strategy document in 2021 - [10x economy: Northern Ireland's decade of innovation](#) - focusing on core technologies and clusters where Northern Ireland can be a global leader within the next decade. Talent development is identified as a key pillar of the new strategy, leading to the publication of a new skills strategy in 2022 - [Skills for a 10x economy](#). The new strategy focused on three major policy commitments:

- addressing skills imbalances and driving economic growth
- creating a culture of lifelong learning
- enhancing digital skills and developing a digital spine.

Achieving these objectives will require focus on three supporting policy enablers - additional investment in the skills system, enhanced policy cohesion, and strong relationships. The scope for additional investment is limited under a challenging budget settlement, but there has been progress on the other two. Among them is the creation of the Northern Ireland Skills Council (NISC) - an advisory body made up of business, trade union and community and voluntary sector representatives - of which the CIPD is an associate member.

Underpinning skills policy in Northern Ireland is a collection of evidence sources, with the biennial *Skills Barometer* providing thorough projections of skills and qualification demand. The barometer is produced by economists in Ulster University's Economic Policy Centre, but is commissioned the Department for the Economy to provide a better understanding of

future skills needs across Northern Ireland. The latest edition highlighted that the supply of individuals with mid-level qualifications is likely to fall well below labour market demand over the next decade - hence the strategic focus on professional and technical qualifications at mid-levels.

One of the most recent interventions was the introduction of traineeships, first available in the academic year 2021/22. Traineeships are a full-time Level 2 vocational education training pathway and are delivered at FE colleges. The first full year of the programme saw 800 students participate. The traineeship also provides progression opportunities to a Level 3 apprenticeship.

Apprenticeships primarily exist in Level 2 and Level 3, with around 150 frameworks available. Off-the-job training costs are fully covered by the DfE for apprentices who are under 25 years old. Older apprentices (25+) can only take part in a limited number of frameworks aligned to economic priorities, with only 50% of training costs covered by the DfE. The skills strategy envisaged the introduction of all-age apprenticeships, which have now been confirmed to commence in the current financial year.

In addition to Level 2/3 apprenticeships, Higher Level Apprenticeships (HLAs) were introduced in 2017/18 in FE and 2018/19 at higher education institutions (HEIs). These offer a route to qualifications from Level 4 to Level 7 (master's degree), although the majority are at Level 5. HLAs are available in over 60 frameworks and they are not limited by age, with full training costs covered.

In response to the COVID-19 pandemic, the SkillUP Flexible Skills Fund was introduced, with the aim to provide free shorter courses that are aligned with the new 10x economic strategy. Its aim is to boost participation in lifelong learning and reduce key skills imbalances in areas such as digital, green technology and healthcare. The fund aims to support 7,000 people by March 2024. It is similar to the Welsh Personal Learning Accounts.

In addition to traineeships, apprenticeships and SkillUP, there are three other skills initiatives targeting employers directly:

- **The *Skills Focus* programme:** for businesses with fewer than 250 employees, aims to support, promote, and facilitate collaborative working between business and FE colleges, to provide tailored skills provision, increase the skills levels of their workforce to Level 2 and above, and to increase FE's role in economic development.
- **The *InnovateUs* programme:** is aimed at helping small businesses (with fewer than 50 employees) gain the skills they need to engage in innovation activities. The programme provides up to 60 hours of tailored training, either in the workplace or at the college, to develop new products, processes or services. It is fully funded by the DfE and delivered by the six local FE colleges.
- **The *Assured Skills* programme:** a unique feature across the UK, is a demand-led, pre-employment training programme which helps individuals gain the skills they need to compete for guaranteed job vacancies with new foreign direct investment (FDI) companies and expanding local-based businesses. This typically involves a six-to eight-week pre-employment training programme - an Assured Skills Academy - delivered by a local college or university. In addition to training costs, a weekly allowance and travel cost reimbursements are provided.

Some progress is also being made around careers services - highlighted by the [OECD](#) as fragmented in Northern Ireland. An independent review into careers services was published in March 2022, with a series of recommendations being taken forward. The review has

highlighted the comparatively small amounts of public funding for careers guidance (£6m, compared with £50m in Scotland and £29m in Wales), despite the need being similar. A new bespoke stand-alone careers and skills portal is being planned; however, the procurement for this is not due to start until 2024/25.

5 Increasing divergence in apprenticeship systems

Given the labour market challenges described in previous chapters as well as the skills shortages and gaps identified by employers over the last few years, the vocational/technical aspects of skills development systems need to play a much more significant role in public policy.

Apprenticeships in particular, combining on-the-job training with vocational qualifications, have the potential to make a significant difference to reducing the gap between skills demand and supply across all four nations. We have therefore decided to focus deeper on the performance of apprenticeship systems across the UK - particularly interesting given the increasing divergence in the systems.

The introduction of the Apprenticeship Levy in 2017 has accelerated the divergence of systems across the UK. Table 1 provides a brief overview of some of the key elements of each of the four apprenticeship systems. While there is a degree of commonality, some key differences need to be highlighted:

- The English system is characterised by a considerably higher number of employer-designed standards, whereas the other three systems operate a much smaller number of frameworks, in line with international approaches.
- Employer-driven funding in England contrasts sharply with the centrally directed approach in the other three nations. Unlike in England, where levy-paying employers draw down funding via their online apprenticeship accounts the devolved governments receive their share of Apprenticeship Levy funding through their block grant allocations and spend it on a range of programmes not necessarily limited to apprenticeships.
- Even across the three centrally directed systems there are differences. In Scotland, contribution levels differ according to framework as well as learner characteristics. Wales funds all off-the-job training costs, with Northern Ireland only now moving to all-age apprenticeships after limiting their funding and framework eligibility.
- Apprenticeship qualification levels have broadened across all four nations, with new apprenticeship routes becoming available. Higher-level apprenticeships (up to degree level) form a smaller proportion of total starts, especially in Northern Ireland, where Level 2 and 3 dominate.
- The number of apprentices as a share of all employees differs considerably between the four nations, with Scotland's and Northern Ireland's per capita apprenticeship participation around half of that of England and Wales.
- Scotland recently introduced Foundation Apprenticeships, which can be taken as subjects at secondary schools. These are not apprenticeships in their normal sense as there is no employment, but they are akin to English T Levels.

There are other differences between the four nations in the governance of apprenticeships, standards and framework development and approval, or the duration of programmes, but these are more pronounced when doing international comparisons. We consider these briefly towards the end of this chapter.

Table 1: UK apprenticeship systems, by nation

Features	England	Scotland	Wales	Northern Ireland
Levels/types	Intermediate, Advanced, Higher and Degree	Modern, Foundation and Graduate	Foundation, Higher and Degree	Level 2, Level 3 and Higher
Number of standards/frameworks	680 (approved for delivery)	100+ MAs 15 FAs 13 GAs	200+	150 Level 2 and 3 60+ Higher
Delivery	FE, HE, independent training providers	FE, HE, independent training providers	FE, HE, independent training providers	FE, HE, independent training providers
Number of annual starts	347,900 (2021/22)	25,447 MA 1,096 GA (2022/23)	20,040 (2021/22)	6,729 Level 2 and 3 879 Higher (2021/22)
Regulator	Ofqual	SQA	Qualifications Wales	Council for the Curriculum, Examinations & Assessment (CCEA)
Approvals	Institute for Apprenticeships	Apprenticeship Approvals Group	Welsh Government	DfE
Funding	Education and Skills Funding Agency/DfE	SDS/SFC	Welsh Government	DfE
Contribution	Maximum contribution linked to funding bands Non-levy payers pay 5% of training costs SMEs (<50) free for young apprentices	Proportion of off-the-job training costs, depending on framework Lower contribution rates for aged 25+ Higher rates for disabled and care-experienced	Full off-the-job training costs covered	Full off-the-job training costs Ages 25+ limited to priority frameworks, with 50% training costs covered (due to change soon) HLAs fully covered
Post-COVID incentives?	£1,000 for 16-18-year-olds, 19-25-year-olds care-experienced	Adopt an Apprentice grants (discontinued) Local employment recruitment incentives	£2,000 grant for hiring disabled apprentices	Employer grant on completion (£558 to £1,674)
Employer guidance	Link	Link	Link	Link

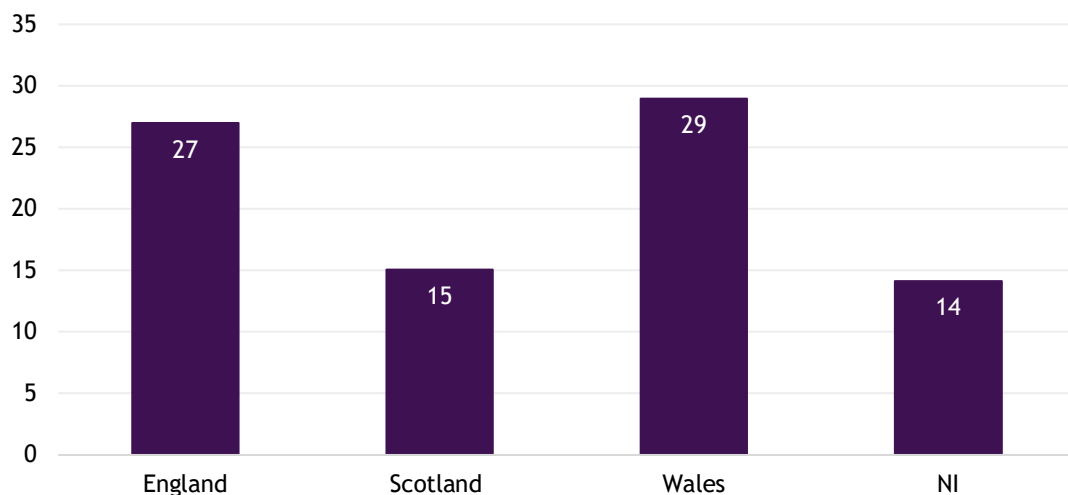
Scale of the apprenticeship systems across the four nations

Figure 12 shows current participation figures per 1,000 in the labour force. In England there were a total of 713,000 apprentices in 2021/22, a participation rate of 27 per 1,000 in employment. This was close to the Welsh figure of 29 per 1,000 in employment, where there were 40,700 individuals on an apprenticeship programme. The Scottish and Northern Ireland apprenticeship systems are smaller in terms of scale:

- In 2021/22 there were 38,500 modern apprentices undertaking training and 1,100 degree apprentices, a rate of 15 apprentices per 1,000 in employment.
- In Northern Ireland there were 11,640 apprentices on programme ('occupancy'), equivalent to 14 apprentices per 1,000 in employment.

Figure 12: Apprenticeship participation varies greatly between the UK's four nations

Apprenticeship participation rate per 1,000 in employment, 16-64 years old (%)



Source: CIPD analysis of Labour Force Survey/ONS and administrative data from UK Department for Education, Skills Development Scotland, Welsh Government and NI DfE.

The fall in the number of apprenticeship starts in England since the launch of the Apprenticeship Levy in May 2017 [has been well documented](#). In 2021/22 there were around 349,200 apprenticeship starts in England, which remained considerably below the pre-Apprenticeship Levy figures of 509,400 starts in 2015/16.

Alongside changes in the number of apprenticeships, the introduction of the Apprenticeship Levy and associated reforms to the system in England have shifted the pattern of apprenticeship provision - both the type of apprenticeship (level and subject) and the characteristics of apprentices themselves.

There was a 31% decrease in the number of apprenticeship starts between 2015/16 and 2021/22, a drop of over 160,000. However, as Figure 13 demonstrates, the largest falls have been seen among intermediate apprenticeships, with a dramatic shift towards the provision of higher-level apprenticeships:

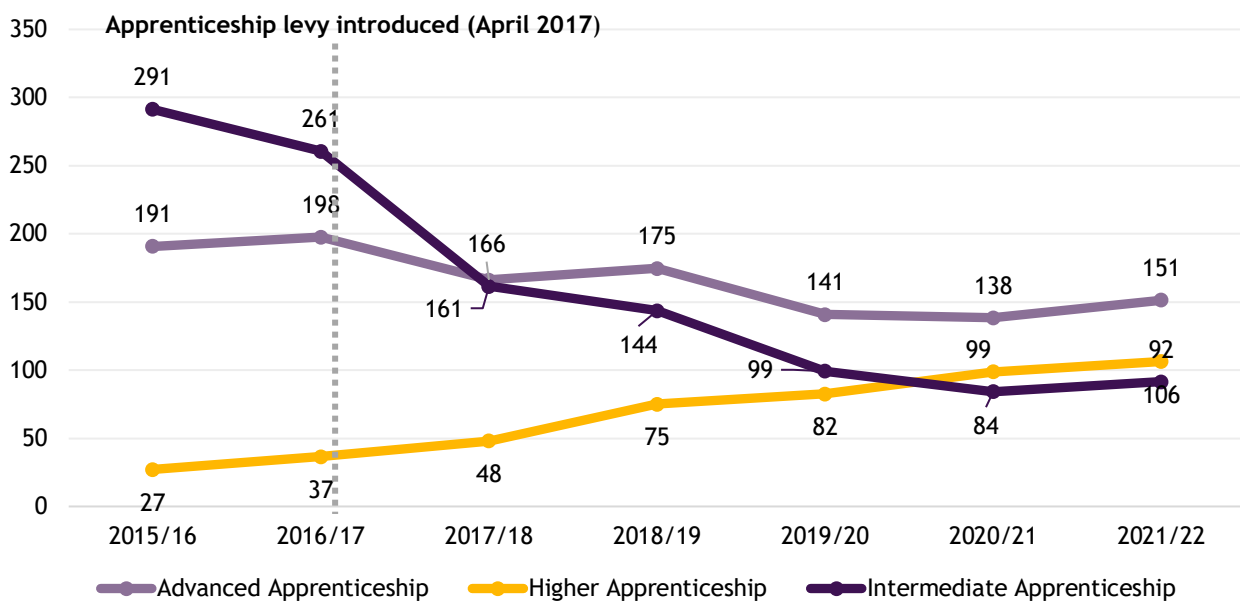
- Intermediate apprenticeship starts (GCSE level/Level 2) have been slashed by 69%, declining by almost 200,000 over the period 2015/16 to 2021/22.
- Advanced apprenticeship (A Level equivalent/Level 3) starts have also fallen over the same period, albeit by a smaller amount (-39,600, or -21%).
- In contrast, the number of starts at higher level (foundation degree/degree level and above) have seen substantial growth (+79,200, or +292%).

This means that intermediate apprenticeships now make up just a quarter (26%) of apprenticeship starts in 2021/22, while advanced and higher-level apprenticeships stand at 43% and 30% respectively.

In Scotland, there were 25,400 Modern Apprenticeship starts in the 2021/22 academic year, in line with 2015/16 figures (25,800 starts). In 2021/22 a fifth of starts were at SCQF 5 (equivalent to NVQ L2/GCSE/standard grade), 39% were at SCQF 6 (L3) and 40% at SCQF 7 and above. There were also 1,170 Graduate Apprenticeship starts in 2021/22, up from 280 in 2017/18 when the Graduate Apprenticeship route was first introduced.

Figure 13: Fall in English intermediate apprenticeship starts since Apprenticeship Levy launched

Apprenticeship starts by level in England (1,000s), 2015/16 to 2021/22



Source: [Apprenticeship and traineeships statistics](#), Department for Education.

In Wales, there were 20,000 starts in the 2021/22 academic year, a decline from the 23,700 starts observed in 2015/16 and the levels observed in the early 2010s. In Wales, Foundation Apprenticeships (Level 2) accounted for almost half (46%) of all starts in 2021/22, while Apprenticeships (L3) and Higher Apprenticeships (L4+) made up 37% and 17% respectively.

In Northern Ireland, there were 7,600 starts in the 2021/22 academic year, an increase from 6,400 starts in 2018/19, when Higher Level apprenticeships were introduced in HEIs. However, provision in Northern Ireland is heavily concentrated at lower levels: [apprenticeship starts in 2021/22](#) were concentrated at Level 2 (51%), with starts at Level 2/3 and Level 3 making up 4% and 34% of starts respectively. Just one in 11 starts were at Level 4 and above in 2021/22.

Apprenticeships by age group

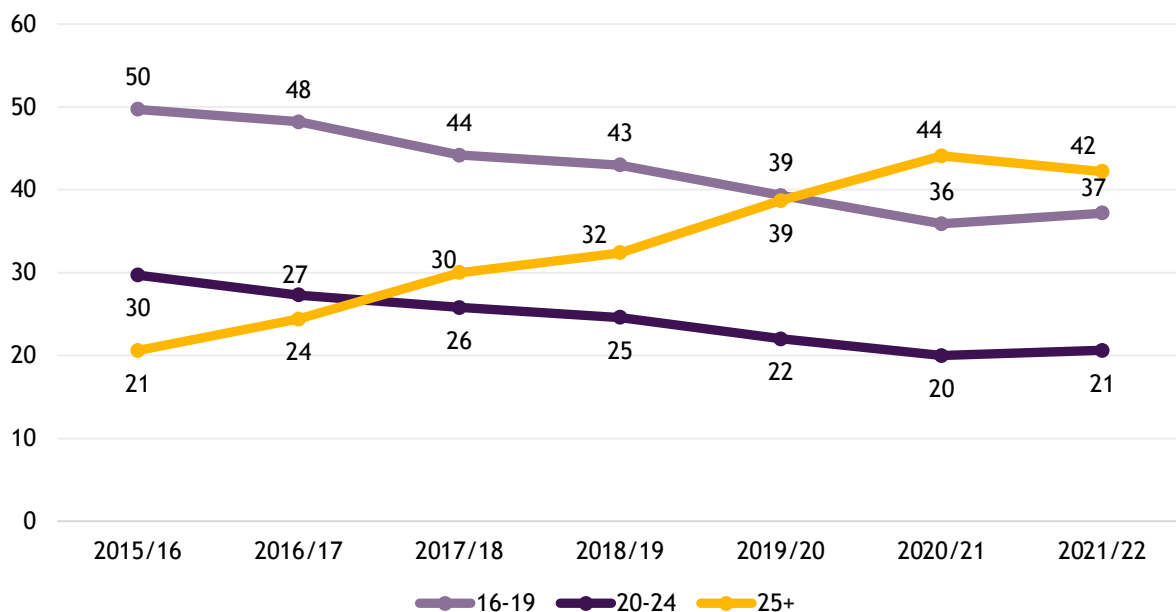
With the exception of Northern Ireland, apprenticeship provision is increasingly concentrated among older apprentices. In England, Scotland and Wales, apprentices aged 25 years and over make up the biggest proportion of the apprenticeships started in 2021/22, making up 47%, 42%, and 51% respectively of all starts.

In England the shift towards a greater share of apprentices aged 25 and over predates the introduction of the Apprenticeship Levy and associated reforms. In 2005, the apprenticeship system was extended to include those aged 25 and over, which had a dramatic impact on the age profile of apprentices. Almost all of the pre-Levy apprenticeship growth was down to the increases in starts among those aged 25 and older, while starts among those aged 19 and under, on the other hand, have remained relatively flat. This suggests that the system in England has not been working as well as it could for young people for a while.

In Scotland this trend has been even more pronounced, as demonstrated by Figure 14. The number of apprenticeship starts aged 25+ has doubled since 2015/16 - an increase of over 5,400. On the other hand, the number of apprenticeship starts aged 16-24 has fallen by over 5,800 over the same period. In Wales, by comparison, enrolments for the over-25s have accounted for the largest proportion of apprenticeships started since 2015/16.

Figure 14: Apprenticeship starts in Scotland highlight the changing age profile of apprentices

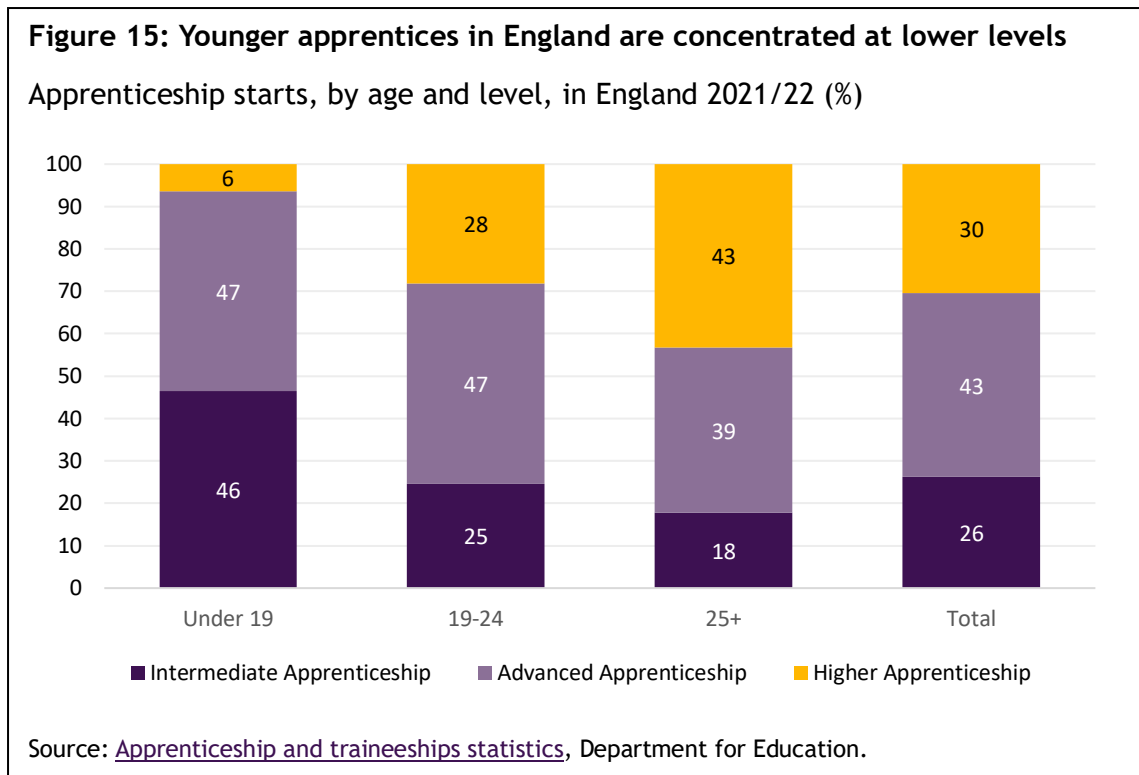
Apprenticeship starts, by broad age group, Scotland (%)



Source: Skills Development Scotland, Modern Apprenticeship Statistics.

The apprenticeship programme in Northern Ireland, by contrast, is predominantly focused on younger age groups. In 2021/22, apprentices aged 16-19 accounted for over half (52%) of enrolments, while those aged 20-24 made up a third (33%) and those aged 25 and over accounting for just 14%. It is likely, however, that the introduction of all-age apprenticeships in the current financial year will shift this balance.

Statistics also show that younger people are more likely to start apprenticeships at lower levels than older apprentices: while there are sector variations, [research has shown](#) that many intermediate apprenticeships (NVQ Level 2) do not produce a statistically significant increase in wages on completion. Figure 15 shows how English apprenticeship starts for younger people (aged 19 and under) are concentrated at lower levels, with very few starts at Level 4 (higher apprenticeships) and above.



Demand by subject

The demand for different subjects in England primarily arises from two main areas: health, public services, and care; and business, administration, and law. In 2021/22, these two fields accounted for over half of all starts, figures of 28.6% and 26.9% respectively.

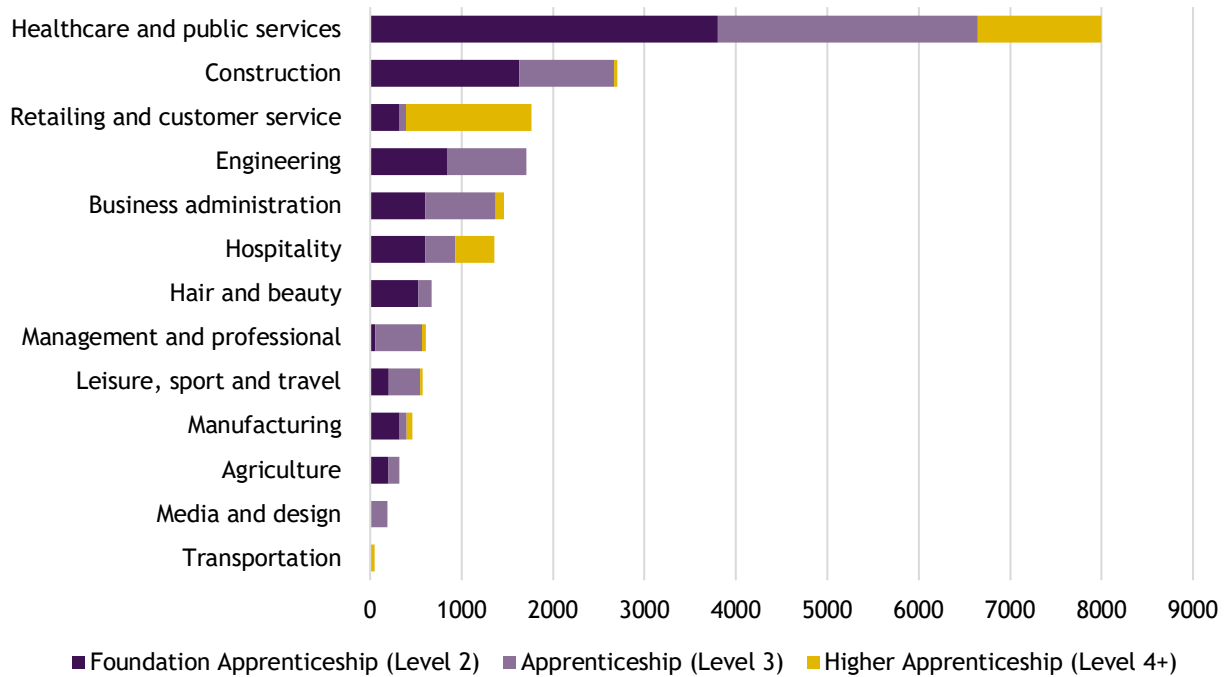
However, with Higher Apprenticeships, it is the field of business, administration, and law that holds the majority, encompassing 42% of all enrolments. Science, technology, engineering and maths (STEM) subjects accounted for 28.2% of starts, with information and communication emerging as the most prevalent subject, contributing to almost 10% of the overall starts.

In Wales, healthcare and public services dominate, accounting for 40% (8,020) of all apprenticeship starts in 2021/22, followed by construction (14% or 2,760), with all other sectors not surpassing the 10% mark (Figure 16).

In Scotland, there isn't a single dominating sector, but construction and the built environment boast the highest proportion of commencements at 17%. Similarly, in Northern Ireland, there is no one sector that commands a significant portion of all starts.

Figure 16: Welsh apprenticeships are heavily concentrated in healthcare and public services

Apprenticeship starts, by sector, Wales 2021/22



Source: StatsWales.

Disadvantage and apprenticeship level

Persistent socioeconomic inequalities across the UK's four nations are reflected in apprenticeship participation too. In England, there is a consistent trend of individuals from more advantaged backgrounds participating in Higher Apprenticeships, which aligns with findings previously reported by the Sutton Trust.

In Wales, individuals who live in the most deprived areas, indicated by the Index of Multiple Deprivation (IMD), are more likely to be concentrated in lower-level apprenticeships and less likely to be participating in higher-level apprenticeships compared with those living in the least deprived areas.

Unfortunately, there isn't comparable data - broken down by qualification level - available for apprentices in Scotland and Northern Ireland. Published Scottish Modern Apprenticeship data includes an overall breakdown by Scottish Index of Multiple Deprivation (SIMD) deciles, showing that 36% of starts are in the three most deprived areas, compared with 23% in the three least deprived areas - these proportions have barely changed in recent years. For Graduate Apprenticeships, however, the proportions are reversed. Twenty-four per cent of starts are in the three most deprived areas, with 36% of starts in the three least deprived areas.

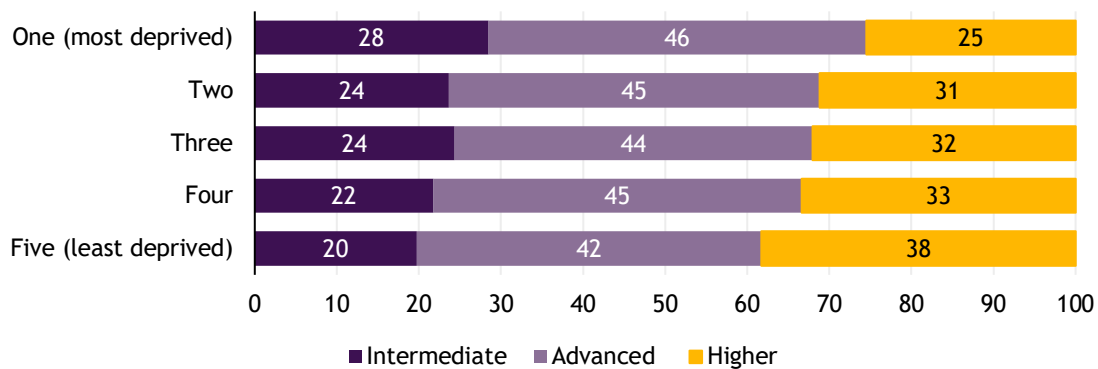
In Northern Ireland, information regarding social disadvantage is only accessible for the small number of individuals engaged in Higher Apprenticeships.

A range of reasons for these disparities has been identified throughout [research](#), including, but not limited to:

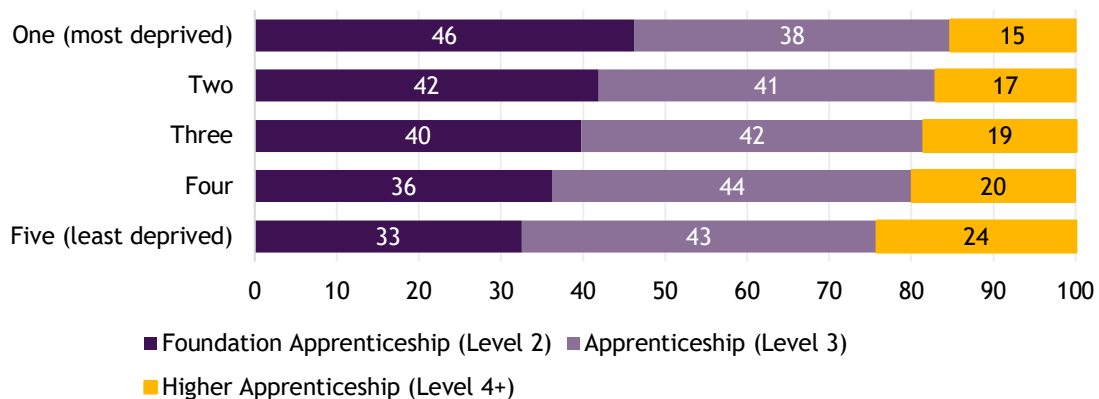
- Financial barriers are clearly a bigger issue for those from more disadvantaged areas. These include the low rates of apprenticeship minimum wage as well as, potentially, travel costs if an opportunity is not available locally.
- Some apprenticeship standards and frameworks include minimum entry requirements, which those from disadvantaged areas are more likely to lack. In England, this includes maths and English requirements and in Northern Ireland these usually are Level 1 essential skills. The importance of alternative routes, like traineeships, that can subsequently lead to apprenticeships cannot be understated.
- The complexity of the apprenticeship systems can act as a disincentive to those not used to navigating skills development opportunities. This has also likely contributed to the considerable shift towards older apprentices across three out of four nations, as described above.

Figure 17: Apprentices from deprived areas in mostly lower-level apprenticeships

Apprenticeship participation, by level and deprivation quintile (%), England 2021/22



Apprenticeship participation, by level and deprivation quintile (%), Wales 2021/22



Source: England: [Apprenticeship and traineeships statistics](#), Department for Education.

Source: Wales: [Lifelong Learning Wales Record](#), Welsh Government.

Employer engagement by organisation size

The UK business population as a whole is dominated by SMEs (99%), who account for most (61%) of the UK's private sector employment. Wales and Northern Ireland have higher proportions of employment in small and medium-sized businesses.

Table 2: Private sector employment, by business size band across the UK (2022)

	UK	England	Scotland	Wales	Northern Ireland
Small (0-49)	47.8%	46.9%	51.9%	60.9%	60.4%
Medium (50-249)	12.9%	12.7%	14.2%	14.3%	17.4%
Large (250+)	39.3%	40.5%	34%	24.9%	22.1%

Source: ONS, Business Population Estimates 2022.

Despite the importance of the SME sector to the economy, there are well-documented barriers to engagement with the skills development system:

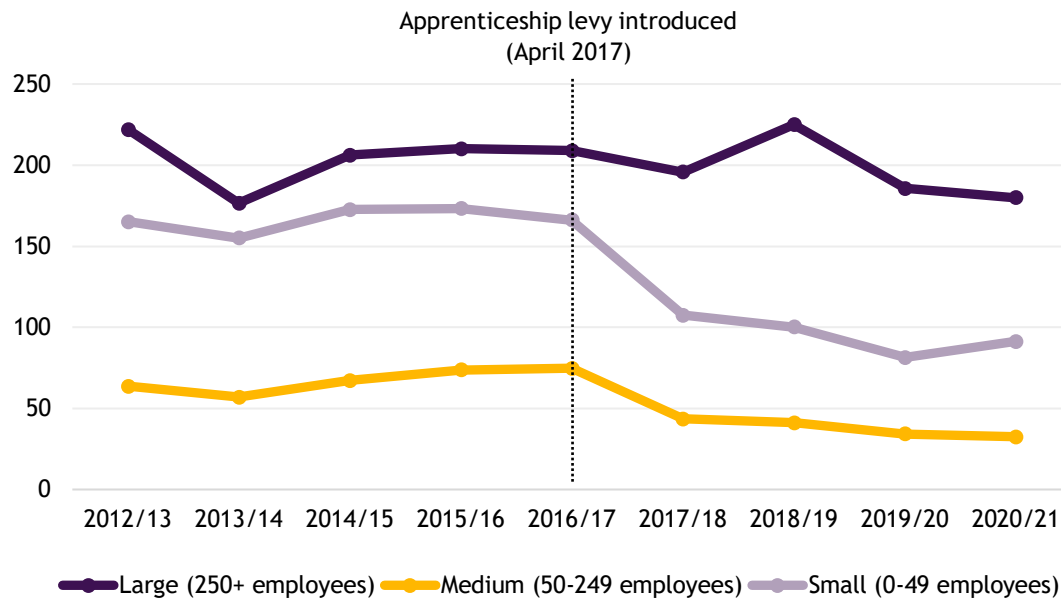
- The systems are perceived as too complex to navigate, with the awareness of public policy skills interventions particularly poor for the smallest of businesses.
- The lack of dedicated staff means little to no strategic workforce skills development, often coupled with no ringfenced training budgets.
- Poor people management capability results in the lack of understanding of business skills needs and often in an overestimation of skills knowledge.

Figure 18 shows apprenticeship starts in England by enterprise size. The figure highlights that between the introduction of the Apprenticeship Levy 2016/17 and 2020/21:

- Apprenticeship starts for smaller employers fell by nearly half (45%), from 166,170 to 91,230.
- In medium-sized employers, apprenticeship starts also collapsed by more than half (-56%) from 74,800 to 32,550.
- Larger employers have also experienced a reduction in starts compared with pre-levy introduction; however, this is considerably less pronounced (-14%).

Figure 18: 45% Fall in apprenticeship starts for small firms since April 2017

Apprenticeship starts, by enterprise size in England (1,000s)



Source: [Apprenticeships in England by industry characteristics](#), experimental statistics, Department for Education.

Comparative data is not available for Scotland, Wales and Northern Ireland. However, survey-based data (2019 Employer Skills Survey) is available, which shows:

- In 2019, 5% of small employers and 23% of medium-sized employers in Northern Ireland currently had apprentices ‘undertaking formal training’.
- The figures in 2019 for Wales stood at 8% of small firms and 38% of medium-sized enterprises.
- For England, the figures in 2019 stood at 9% of small firms, 38% of medium-sized businesses and 73% of large organisations.
- In Scotland, the closest survey - the 2019 Scottish Employer Perspectives survey - finds 14% of small employers offer apprenticeships, 39% of medium-sized, and 56% of large employers.

Apprenticeship outcomes - achievements and wage returns

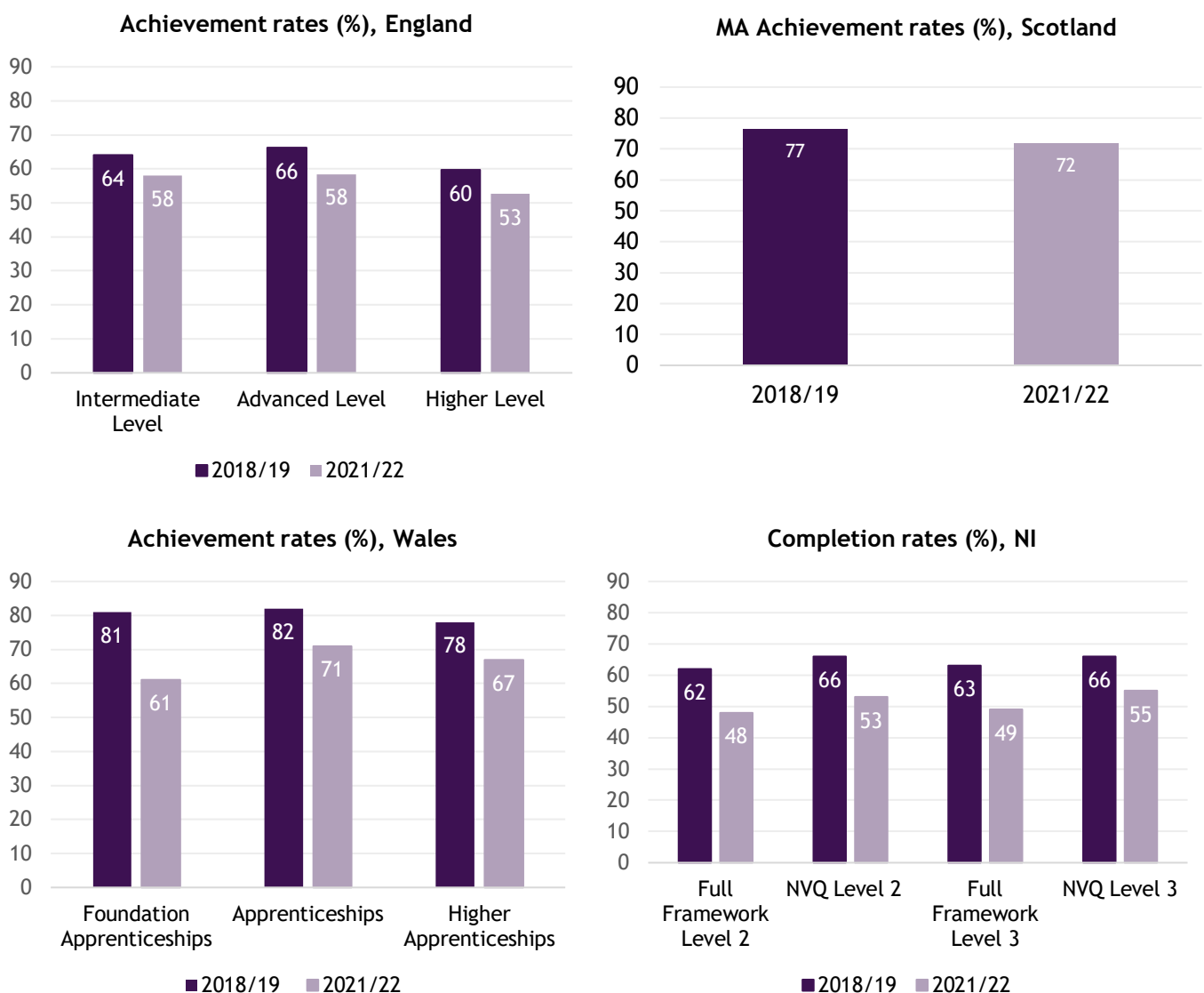
Apprenticeship achievement/completion rates vary across the four nations. Overall, achievement rates are highest for Modern Apprenticeships in Scotland (72%) and lowest for apprentices in England (53%), with the overall figure for Wales standing at 66% (no overall programme figures are available for NI).

These achievement rates compare unfavourably with other parts of the post-16 education and training landscape. For instance, the overall 19-plus education and training achievement rates for England in 2021/22 stood at 86%, with achievement rates for Level 2, Level 3 and Level 4 learning at 83%, 76% and 68.5% respectively.

Figure 19 shows how achievement rates vary across programme levels in the four nations. In England and Northern Ireland, achievement rates are highest at NVQ Level 2 (intermediate level in England) and NVQ Level 3 (advanced level). Achievement rates also vary across Scottish Modern Apprenticeships, with the highest achievement rates seen for apprenticeships undertaken at SCQF Levels 10-11, with over 80% achieving an apprenticeship at this level in 2022/23, and the lowest is SCQF 5 (NVQ 2), with achievement rates lagging 9 percentage points behind at 71%.

Across all countries, achievement rates were lower in 2021/22 than in 2018/19, likely due to the challenges related to COVID-19, for example the learning disruption that occurred over this period.

Figure 19: Apprenticeship achievement rates vary across the four nations



Analysis of wage returns to apprenticeships in England has highlighted positive labour market outcomes for individuals who complete their apprenticeship. However, results vary considerably by age, gender and by vocational sector of choice. For instance, a paper by

the [Centre for Vocational Education Research](#) shows that while there was a positive overall outcome, those who started their apprenticeship aged 19-24 received a much larger salary increase post-completion than individuals who began their apprenticeship when aged over 25.

A [further research paper](#) has also revealed large gender differences, with a substantial earnings gap between men and women, especially for those in advanced apprenticeships compared with similar classroom-based vocational education. This gap was mainly driven by the vocational sector of choice; however, even with detailed controls, there remained a residual earnings difference. A more recent [analysis](#) suggested a very strong relationship between starting an apprenticeship and earnings at age 23. For men, apprenticeships raise earnings by 30% and 46% for those educated up to Levels 2 and 3, respectively, and women saw an increase of 10% to 20% respectively.

An international perspective - how do the four nations measure up?

In England, it has been reported that too many standards are narrow and overlapping, restricting the extent to which apprentices gain transferable skills, with [one report suggesting](#) that almost 40% of the new standards would not meet the international or historical definition of an apprenticeship.

Other commentators have also pointed to the proliferation of apprenticeship standards as an indicator of a lack of 'occupational breadth'. There are now 680 standards approved for delivery, with almost another 100 in development/proposed. This compares with just 200 apprenticeship occupations in Austria, 320 in Germany, 230 in Switzerland, and around 100 in Denmark. Scotland, Wales and Northern Ireland, on the other hand, are relatively similar in terms of the range of apprenticeships available.

In addition, comparisons with other countries on the duration and proportion of time spent in off-the-job training highlights further areas of potential weaknesses. Table 3 clearly shows that, compared with other countries, apprenticeships in England are substantially shorter on average and that the off-the-job component is towards the lower end of the spectrum. In most countries, apprenticeships last three years or more on average - compared with an average of 15 months in England. Further, many other countries require a more substantial off-the-job element - between a third and half of an apprentice's time.

The OECD has recently [raised similar concerns](#) regarding the length of apprenticeships in Scotland, noting that "apprenticeships are shorter on average than in most countries, and some are less than 12 months which is particularly unusual by international standards". In addition, there is no general rule for how much off-the-job training is included in a Modern Apprenticeship, and that many frameworks make no mention of the off-the-job training requirements of the apprenticeship.

In Northern Ireland there is no set minimum or maximum timeframe for the apprentice to complete their apprenticeship framework; however, on average, they [usually take at least two years and up to four years to complete](#). While the off-the-job training component is usually delivered on a day release basis, the apprentice is usually with their employer four days a week and with the training provider one day a week. In Wales, on the other hand, apprenticeships take between one and four years to complete depending on the level, and have set on-the-job and off-the-job minimum learning hours depending on the framework.

Table 3: International comparisons in apprenticeship duration and off-the-job learning

Country	Duration of programme	Time allocation in programme
Austria	3-4 years	66% - workplace with company 20% - off-the-job education and training 14% - leave and sick days
Denmark	3.5-4 years	Information not available
England	Minimum 12 months, 15 months on average	At least 20% in off-the-job training (<u>recently changed to a minimum of 6 hours a week</u>)
Germany	3-3.5 years (2-year programmes available)	54% - workplace with the company 31% - off-the-job training 15% - leave and sick days
Netherlands	2-4 years	72% - workplace with the company, including leave and sick days 24% - in school The remaining 4% can be allocated to school or practical training
Norway	Mainly 4 years (shortage of programmes available for disadvantaged students)	Apprentices spend as much time in school as in the workplace with the company (typically the first 2 years are spent in school and the last 2 with the company)
Sweden	3 years	Apprentices spend as much time in school as in the workplace with the company
Switzerland	3-4 years (2-year programmes available)	52% - workplace with the company 27% - off-the-job education and training 14% - leave and sick days

Source: Kuczera, M. (2017) *Striking the right balance: costs and benefits of apprenticeship*.

6 Conclusions

This report provides policy-makers and researchers with a summary of available evidence in relation to the UK's skills development systems, with a particular focus on apprenticeships. There are some aspects where relevant comparisons cannot be made due to the differences in the system or the lack of publicly available data. Nonetheless, some key themes have emerged.

Same challenge, different nation?

The megatrends identified in our first chapter obviously impact all four nations today and will continue to be a growing challenge. There are some differences in sectoral and occupational makeup, qualification distributions across the population or the pace of demographic change, but on the whole all four nations need to ensure their skills development systems can respond adequately.

The fact that our broad challenges are very similar despite an increasing divergence of public policy makes it arguably even more important to learn from each other as individual nations pursue deep reforms to skills systems.

The tightness of the labour market since the lifting of pandemic restrictions shone a light on the importance of economic activity. With around a fifth (and over a quarter in Northern Ireland) of the labour force economically inactive, it is crucial we look at both the causes and possible solutions to reducing that number. Health policy will play a big role in the coming years, but finding ways of re-engaging the disengaged with the skills system must be a priority. Large cohorts of the population, particularly in Northern Ireland, lack basic skills, with no qualifications whatsoever.

Skills and labour shortages continue to be a real problem across all four nations and virtually all sectors of the economy. In addition, skills gaps, mismatches and underutilisation point to persistent inefficiencies between the labour market and the skills development system. Evidence suggests the biggest gaps are in the so-called 'missing middle' of qualifications - linked to intermediate and higher technical skills - which are ones that have traditionally been gained through vocational routes like apprenticeships. The oft-repeated parity of esteem between vocational and academic education by policy-makers and elected representatives needs to be backed up by action and funding.

However, it is not just policy-makers that need to step up. Employer underinvestment in staff training - both in quantity and quality - is a serious problem across the whole of the UK. Research is clear about the link between skills investment and a whole range of organisational metrics. Employers need to engage with the skills system to a much greater extent, with deeper collaborative models. SME engagement remains a particular challenge.

It also has to be pointed out that we are in a period of considerable policy flux in all four nations of the UK. The lack of continuity has resulted in what employers feel are fragmented systems, with good examples of policy interventions that more often than not are narrowly targeted and short-lived.

7 Policy recommendations

Recent years have seen an increased government focus on some of the themes relevant to this report - vocational education, lifelong learning, employer engagement. The scale of the challenge, and the pace of change in the economy, requires policy-makers across all four nations to transition from themes and plans towards actions much faster.

Finding common ground between UK nations

Examining the range of skills policy interventions across the four nations uncovers pockets of very good practice that we try and highlight throughout our recommendations. In the majority of cases there are no reasons for why such interventions could not be transposed to other nations.

There are also broad themes and approaches that we believe each nation should follow when looking to the future. Most of these apply to the skills system as a whole, but given the focus of this report, we also make specific recommendations around apprenticeship policy.

Collaboration between local employers and institutions

An area of difference between England and the other three nations is the level of formal collaboration between employers and educational institutions and the public policy infrastructure more broadly. This is most likely a reflection of the country's size, but also a political and cultural development.

- ✓ Sub-national cooperation between employers, educational institutions (schools, colleges, universities) and public bodies should be encouraged, if not formalised. The Developing the Young Workforce model in Scotland was well intentioned, but needs to be boosted. Interventions like the Assured Skills Academy model or Skills Focus in Northern Ireland are positive examples of what closer collaboration can achieve.
- ✓ In England especially, regionally driven policy has the potential to bring local employers closer to the skills system. More focus should go into regional (sub-national) devolution of skills planning and delivery. Local Skills Improvement Plans - with autonomy and backed by funding - need to be embedded into the policy infrastructure.
- ✓ The role of employers in apprenticeships policy needs to be balanced with public policy priorities. The English system as it operates now does not meet the key objective of providing young people with quality vocational pathways. On the other hand, the systems in Scotland, Wales and Northern Ireland can feel too inflexible to meet changing employer needs.

Responsiveness to changing labour market needs

The pace of change in all four labour markets - as well as the changes we need to anticipate as a result of AI and net zero - require our skills systems to be flexible and responsive. The importance of shorter skills development opportunities and buildable qualifications is only going to grow. The pandemic-forced changes in how we work and learn are an opportunity.

- ✓ A key criticism of the Apprenticeship Levy, and particularly its operation in England, is that it distorts employer incentives to engage with training. Apprenticeships are not always the most suitable form of training for staff, yet employers are unable to

use their contributions for other skills development opportunities. Reforming the Levy into a Flexible Skills Levy should be a priority.

- ✓ In Wales and Northern Ireland, ringfenced funds should be developed for Levy-payers to use on programmes beyond apprenticeships. The Scottish Flexible Workforce Development Fund provides this, but it is still too limited in scope.
- ✓ This needs to be coupled with shorter funded upskilling opportunities aimed at individuals. Some progress has been made in this area in all four nations, but it needs to go further:
 - SkillUP in Northern Ireland or Personal Learning Accounts in Wales are very popular, but with annual budgets they are not yet an embedded part of the skills landscape.
 - In contrast, Individual Training Accounts in Scotland are embedded, but very small in scale - they need to be expanded considerably.
 - In England, Skills Bootcamps have been well received, but again they are small in terms of scale, although further rollouts to other skills shortage areas are planned.
 - The proposed Lifelong Loan Entitlement and the shift to modular and flexible learning in England has the potential to open up learning opportunities to a much wider range of individuals.

Incentivising greater employer uptake

Formalising collaboration between employers and skills institutions should boost the uptake of skills programmes, but it is only one part of the puzzle. Engaging small business, in particular, has been a perennial problem across all four nations.

- ✓ For the smallest of businesses, good-quality advisory services are key. In particular, interventions aimed at boosting management capability, and, in turn, an understanding of skills needs and development opportunities, need to be priorities. The CIPD's [People Skills](#) is a proven model that should be rolled out.
- ✓ It is reasonable to assume that the divergence between the four skills systems is acting as a brake on employer engagement. While this divergence is unlikely narrow, there is a considerable gap in UK-wide employer advice on how to navigate skills development in organisations that operate cross-nationally. This should be the UK Government's responsibility.
- ✓ In apprenticeship policy, the focus on funding off-the-job training costs needs to be complemented by a discussion of the role of direct financial incentives. For small businesses in particular, apprentice hiring incentives can make a difference. In addition, incentives can be linked to other desired policy outcomes, for example to drive recruitment of younger apprentices or those with protected characteristics (eg Wales provides this for disabled apprentices).

Improving careers advices and guidance

All four nations are in different stages of reviews and reform to careers services, which is evidence of the growing understanding of the importance of the service to (particularly) young people's labour market outcomes and the economy as a whole.

- ✓ Well-resourced and comprehensive careers services need to be a priority across all four nations. There are big differences in the systems, but evidence suggests that there is considerable value in direct face-to-face advice before the end of compulsory school education.

- ✓ Impartial advice on the breadth of vocational and academic pathways is particularly important in the face of growing issues with overqualification across the UK. In addition, practical advice around interviews, CV writing, and the development of soft skills should be given just as much attention.
- ✓ All four nations have a plethora of qualifications that are very challenging to navigate. On the other hand, all four have frameworks that bring qualifications together, although they do differ (especially in Scotland). In the interest of better awareness, and parity of esteem, consideration should be given to changing how policy-makers and public bodies refer to qualifications by stating the level, country and then the qualification name.

A focus on quality apprenticeship pathways

Perhaps the biggest differences between the four nations are in the scale of apprenticeship systems per capita and in the approach to standards/frameworks. Where England has prioritised a massive expansion in employer-led standards, albeit not matched by an expansion in learner participation, the other three nations control framework development more tightly.

- ✓ There are concerns that England's approach over the last few years resulted in too many narrow and overlapping apprenticeship standards, which restrict apprentices' ability to gain transferable skills. England is an outlier not only in the UK, but internationally too. The development of standards, while employer-led, needs to be controlled more tightly by public bodies to focus on quality of provision.
- ✓ There is clear scope to expand the apprenticeship systems across the UK, but especially so in Scotland and Northern Ireland. Much of the discrepancy between the two nations and England is down to budget restrictions that control how many apprenticeships are funded. Removing such restrictions to meet demand, while maintaining focus on quality pathways, should be the preferred approach. In contrast, the unspent Levy funds in England suggest more flexibility to use funding for other skills pathways is also needed.
- ✓ Too many apprenticeship programmes are too short to be a meaningful introduction to a career for young people. All four nations should specify programmes to be at least two years long (with some exceptions), with set minimum off-the-job training days as a percentage of the programme.

Apprenticeships and social mobility

The purpose of national skills policy is not just to match labour market demand to skill supply. Its role reaches into the socioeconomic too by ensuring that opportunities to develop skills are spread across geographies and learner backgrounds. Apprenticeships have traditionally provided a route to well-paid, secure careers for those from more disadvantaged backgrounds, but recent years have seen a shift.

- ✓ The drop in lower-level starts, particularly in England, translates into a drop in opportunities for those from some of the most deprived areas. An expansion in Graduate Apprenticeships in Scotland, in the absence of additional funding, might have the same effect on Modern Apprenticeship opportunities. Local collaboration and employability support are key. The minimum wage for apprenticeships also acts as a disincentive and should be increased.
- ✓ It also needs to be recognised that for some of those furthest away from the labour market, without any formal qualifications at all, apprenticeship entry requirements

are prohibitive. More focus needs to be given to schemes like traineeships (in Wales and Northern Ireland) and other pathways that can lead to apprenticeships.

- ✓ Socioeconomic disadvantage is just one of many inequalities in apprenticeship access. There are well-documented challenges with gender inequality in some pathways as well as additional barriers faced by those with disabilities or care experience. Careers advice and targeted financial incentives can make a difference.

Lifelong learning and apprenticeships

Evidence outlined above suggests that the increase in older apprentices across three of the four nations in recent years has not been in addition to the apprenticeship system, but is in fact crowding out younger apprentices from the system. This is particularly pronounced in Scotland. The introduction of all-age apprenticeships in Northern Ireland is an opportunity to ensure the whole system expands, but the experience of the other three nations is a cause for concern.

- ✓ Apprenticeships should primarily be vocational pathways providing young people with in-depth quality training and giving them experience in a workplace setting. In general, they should not be suitable upskilling opportunities - these should be shorter, more intensive courses that build on existing skillsets. Recognising the extended transitions from education to work, and in line with updated International Labour Organization definitions, we believe public funding contributions should be the same up to the age of 29.
- ✓ They can, however, play a useful role in reskilling in cases where older workers change careers across sectors or industries. There are several ways to ensure the system works in this way, but all come with drawbacks:
 - Funding contributions from government, agencies or Levy funds could simply be limited to younger apprentices. Lower contributions for older apprentices, however, have not stemmed the changing age profile in Scotland.
 - Additional direct financial incentives could be provided for younger apprenticeship starts. This would have considerable budget implications.
 - Comprehensive assessments of all older apprenticeship applications could be required to deal with them on a case-by-case basis. This would be administratively challenging.
- ✓ Fast-track routes to apprenticeship qualifications should be introduced for adults who already have existing on-the-job skills. In addition, master craftsperson qualifications should be introduced for adults who want to build on their existing vocational qualifications, introducing a level of progression for adults. The Welsh Government first began developing these in 2017.

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