

# It is so Important to Keep Investing in Skills as Purse Strings Tighten





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**The British economy is, like the rest of the world, facing stark economic challenges driven by the surge in inflation and energy costs.**

This massive headache for businesses has come just as they were adjusting to Brexit and the fallout from COVID-19.

I am all too aware of the harsh impacts of this perfect storm through serving as President of the British Chambers of Commerce until autumn 2022.

What I want to focus on with this article, in my capacity as Chair of the Institute for Apprenticeships and Technical Education (IfATE), is how we are keeping businesses engaged with skills training through these cash-strapped times.

We have managed to do this so far in England – the other devolved nations have their own skills systems – by making the system ever more employer-focused. By that, I mean apprenticeships and the new wave of skills programmes, T Levels, and Higher Technical Qualifications are all now designed and approved by groups of employers from across the private and public sectors.

We have taken this approach because we need them to have full confidence that the training is worth using to upskill their workforce. They should also look to whether newcomers have passed these courses as a reliable indicator of the quality of applicants when recruiting.

That had not been the case in England for many years before. Dating back to the [Wolf Report 2011](#),

successive reviews noted that too many qualifications being offered to students did not satisfy the needs of employers. The influential [Richard Review of Apprenticeships](#) published a year later, and the [2016 Sainsbury Review of Technical Education](#) reached similar conclusions.

The problem had been that they were designed by awarding organisations, further education providers, and government officials – with businesses rarely getting a look in.

This resulted in too many students being trained for low-skilled occupations, with limited opportunities to progress to higher levels and gain promotion. Employers did not rate the training and mainly looked to academic A Levels and degrees as an indicator of talent and ignored technical education.

The employer-led reform programme, introduced over the past decade, has changed things for the better.

It has, for example, led to the introduction of prestigious degree-level apprenticeships that provide a more aspirational target for trainees and ensure businesses' higher-level skills needs are met as well as their entry-level ones.

Another major quality improvement was the introduction of end-point assessment at the end of apprenticeships, which apprentices have to pass to give employers the confidence that they really know their stuff.

The launch in 2017 of the apprenticeship levy, which rightly obliges large employers to pay into the system, has also more than doubled the funding available for the programmes.

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Looking beyond apprenticeships, a further important innovation has been the rollout of T Levels since 2020 for 16- to 19-year-olds. These are more rigorous than other equivalent classroom-based technical qualifications and stand out because every student has to complete a substantial work placement, typically lasting around 45 days.

Offering T Level work placements is proving to be a really good way of opening out new talent pipelines into businesses. We are hearing of lots of cases where T Level students have been offered jobs straight from placements. Many others have gone on to university or higher-level apprenticeships.

These reforms are all helping to improve the quality and perceptions of skills training. Demand from school leavers for some apprenticeships even outstrips that for places at Oxbridge universities.

Keeping things employer-focused also allows us to be vigilant to changing skills needs and react fast. The best example of this was during the COVID-19 pandemic and successive lockdowns, when we were able to quickly introduce hundreds of flexibilities that allowed for more remote learning and assessment. This helped keep apprenticeships going and

apprentices to complete their courses and move on with their careers.

The results of all this have been encouraging. Apprenticeship starts for the whole of last academic year grew by around 8 per cent, and around 700,000 people are currently training through apprenticeships.

There are now far more apprenticeships to choose from, covering a massive variety of jobs up to degree level. As well as all the traditional trades, they now train economists, nurses, aerospace engineers, countryside rangers, brewers, laboratory scientists, graphic designers and even archaeologists.

Apprenticeships have high satisfaction rates with employers (typically over 80 per cent), and they generate a lot of loyalty among the trainees. Additionally, 92 per cent of apprentices surveyed this year by IfATE felt confident that the skills they were being taught would equip them to succeed in the future.

There are more than 650 different employer-designed apprenticeships in total – a higher number than in many of our European neighbours – because they have filled the many skills gaps specifically identified by our employer panels. If we break down that overall number, just over half are at entry levels 2 and 3 (equivalent to GCSEs

and A Levels), with around 150 at levels 4 and 5 (foundation degree equivalent), and 150 at levels 6 and 7 (degree level).

That is a much better reflection of the economy's true skills needs than we have seen before, and the broader spread of levels of training provides more opportunities to clamber up the careers ladder.

So, things have improved a lot, but there is a long way to go. Businesses' ability to ride out the financial storm is still being undermined by labour shortages which undermine their productivity.

Workers need meaningful skills to fill those skills gaps from the moment they leave school and better help with finding those training opportunities. The good news is that schools are now being forced by more rigorous government legislation to provide careers advice on technical as well as academic education opportunities.

I know from running a FTSE 250 firm how important it is to invest in brilliant people. A massive priority for IfATE will now be encouraging many more businesses to reap the long-term rewards of investing in skills training, rather than cutting back as purse strings tighten. That will be the best way to steer through challenging times and get back onto a growth footing. ■