

## CBI submission to the Skills and Post-16 Education Bill Committee

### Introduction

1. The CBI is the UK's leading business organisation, speaking for some 190,000 businesses that together employ around a third of the UK's private sector workforce. We represent businesses of all sizes from all sectors, employing people with skills and qualifications at all levels. We also have members involved in delivering education and training, including universities, colleges, and private providers.
2. The CBI welcome the Skills and Post-16 Education Bill as an opportunity to boost lifelong learning, locate business at the heart of skills planning, and ensure qualifications are giving people of all ages and backgrounds highly prized skills valued by employers. Our feedback focuses mainly on Part 1: Skills for education and work.

### In this response we argue

- Removing funding barriers and ramping up flexibility will boost participation in lifelong learning.
- A coherent place-based and coordinated national approach are both key to delivering the skills our economy needs.
- Reformed technical qualifications must remain in lockstep with employer demand and support more young people to progress.

### Amendment recommendation summary

- CBI support probing [amendment 40](#) tabled in the names of Toby Perkins and Matt Western.
- CBI support the removal of [amendment 29](#) agreed to at HL report stage.
- CBI support [amendment 5 and 33](#) of wider amendments regarding the role of LEPs and Combined Authorities in Local Skills Improvement Plans.
- Reinstate subsection 1 *only* of [amendment 50](#), agreed to at HL report stage, as a new substantive amendment.
- Reinstate [amendment 92](#), tabled by Lord Johnson of Marylebone at HL committee stage, as a substantive rather than probing amendment.
- Revise [amendment 32](#) providing for a government review into the apprenticeship levy. This should consider how to best to provide for apprenticeship and wider skills investment through a flexible *skills levy* and general taxation.
- Table an amendment for the accelerated provision of short, flexible, and modular courses across all stages of adult education and training.
- Table an amendment placing the remit and responsibilities of the Skills and Productivity Board into statute and empowering the Board to guide decisions on skills and training in consultation with employers.
- Table an amendment outlining the role for IfATE and Ofqual in ensuring the responsiveness of technical qualifications to economic and employer demand.

## Removing funding barriers and ramping up flexibility will boost participation in lifelong learning

3. Over the next ten years, nine in ten people will need new skills to prevent future gaps emerging, costing an extra £13bn a year<sup>1</sup>. This will be vital to levelling up opportunity, decarbonising the economy, and capturing productivity gains through increased automation. Preventing skills gaps could provide a £150bn uplift to GVA by 2030 and increase workers' real wages by 8%-10%<sup>2</sup>. This is a social as well as an economic imperative, with disadvantaged and lower skilled workers most likely to need retraining. Overall, we estimate three million people will be required to find jobs in new occupations altogether<sup>3</sup>.
4. The CBI strongly welcome the introduction of the Lifetime Skills Guarantee (LSG) and Lifelong Loan Entitlement (LLE), both in widening funding for adult education and training, and giving people greater flexibility to gain new skills throughout their careers. But the Bill can go further to maximise the reach and impact of these reforms.
5. Laying the LSG into statute would offer a genuine guarantee for people of all ages and backgrounds and send a clear signal of the government's commitment to lifelong learning. Extending the guarantee to Level 2 and ensuring it remains agile can allow more people to access a training pathway and build the skills to progress in work. This will maximise impact for people in need of retraining, and disadvantaged adults likely to have received little training since leaving school. That is, those with most to gain from government support. The Committee should therefore reinstate subsection 1 *only* of [amendment 50](#) agreed to at HL report stage. This should act as a new substantive amendment.
6. Whilst the recent easing of equivalent and lower qualification (ELQ) restrictions at Level 3 is welcome, current rules will limit the reach of both the LSG and LLE. As our economy changes, many qualifications and skills have depreciating labour market value. Rigid barriers to retraining risk economic displacement, with people prevented from gaining the new skills they need. Restating [amendment 92 after clause 15](#), tabled by Lord Johnson of Marylebone, would enable the Secretary of State to conduct an economic impact assessment of existing rules and pursue an approach that both widens access to education and training, and delivers a long term ROI for the taxpayer.
7. The CBI notes that the LLE will require further primary legislation before being introduced. Due consultation is necessary, but the 2025 timeframe must not be delayed. To drive upskilling across the economy, people need short, modular, and flexible courses that allow them to top up their skills, and fit training around their lives. Modular options also hold several advantages for firms, with the relevance, pace and ease of learning delivering a greater ROI and increased transfer of skills to the role<sup>4</sup>. Increased flexibility is needed to boost participation at lower, intermediate, and higher levels, with current provision overwhelmingly targeted at full qualifications. An amendment committing the government to accelerate the provision of more flexible and investible courses would be welcome.
8. Additional business spend is needed to prevent skills gaps emerging. But the apprenticeship levy is acting as a barrier, with both employers and government trying to utilise the funds. The levy cannot deliver the skills businesses need *and* fund apprenticeships for SMEs. Employers are reticent to release further investment when they have large sums of unspent levy they cannot use. [Amendment 32](#) risks further restricting employers' use of levy funds, adding dysfunction to an already broken system. Government needs to give firms more flexibility to spend their own skills budgets and raise funds separately for public investment. A DfE-HMT review should evaluate how best to provide for both apprenticeships and wider skills investment through a flexible *skills levy* and general taxation.

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<sup>1</sup> Learning for Life (2020), CBI/McKinsey

<sup>2</sup> Seize the moment (2021), CBI/McKinsey

<sup>3</sup> Ibid.

<sup>4</sup> The Bitesize Revolution (2019), MindGym

## **A coherent place-based and coordinated national approach are both key to delivering the skills our economy needs.**

9. Businesses can serve as a driving force behind the UK's levelling up aspirations. For areas to capitalise on their unique strengths and deliver opportunities to people of all ages and backgrounds, a coordinated approach to skills is required. Proposals for Local Skills Improvement Plans (LSIPs) are a welcome opportunity to deliver this.
10. FE providers are anchored in their community and play a leading role in responding to economic need, supporting businesses with access to talent, innovation, and future workforce planning. However, they can be "under-utilised"<sup>5</sup> and "poorly understood" by some businesses who struggle to access the skills system and articulate their needs. This impacts providers' ability to remain responsive, as a critical mass of evidenced demand is necessary before they can invest in provision. LSIPs can therefore support in giving a voice to voiceless employers, and offering providers a comprehensive picture of economic needs, business demands, and learner aspirations, to respond to.
11. Combined Authorities and Local Enterprise Partnerships (LEPs) have made some progress in aggregating labour market intelligence and mobilising providers, business, and local government around shared priorities on skills. LSIPs should complement and harmonise the efforts of these actors to create a coherent approach with clear actions and accountabilities to drive the skills areas need. The CBI notes the raft of amendments in this area. Carrying forward [amendments 5 and 33](#) can ensure LSIPs leverage broad insight and locate employers at the heart of skills planning.
12. Cementing collaboration between providers and drawing upon the strength of both FE and HE institutions can maximise the impact of LSIPs and ensure local areas benefit from connected training pathways. Partnership between colleges and universities can give people clear routes to progress their skills and enable employers to recruit and upskill their workforce across multiple stages of education and training. LSIPs should therefore have regard to relevant HE providers if present in an area.
13. Shadow ministers' [probing amendment](#) (40) regarding the criteria the Government will use to determine what constitutes "local" is an important one. A fragmented approach across disconnected and competing geographies risks confusing employers and leaving gaps in coverage. LSIPs must cover the whole country when scaled up, with no part of the country left unrepresented.
14. The employer voice must be reflected in skills planning without losing balance between local regional, sectoral, and national priorities. The Government should consider whether the approach advocated in [amendment 39](#) can complement work undertaken by the Skills and Productivity Board (SPB) in this regard. As a minimum, LSIPs should inform and be co-informed by priorities highlighted by the SPB. This can ensure efforts to boost local responsiveness do not push providers to become parochial.
15. The Government can also go further by placing the remit and responsibilities of the SPB into statute and empowering the Board to guide decisions on skills and training in consultation with employers. For example, with clear duties and adequate resource, the SPB could work with the Migration Advisory Committee to help monitor critical skills shortages and report to government on which additional training and qualifications should be funded via the National Skills Fund. This can ensure the Lifetime Skills Guarantee and Skills Bootcamps enable people to retrain into jobs most needed and boost the development of skills that would otherwise increase the need for immigration.

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<sup>5</sup> Independent Commission for The College of the Future report (2020)

## **Reformed technical qualifications must remain in lockstep with employer demand and support more young people to progress.**

16. The introduction of A-level equivalent T levels represents an opportunity to further parity of esteem between academic and technical education and close skills gaps in the economy. Industry specific technical knowledge is the biggest priority skill area for development over the next three to five years for CBI members<sup>6</sup>. Locating employers at the heart of new technical qualifications can therefore give learners confidence they are gaining highly prized skills backed by firms. A simpler high-quality offer can also help raise the profile of technical and vocational education and create system that parents, young people, and employers understand, value and trust.
17. We also welcome ambitions to support more young people to progress to Level 3 and beyond. This can overcome a bottleneck in our talent and skills pipeline and satisfy increasing economic and employer demand for intermediate and higher-level skills<sup>7</sup>. However, future funding decisions must avoid having the adverse effect and narrowing opportunities for young people to progress.
18. The government have gone some way to ease business concerns in this regard. Allowing continued access to a mixed programme of A Levels and Applied General Qualifications is welcome. Disadvantaged students and those from black backgrounds are much more likely to pursue this pathway<sup>8</sup>. Ensuring our skills system enables all talent to progress is vital to meeting employer aspirations to build a more diverse and inclusive economy. Previous CBI surveys have also suggested that firms value a mixture of academic and technical qualifications<sup>9</sup>.
19. The Secretary of State's decision to extend the timetable for defunding qualifications is also a positive step. The extra year can allow more employers to engage with T Levels, ramp up industry placements, and shore up talent pipelines where existing qualifications are valued. But additional time may still be required. By stipulating a fixed term of further delay, [amendment 29](#) as agreed at HL report stage, takes the wrong approach. Rather, the reform timetable should be kept under review to give employers adequate time to invest in T Levels to access and develop talent. This will be key to success. With every T Level student required to undertake an industry placement, firms of all sizes and sectors need to understand how the qualification relates to the wider skills system and supports progression to higher apprenticeships, further study, or a full-time role.
20. Finally, with technology transforming the world of work and the skills people require, technical qualifications should remain responsive and in lockstep with employer demand. Mechanisms for the review and approval of new and existing courses must be swift and smooth. This can help ensure qualifications support entry to emerging industries and deliver relevant knowledge and skills to sectors undergoing transformation. We recommend an amendment providing for shared accountability between IfATE and Ofqual in this regard.

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<sup>6</sup> Skills for an inclusive economy: education and skills survey (2021), CBI/Birkbeck

<sup>7</sup> Ibid

<sup>8</sup> Students and qualifications at level 3 and below in England (2019), DfE

<sup>9</sup> Educating for the modern world: education and skills survey (2018), CBI/Pearson