

Chair:

Andrew Pakes MP, Co-Chair of the Apprenticeships APPG

Parliamentarians:

Toby Perkins MP (Co-Chair of the Apprenticeships APPG)

Lord Vaizey MP

Pam Cox MP

Lord Layard

Lord Lucas

Lord Moynihan

-

Co-Chair of the Apprenticeships APPG, **Andrew Pakes MP**, welcomed all, saying the high turnout in the room “reflects the fact that, or I hope, it reflects that not only do we have important legislation in the House of Lords, which we come into the House of Commons, but the value of apprenticeships and how we reboot this country's economy through good work is of a higher priority than we've seen for a number of years. He also noted that the good turnout is because of today's topic which is the ‘bullseye for the skills agenda’.

Mr Pakes handed over to the keynote speaker, the Interim Chair of Skills England, **Richard Pennycook CBE**.

Mr Pennycook outlined his background and explained that the neutral appointment to Chair of Skills England was a natural position given his background in business and the Co-op. He said it was really encouraging that so soon after the election, the Prime Minister wanted to progress Skills England. He added that there has been real momentum from that very early point and that the huge enthusiasm for the agenda, be that across politics, or society, has been evident.

When discussing membership of the board, he said Skills England received around 850 applicants, all of which were overwhelmingly strong candidates. Mr Pennycook was able to confirm Skills England has identified a permanent CEO & Chair who will be announced shortly, and that while in shadow form now, the legislation is progressing well to the point where Skills England should take proper form in spring.

He explained that through the autumn, Skills England wanted to be listening mode, to glean as much insight as possible from those who participate in the skills agenda. A series of workshops and road shows were held to find out the state of the skills system, and around 1000 organisations or institutions provided their input.

Turning to apprenticeships directly, he said the non-university route is opaque, and outcomes are unclear, but noted that when the pathways for apprenticeships are clear, their success is outstanding. He drew on his experiences from leading the Co-op and his interactions from

working with exemplary apprenticeship colleagues. He said in Skills England the ambition is high and enthusiasm is just as high.

Mr Pennycook highlighted the unique nature of Skills England's development. He said unlike typical initiatives that must integrate with existing programmes, this project is starting from scratch. As such, it offers a rare opportunity to shape its direction in alignment with other new, and major initiatives such as the ongoing curriculum review and the creation of the industrial strategy.

He added that the key for Skills England will be:

1. **Authoritative:** Skills England aims to become the definitive and authoritative source for identifying and understanding the nation's skills demand and supply. It will work towards significantly improving the quality of data and insights available to guide skills development across the country.
2. **Qualifications, accreditations and standards:** Skills England will take ownership of this, ensuring qualifications and standards remain agile and relevant. Learners and employers need a system that adapts to the fast-changing demands of the world of work. This requires acknowledging that solutions from Whitehall may not always be the most effective.
3. **Effective engagement:** Engagement is critical at multiple levels, including with devolved nations, regions, learners, and employers. Learners and employers are the primary users of the system, and their needs should drive decision-making. Skills England must prioritise a customer (learner) centric approach in order to maintain relevance and impact.

Mr Pakes thanked Mr Pennycook for his introduction and overviews, and said there within the skills space, there is a desire for national standards but a framework that also allow for flexibility and locality of different business types and needs. He stated he is a big believer in social partnerships.

Mr Pakes introduced **Toby Perkins MP**, Co-Chair of the APPG and former Shadow Skills Minister from 2020 to 2023. Mr Perkins explained that the concept of Skills England emerged from a desire in opposition to enable more flexible use of the Apprenticeship Levy and better respond to employer needs. However, it quickly became evident that Skills England would need to be far more than just a mechanism for managing the Levy.

He highlighted a significant issue in the current education and training landscape: the absence of a cohesive and structured skills system. He said there is a lack of clarity about how A-levels, BTECs, T-levels, and apprenticeships fit together. Historically, skills policy has been more about filling immediate gaps rather than creating a comprehensive and strategic framework. As such, Mr Perkins asked whether Skills England simply continue this piecemeal approach or develop a more systematic approach.

Another pressing concern Mr Perkins raised is the severe under-provision of skills training in recent years, previously offset by reliance on migration. He questioned how Skills England would address this challenge and strike a balance between meeting the skills needs of the nation and ensuring employers, particularly small and medium-sized enterprises (SMEs), are actively engaged in the system.

Mr Pennycook agreed with the comments of Mr Perkins on the current state of the skills landscape, describing it as a fragmented "hodge-podge" rather than a systematic and cohesive structure. Drawing from his business background, he noted a key challenge that, unlike the private sector, the government lacks a marketing department to promote and brand its various skills programmes. For the system to be reset effectively, it will require cross-party political support and a significant mindset shift among employers, which will be a long-term process.

He highlighted the positive nature of many employers, such as the Co-op, who are increasingly focused on ESG commitments and social purpose. Richard stressed that there is arguably no greater social endeavour for employers than investing in a strong and well-functioning skills system.

However, Mr Pennycook emphasised how a persistent challenge has been the narrow, short-term approach some employers have taken towards skills development. Historically, if local or immediate needs were met, many businesses were content not to engage further. But he said that this mindset must change, with employers playing an active role in shaping and supporting a long-term, sustainable skills strategy. As such, Skills England will look to engage large employers and reinforce the social value of nurturing young people through a systematic, forward-looking skills development framework. He said employers must 'be at the table' to ensure that the skills system aligns with both workforce demands and societal priorities.

Based on her experience working at Essex University and further education more widely, **Pam Cox MP** emphasised the need to re-incentivise universities to engage with apprenticeship models. She highlighted ongoing discrepancies between the Research Excellence Framework (REF) and the Teaching Excellence Framework (TEF), warning that Russell Group universities are worsening the situation due to their excessive focus on the REF.

Lord Vaizey applauded the idea of a marketing strategy but acknowledged significant opposition from both the government and the official opposition. He stressed the importance of recognising apprenticeships as a legitimate pathway into the service economy, noting the persistent divide between university education and apprenticeship routes. He also raised concerns about the regulation of training providers, questioning how Skills England intends to ensure that these providers consistently deliver exceptional training.

Mr Pennycook apologised for not discussing SME's in his previous remarks, and explained the challenges faced by SMEs, particularly within the context of the industrial strategy focused on clean energy and life sciences. He noted that while these sectors drive innovation and growth, skilled trades such as plumbers and electricians are essential to support and sustain this development. He mentioned that colleagues at the Department for Business and Trade (DBT) were actively examining the difficulties SMEs face in these areas.

Reflecting on Pam Cox's comments, Mr Pennycook agreed that while higher education had achieved significant successes, this may have come at the expense of further education. He emphasised the importance of identifying examples of best practice within these sectors and replicating them across the board. To foster a more integrated system, he suggested that higher education may need to adopt greater flexibility to better align with further education.

In response to Lord Vaizey's questions, Mr Pennycook highlighted the need to approach the skills system from an employer's perspective and identify the barriers preventing greater engagement. Addressing concerns around training providers, he explained that amendments were being made to the levy to prevent the exploitation seen in the past. He cautioned, however,

that without robust measures to safeguard the integrity of training provision, there was a significant risk of declining standards.

Lord Layard highlighted the significant shortage of apprenticeships, pointing out that a third of young people receive no formal training after the age of 18. He questioned whether it was possible to secure a better deal for young people without implementing ring-fenced funding.

Lord Lucas stressed the need for improved careers advice and guidance. He suggested that in establishing Skills England, it would be wise to build upon existing strengths rather than risk dismantling systems that are already working effectively.

Mr Pennycook responded by stating that following its external engagement, Skills England has provided extensive advice on careers and course availability, but noted that the ultimate decision about its direction rested with ministers, making it a matter he could not directly comment on. He explained that Skills England would operate with a 15- to 20-year vision, aiming to define its scope clearly. One of its key goals would be to engage both employers and educators who are not yet actively involved in the skills system. Mr Pennycook congratulated the Institute for Apprenticeships and Technical Education (IfATE) for achieving 650 accreditations and noted that most IfATE staff would transition to Skills England. He expressed a desire to build upon the positive groundwork laid by IfATE and said there is not a need to dismantle programmes and frameworks that are working well and contributing positively to the skills agenda.

Mr Pakes shared that since being elected, he had met with 123 employers and their learners. Notably, he said, not a single apprentice he spoke to had learned about apprenticeships during their time at school. He emphasised the need to change the language and perceptions surrounding apprenticeships, which are still often seen as a fallback for those who believe university is not an option. He asserted that the perception of apprenticeships must be changed so that they are not limited to so-called "blue-collar" roles.

Lord Moynihan expressed concerns about the coherence of the emerging system, emphasising the need for better communication. He highlighted that inconsistent funding has made it difficult to engage young people when the pathway to opportunities is unclear. Drawing a comparison to Germany, he noted that the country had consistently funded transport electrification, while the UK's approach had been erratic and unpredictable, funding for a few years then withdrawing funding and so on. He stressed that it was very difficult to encourage young people to enter key sectors without the structured support that Germany offers, which is lacking in the UK. He emphasised that skills development must be fully prioritised as a central element for driving growth within the industrial sector.

Mr Pennycook acknowledged that digital platforms offer valuable opportunities for improving communication and raising awareness of available career options, thereby reducing reliance solely on teachers. He also highlighted how he has noticed that that government's missions, including the industrial strategy, migration policy, and broader economic goals, were becoming more aligned, with a growing recognition that a cohesive approach across these areas was essential to achieving long-term success. This alignment, he noted, could help ensure that the right skills were developed to meet the needs of key sectors and address labour shortages, fostering a more integrated and sustainable growth strategy.

Philip Virgo, (Office of Lord Lucas) raised concerns about the persistent skills gap in the construction sector, noting the difficulties facing the government's commitment to build

1.5million homes. Mr Pennycook explained that addressing this “mix-match” was a key focus for Skills England, but noted that achieving meaningful progress would require cross-party collaboration due to the long-term nature of the challenges. He acknowledged the complexity of the sector, particularly at a local level, where issues such as limited bus services often prevent young people from accessing apprenticeships or college courses.

Andrew mentioned that he had been in discussions with colleagues at the Treasury and the Department for Business and Trade (DBT), who were fully aware of the workforce challenges currently being faced.

Rosina Robson from the National Hair and Beauty Federation, expressed concern that her industry was not mentioned in the industrial strategy. She asked how they could ensure their sector would not be overlooked, pointing out that many professionals in the industry work in deprived areas, highlighting their important work.

Gary Laybourne from Coach Core Foundation, asked whether Skills England intended to review the challenges faced by young people, particularly in terms of bringing them into employment from difficult backgrounds. He noted that many employers were struggling to recruit from these demographics.

Paul McNerney from Laing O’Rourke identified two key opportunities for Skills England. First, he suggested helping departments become more intentional about adopting modern construction methods. Second, he advocated for greater efforts to ensure longevity and continuity, avoiding short-term, project-based approaches, such as building houses without long-term planning for the future careers of apprentices.

Mr Pennycook agreed on the need for thoughtful consideration of what the industrial strategy could achieve and thus limiting its focus to certain sectors. He noted that DBT was aware it had prioritised only a small number of sectors with growth potential but stressed the importance of a supportive policy framework that enabled growth across all sectors, including hair and beauty. He reassured attendees that not being listed in the industrial strategy did not imply a second-class status for any industry.

Mr Pennycook explained that Skills England’s focus report highlighted the ongoing skills mismatch and that an upcoming second report would address this further. He emphasised the importance of combined authorities taking the lead locally and developing effective engagement models. He also posed a return question to Mr McNerney, asking why the market itself was not naturally adopting modern methods, and what barriers were preventing this from happening.

In response, Mr McNerney explained that the current system was highly transactional and overly focused on procurement and cost, rather than on forward planning. He suggested that a more strategic approach to public-private partnerships could yield better outcomes. Mr Pennycook noted that this challenge seemed broader than the immediate remit of Skills England but agreed it was an important issue to take away for further consideration with colleagues.

Mr Pakes noted the swift nature of room changes in the Palace, and suggested now was a good opportunity to close the meeting. He thanked all for attending.