

Skills England to transform opportunities and drive growth

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The Prime Minister and Education Secretary have announced the launch of Skills England to bring together the fractured skills landscape and create a shared national ambition to boost the nation's skills.

The Education Secretary has also today appointed Richard Pennycook CBE, former chief executive of the Co-operative Group and lead non-executive director at the DfE, as the interim Chair.

Skills are crucial to economic growth, with a third of productivity improvement over the last two decades explained by improvements to skills levels.

But between 2017 and 2022 skills shortages in this country doubled to more than half a million, and now account for 36% of job vacancies.

Skills England will bring together central and local government, businesses, training providers and unions to meet the skills needs of the next decade across all regions, providing strategic oversight of the post-16 skills system aligned to the Government's Industrial Strategy.

Supporting local areas to develop the skilled workforces they need - in particular across construction and healthcare - is fundamental to the Government's mission to raise growth sustainably. By working with the Migration Advisory Committee, Skills England will also help reduce reliance on overseas workers.

Prime Minister Keir Starmer said: "Our skills system is in a mess, which is why we are transforming our approach to meet skills needs over the coming decades.

“They will help to deliver our number one mission as a government, to kickstart economic growth, by opening up new opportunities for young people and enabling British businesses to recruit more home-grown talent.

“From construction to IT, healthcare to engineering, our success as a country depends on delivering highly skilled workforces for the long-term. Skills England will put in place the framework needed to achieve that goal while reducing our reliance on workers from overseas.”

Education Secretary Bridget Phillipson said: “Our first mission in government is to grow the economy, and for that we need to harness the talents of all our people to unlock growth and break down the barriers to opportunity.

“The skills system we inherited is fragmented and broken. Employers want to invest in their workers but for too long have been held back from accessing the training they need.

“Skills England will jumpstart young people’s careers and galvanise local economies. It will bring businesses together with trade unions, mayors, universities, colleges and training providers to give us a complete picture of skills gaps nationwide, boost growth in all corners of the country and give people the opportunity to get on in life.”

The organisation will identify the training for which the growth and skills levy will be accessible – an important reform, giving businesses more flexibility to spend levy funds on training for the skills they need, which employers have long been calling for.

Skills England will be established in phases over the next 9-12 months to create a responsive and collaborative skills system.

The Skills England Bill announced this week will transfer functions from the Institute for Apprenticeships and Technical Education (IfATE) to Skills England.

This sits alongside work to simplify and devolve adult education budgets to Mayoral Combined Authorities to ensure that they can address their adult skills needs directly and support growth in their areas.

Next steps for establishing Skills England

- The first phase of Skills England's launch involves setting up the organisation in shadow form within the DfE, and starting work on an assessment of future skills needs while building strong relationships with employers. A permanent board, Chair and CEO will be appointed in due course.
- The route for employers to shape skills training is currently offered by the Institute for Apprenticeships and Technical Education (IfATE). IfATE's functions will transfer to Skills England, as part of the new organisation's broader remit. IfATE will continue its important work in the interim as the transition of functions to Skills England is finalised.
- Skills England will hold responsibility for maintaining a list of levy-eligible training to ensure value for money, and that the mix of government-funded training available to learners and employers aligns with the identified skills needs.
- The government will also bring forward a comprehensive strategy for post-16 education to break down barriers to opportunity, support the development of a skilled workforce, and drive economic growth through our industrial strategy.