

**Submission to Call to Evidence
House of Lords Industry and Regulators Committee Inquiry Skills for the Future:
apprenticeships and training.
Submission by Association of Professional Staffing Companies (Global) Ltd : APSCo UK
and APSCo OutSource
26th September 2024**

The Association of Professional Staffing Companies (Global) Ltd (APSCo) is the only trade body dedicated to the international recruitment sector supporting highly skilled professions and is committed to supporting Government and industry to tackle the professional skills crisis. The recruitment sector is a UK success story – delivering innovation and opportunity to the UK workforce – but APSCo members continue to report widescale skills shortages across the sectors they support.

APSCo welcomes the Government’s launch of the Growth and Skills Levy and the swift establishment of Skills England. To support these initiatives APSCo recently launched a campaign: **“Unshackle Skills Investment through the Growth and Skills Levy” – a new report setting out the changes to the Apprenticeship Levy and UK visa system that are needed urgently to achieve sustained economic growth and including case studies of the skills training our members are coordinating with their public and private sector clients outside of the framework of Apprenticeship Levy funding.**

APSCo supports 1,100 corporate members across the UK, ranging from SME recruiters to the largest, listed global recruitment companies and experts in workforce resource management. Their members recruit professionals into permanent and contract roles and manage large scale resourcing across STEM, accountancy, legal, finance, marketing, and media – as well as highly regulated sectors such as qualified social work, teaching, and clinical healthcare. With our international insight, via offices in Europe, Asia, and Australia, APSCo is the leading go-to voice on the regulation affecting recruitment and workforce strategy in highly skilled sectors. APSCo is well-positioned to provide expertise as reforms are brought forward to employment rights, skills, training, and talent in this Parliament.

Executive Summary

We commend Skills England and the Department for Education (DfE) for producing the wide-ranging report published on 24th September in a relatively short timeframe. APSCo welcomes its collation of existing data and its findings which are in line with our member experiences in terms of skills gaps and shortages, both in terms of sectors and regionality.

We call for appropriate expansion to the Growth and Skills Levy and more flexible work visas. Our key recommendations include:

- Ensuring the Growth and Skills Levy (GSL) funds shorter, more flexible modular training for everyone.
- Extending the scope of the GSL to encompass agency workers, independent professionals and the self-employed.
- Tailoring the Growth and Skills Levy by region and sector to tackle the areas most impacted by talent shortages and effectively deliver on the Industrial Strategy.
- Revising apprenticeships to allow for more flexible, shorter, modular learning and removing the requirement for Grade 4 English and Maths, particularly for older learners.
- Empowering the public sector to lead the way, delivering social value, through its own championing of skills training within its workforce and through management of its procurement processes and supply chains.

- Introducing a short term (less than 12 months) highly skilled visa scheme for employees and self-employed, targeting sectors and roles with extreme skills shortages e.g. electrical engineers supporting green energy transition.

As we outlined in our own [Manifesto](#) earlier this year and, more recently, in our campaign, 'Unshackle Skills Investment through the Growth and Skills Levy', it is vital that the Growth and Skills Levy (GSL) is used to fund shorter, more flexible modular accredited training for everyone. The removal of Level 7 apprenticeships negates this recommendation. Skills England must prioritise its review of existing Skills provision and new routes of funding via the GSL.

What kinds of skills do you think will be needed for the future of the UK economy? Is the UK's skills and training system capable of equipping increasing numbers of people with these skills?

We agree with the findings of the Skills England report dated 24th September.

There is a requirement for technical, knowledge-based skills across all sectors we support – general professional, STEM including IT/AI, "people serving" professions requiring advanced interpersonal skills such as social work, clinical healthcare and teaching which are harder to automate. There is a requirement for more nuanced softer skills which cross professional boundaries- adaptability, curiosity to keep learning, IT competence, communication in a hybrid, more complex working world . The point our members make to us is that jobs and roles are evolving so quickly it is better to give equal importance to these "trait" skills which will build resilience and support people to evolve as technology evolves and to reskill.

In respect of technical skills – to a certain extent the building blocks are here in the UK – a world leading higher education sector, mature apprenticeship scheme, established professional training such as CMI. However, it is not sufficient to deliver the skills the labour market needs or to actively support some workers to enter the labour market or to stay in the labour market.

What is the appropriate level of government intervention in the development of skills policies? What should the Government's proposed post-16 education strategy include in relation to apprenticeships and training?

Answer:

An Industrial Strategy based on business and public sector needs will signpost the skills needed, and given the structure set out in the Skills England report then boundaries between regional, sectoral, governmental, public/private/third/education sector interests should weaken. The current position where private and public sector businesses fund and plan their own training based on their own needs has resulted over many years in under investment (due to priorities judged to be more urgent) and a patchwork approach. Business wants to be involved in local, regional and sectoral plans and they do need support to deliver what is expected of them such as work placements on T levels, work experience, career re- and up-skilling programmes including apprenticeship schemes.

To help improve participation and upskilling, additional long-term incentives and support for employers are needed, such as tax credits, recognising the financial and managerial commitment needed to provide work experience, work placements, other types of skills training or to support local skills programmes, such as those targeting the economically inactive. Employers might need more support to fully engage with the planned Foundation Apprenticeships, given the workers are unlikely to have prior experience in the workforce.

Are Government policies on skills, particularly apprenticeships and training, sufficiently clear? Have policies, funding, and the institutional set-up been sufficiently consistent over time? If not, what changes or reforms would you recommend?

Answer:

Cross departmental ownership in Whitehall is needed – all working together through Skills England –to drive growth and maximum labour market engagement. Its encouraging to see this and much broader cooperation and aligned strategies are scoped out in the Skills England report.

Apprenticeships has undergone almost constant policy evolution. In some ways this is good as Government does to some extent respond to criticism e.g. looser criteria for the 20% training requirement. However, it is very confusing for employers and individuals. As an example, the flexi- apprenticeships launched by the last government are not sufficiently flexible and have had minimal impact in the recruitment and workforce resource management sectors.

The skills landscape is very complex and multi layered. We support the conclusions reached in the Skills England report. An expansion in scope and funding of the National Careers Service and a much more localised approach could align the high-level advice on the NCS website to the reality of training and job opportunities in a worker's local area. There are opportunities for outreach such as targeting parents in schools.

Are the right institutions in place to ensure an effective skills system for the future? Should co-ordinating institutions be national, regional, or sectoral, or a mixture of each? What is your view of Government's proposal to establish a new body, Skills England?

Answer:

Our members are supportive of the Government's plans and the initial conclusions reached in the Skills England report.

What should be the role of businesses in encouraging the development of skills in the UK? Should businesses be a consumer, funder, trainer, or co-designer of skills provision?

Answer:

Employers should be co-designers of skills provision. However, at various times they will be consumers, funders, trainers and/or co-designers. We have been actively involved in developing the CBI skills policies this year and they are a valued voice for larger businesses, whilst being aware of SMEs in their members' supply chains.

Public sector procurement and supplier management should be harnessed to drive skills strategy down supply chains to the smallest SMEs. Delivering social value in public services, supporting their supply chains and local communities is a renewed focus for Government, but all too often our members report that procurement and supplier management is limited to cutting costs and hitting targets, pushing liability and onerous obligations down the supply chain with minimal support. We consider that the public sector should trailblaze a new form of supply chain management making delivery of social value a key metric of success. An obvious target area is supporting their supply chains to upskill their staff and engage with the skills system.

As the Skills England report amply demonstrates collaboration is key to success. Some of our larger members have recently supported the Careers and Enterprise Company to prepare toolkits for teachers, students and parents on modern hiring practices and how to thrive in a skills-based hiring process. These toolkits could easily be modified to support adults engaging with the modern workplace, focusing on target groups such as the economically inactive.

What incentives do employers have to provide training for their employees? Why do you think that employer investment in training has declined in recent decades?

Answer:

In our members' view, the main incentive is **necessity** to address the recruitment and retention crisis.

Productivity and growth across all APSCo member sectors has stagnated since 2008.

Members agree that employment investment in training by their clients has declined and that this has partly contributed to the skills shortages. They state there are multiple reasons for this. With the evolution of technology the pace of business has quickened and has become more delivery focused. Businesses across all sectors must tender for work and contract value is measured generally by cost meaning training costs such as apprenticeship schemes are

unlikely to be included within a bid quote. Some employers will fund training separately but not all.

With the evolution of the flexible labour market employers had pre Covid become used to engaging the workers they needed "on tap" to a certain extent – with a preference for permanent or contract workers with pre-existing experience. By 2016 and certainly post Brexit and Covid, employers and contract engagers have had access to a seriously diminished candidate pool, and this has led to a reconsideration of their strategies. Hence, it is a critical time to support employers as in our view they are committed to change.

Employers and particularly those in the recruitment space are aware investment in training provides a **competitive edge, enables growth and improves profitability, raising service levels**. In the private sector driven partly by legislation and regulation such as the Procurement Act and EU legislation there is a growing appetite to be a **good corporate citizen** – demonstrating a growing commitment to ESG issues, supporting community and net zero targets. However, this is much easier for larger businesses to achieve than SMEs. We consider ourselves with the support of our Trusted Partners to be an invaluable source of expertise, mentoring and support to our SME members on issues such as ESG. External, government incentives can definitely nudge business to act, but most employers, particularly in the recruitment and resource management sectors, have been disillusioned by their experience of the Apprenticeship Levy and the mismatch of secondary and tertiary education to the skills actually needed by employers.

Should further incentives be put in place to reverse the decline in employer investment in training, and if so, what form should these incentives take? Do smaller employers need greater support to access skills provision, and what form should this support take?

Answer:

Further incentives are needed, and we recommend additional funding, practical support and mentoring in a way that they are able to access and utilise. We see SMEs in our trade body collaborating and sharing best practice and this will be common across all sectors and could be harnessed.

Concerns have been raised over the operation of the Apprenticeship Levy, particularly in relation to the decline in young people taking on apprenticeships. Is there a case for reforming the levy, for example by ring-fencing more levy funding for training for younger apprentices? If so, what portion of Levy funding should be ring-fenced, and for what ages and levels of qualification?

Given so much Levy take is unspent, money should not be ring fenced nor should support be withdrawn, as in the recent announcement to remove Levy support from Level 7 Apprenticeships.

Should the Apprenticeship Levy be made more flexible, allowing funds to be used for shorter courses? What is your view of the Government's proposals for a Growth and Skills Levy?

Yes, it must be made more flexible and we recommend:

The Growth and Skills Levy should enable funding for shorter, more flexible modular training for everyone, but with a particular focus on key sectors critical to growth such as the green transition, maximising accessibility for 18–24-year-olds, "reskillers", and older workers. Lessons can be learned from the Skills Bootcamp scheme.

Development of the Growth and Skills Levy should work within the existing skills system but beyond Ofqual accreditation. Nonregulated accreditation must be facilitated to encourage quality assured training delivered externally or "in-house" putting maximal flexibility at the heart of Skills England's mandate for administering the new GSL. This should align to individual and employer needs and be future proof to meet new skills training needs as they evolve on a commercial timetable.

The scope of the GSL encompasses agency workers, independent professionals, and the self-employed workforce.

Tailoring the new GSL for a more regional and sectoral approach, allowing the levy to be spent on targeting regions and technical sectors suffering from labour shortages and critical to the Industrial Strategy.

Apprenticeships remain a valuable training part of the skills landscape across all sectors, age groups and skills. However, the scheme needs revision to enable more modular learning, an alternative pathway to the Grade 4 GCSE English/Maths requirement, broader access, and more flexibility around learning and record keeping.

How does the UK's approach to skills and training compare to those of other countries? Are there examples of good practice that the UK should be learning from?

Skills provision across other APSCo regions is not an area upon which we have coordinated intelligence or research. We know from our operations in APSCo Deutschland, Singapore and Australia that all three jurisdictions have industrial strategies targeting skills development aligned with key sectors and regions – an approach we expect to see in the UK over the next Parliament. We would be happy to undertake research and produce case studies for the Committee if this is of interest.

In Germany, Singapore and Australia, there is an acceptance of the value of short term highly skilled immigration, albeit something that must be balanced with domestic focus.

The UK's ability to attract the best international talent is crucial to sustained economic growth. In alignment with the focus on developing domestic skills, in the shorter term more needs to be done to enable business to fill vacancies in labour-short, high-skilled sectors, such as teaching, clinical healthcare, green energy engineering, life sciences, digital and fintech.

In the short term the lack of available highly skilled technicians and engineers is hindering growth, leading to cannibalism of limited talent in critical sectors.

To achieve a flexible workforce that allows the UK to secure global talent, we recommend:

A rescoping of 'permitted business' within scope of the Standard Visitor visa as a non-sponsored route.

A flexible, short-term visa route for highly skilled foreign employed and self-employed workers – and potentially targeted at known shortage skillsets. This is crucial for sectors such as onshore wind and green energy, where the UK needs short-term access to highly skilled professionals to deliver the transition to net zero.

The expansion of existing programmes like the Global Talent Scheme, to attract a skilled workforce that will positively contribute to the UK's economic growth.

Should the Committee be interested in discussing this Call for Evidence submission in more detail with APSCo and its members please do not hesitate to contact Tania Bowers at tania.bowers@apsco.org. We would welcome the opportunity to organise a roundtable with some of the skills experts and ambassadors within our membership.

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