



House of Commons  
Committee of Public Accounts

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# Developing workforce skills for a strong economy

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**Thirtieth Report of Session 2022–23**

*Report, together with formal minutes relating  
to the report*

*Ordered by the House of Commons  
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## Summary

Having enough people with the right workforce skills is vital to the country's economic growth and prosperity. The Department for Education (DfE) spends at least £4 billion each year on activities designed to develop workforce skills in England, but evidence shows that the skills system is failing to deliver the skills we need. In particular, the number of adults participating in government-funded further education and skills training has dropped dramatically, from 3.2 million in 2010/11 to 1.6 million in 2020/21. The fall in participation has been particularly marked in disadvantaged areas, with skills training in the 20% most disadvantaged areas of England falling by 39% between 2015/16 and 2020/21.

DfE's response is not commensurate with the scale of the problem and is not effectively addressing the wider economic and societal factors that are creating skills shortages or a demand for new skills, such as the UK's exit from the EU and the transition to net zero. DfE places great emphasis on its Skills Bootcamps programme, but these courses are short and sharp, offering up to 16 weeks of training, and only 24,500 people had started a course by April 2022.

DfE's approach to skills is employer-led, meaning that employers are intended to have a central role in identifying skills needs and designing qualifications and training. However, employers are now spending less than they used to on workforce training, with the average expenditure on workforce training per employee falling in real terms from £1,710 in 2011 to £1,530 in 2019. Employers must clearly play a leading role, but the input of other bodies is also crucial if the skills system is to work effectively – local authorities, local enterprise partnerships, colleges and others all have a legitimate interest in co-producing skills programmes, alongside businesses and other employers.

## Introduction

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In early 2022, the UK workforce comprised around 32.6 million people. Technical workforce skills—practical or vocational skills that allow people to complete specific job-related tasks—are particularly important in the workplace because they help workers operate more efficiently and effectively. The system for developing workforce skills involves a range of organisations, including government, employers, colleges, commercial training providers and local bodies, as well as individuals. Within government, DfE leads on skills policy in England, supported by other departments including the Department for Business, Energy & Industrial Strategy (BEIS), the Department for Digital, Culture, Media & Sport (DCMS), the Department for Levelling Up, Housing & Communities (DLUHC) and the Department for Work & Pensions (DWP).

Government skills policy has evolved over recent years, particularly in response to events such as the UK's exit from the European Union and the COVID-19 pandemic. DfE published the *Skills for Jobs* White Paper in January 2021, explaining how government would carry out reforms to support people to develop the skills that the economy needs. The subsequent Skills and Post-16 Education Act 2022 made provisions to facilitate stronger engagement by employers and training providers in local skills systems, and introduced measures to support lifelong learning.

Government does not have an estimate for its total spending on activities designed to develop workforce skills. DfE's data indicate that spending on adult education, apprenticeships and other skills programmes totalled £3.9 billion in 2021–22. This amount does not include any element of the £6.2 billion spent on learning for 16- to 19-year-olds, which covers both academic learning and skills training, because DfE does not disaggregate the figures.

## Conclusions and recommendations

1. **We are extremely concerned at the dramatic fall in participation in further education and skills training among disadvantaged groups.** The total number of participants in government-funded further education (FE) and skills training in the 20% most disadvantaged areas of England fell by 39% between 2015/16 and 2020/21 (down by 280,100 participants). The largest decline in these areas occurred among people aged 50 and over, with the numbers participating dropping by more than half. DfE asserts that participation has fallen most at lower levels of study and in classroom-based training, which tend to be more common in disadvantaged areas and among disadvantaged learners. DfE also suggests that large employers, who sometimes deliver skills training in partnership with FE colleges and other training providers, are less likely to be located in disadvantaged areas. Making the apprenticeships system work better for small employers is fundamental to increasing participation among young people and disadvantaged groups.

**Recommendation:** *Within six months, DfE should develop an evidence-based plan setting out how it will support disadvantaged groups specifically to participate in FE and skills training.*

2. **DfE has not made clear what level of performance would constitute success for its skills programmes.** DfE ultimately relies on measuring learners' subsequent earnings as a proxy for the value of government-funded skills training and the extent to which that training meets the needs of the labour market. The FE Skills Index is DfE's key indicator of the impact of the FE system on productivity, focusing on adult learners and apprentices who have successfully completed their training. DfE calculates the Index by measuring changes in the number of learners and achievement rates, and shifts in the mix of learning towards more or less economically valuable training, based on earnings. Overall, the Index fell by 46% between 2012/13 and 2020/21, although the annual change in 2020/21 was an increase of 7%. DfE has not set a target for the level that it would like the Index to reach in future years.

**Recommendation:** *DfE should set out, as part of its Treasury Minute response, what level of improvement in the FE Skills Index it is aiming to achieve and by when, so Parliament has metrics with which to monitor its performance.*

3. **The multiplicity of government skills programmes makes it hard for employers and individuals to navigate to the training that best meets their needs.** As well as DfE's range of interventions to support skills development, DWP and DLUHC also offer skills programmes, some of which cover the same types of learning. For example, numeracy training is available through DfE's Essential skills – numeracy programme, some standalone technical qualifications, and the Multiply initiative which is funded from the UK Shared Prosperity Fund. Employers and individuals sometimes find it hard to understand how all the different skills programmes fit together, and therefore which programmes are most relevant to them. DfE states that the bulk of government funding supports only a small number of programmes, such as apprenticeships and the adult education budget. Government needs to strike a balance between keeping the system simple and intelligible, but also delivering training that meets people's needs. DfE concedes that the complexity of the system can sometimes put employers off from engaging with what government has to offer.

**Recommendation:** *DfE, working with other departments as necessary, should take action to review the number of skills programmes and eliminate overlap between them.*

4. **Employers are spending less than they used to on workforce training, which risks leaving the economy without the skills it needs.** DfE's employer skills surveys indicate that employers' spending on workforce training per employee fell in real terms from £1,710 in 2011 to £1,530 in 2019. The 2021 employer skills survey found that 52% of the total workforce had received some training during the year, which was the lowest proportion since the first survey in 2011. BEIS is particularly concerned about small and medium-sized enterprises (SMEs), which often lack the resources to invest in workforce training. Several of the organisations that submitted written evidence raised concerns about the inflexibility of the apprenticeship levy and suggested that employers should be able to use their levy contributions to fund a wider range of skills activities.

**Recommendation:** *DfE, working with other government departments, should review how it incentivises employers to invest in skills development, including through the apprenticeship levy, and, in light of its findings, take action to improve the effectiveness of the incentives. DfE should write to us within six months with an update on what it has done.*

5. **We are concerned that continuing financial pressures and workforce challenges are hampering colleges' ability to play a full part in the skills system.** Colleges play an important role in reaching disadvantaged groups and giving people opportunities they would not otherwise have to develop their skills. In January 2021, we reported that there was clear evidence of the college sector's financial fragility and that the situation was affecting students. We found that financial pressures had caused some colleges to narrow their curriculum and reduce the length of courses. Some colleges had significantly reduced enrichment activities, such as careers advice and employability activities. We are also concerned about colleges' ability to recruit and retain teaching staff. DfE recognises that pay in the college sector will often not compete with pay in relevant industries, but highlights that the 2021 Spending Review increased funding for skills by £2.8 billion. It is considering how to give colleges greater funding certainty, and is working with the sector on initiatives such as supporting people who want to teach part-time and work in industry part-time.

**Recommendation:** *Within six months, DfE should provide us with an update on how it is helping colleges deal with the challenges relating to workforce shortages and funding arrangements.*

6. **DfE has high expectations for its new Unit for Future Skills, but the Unit does not yet have all the skilled staff it needs to meet these expectations.** In February 2022, DfE announced the creation of a Unit for Future Skills. This is a division within DfE but is intended to work across government, examining the interaction between the jobs and skills markets. DfE also plans that the Unit will engage with businesses and training providers to establish what additional analysis they would find helpful. The Unit currently has 18 staff, which is below complement as it has struggled to recruit the highly skilled analysts it needs. DfE recognises that it needs



to be data- and evidence-driven in what it does, and that the key to ensuring that the Unit achieves the necessary profile is to produce outputs that stakeholders find easy to use and helpful.

**Recommendation:** *DfE should write to us, alongside its Treasury Minute response, with an update on:*

- *the staffing position of the Unit for Future Skills, and how any shortfall in resourcing is affecting the delivery of its programme of work; and*
- *how it plans to assess and monitor the impact of the Unit's work.*

# 1 Government skills programmes

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1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Education (DfE) and the Department for Business, Energy & Industrial Strategy (BEIS) on government's approach to developing the skills of the workforce in England.<sup>1</sup>

2. In early 2022, the UK workforce comprised around 32.6 million people. A country's prosperity depends largely on its ability to raise productivity. The education level of the workforce, and how effectively skills are used in the workplace, are considered important factors in determining productivity levels. Technical workforce skills—practical or vocational skills that allow people to complete specific job-related tasks—are particularly important in the workplace because they help workers operate more efficiently and effectively.<sup>2</sup> Wider economic and societal changes are creating skills shortages and making the skills challenge more acute. These changes include the UK's exit from the European Union, which has reduced the supply of workers from member states and potentially increased the need for the country to train its own workers, and the requirement to achieve 'net zero' greenhouse gas emissions by 2050, which is likely to affect around one in five jobs across the UK.<sup>3</sup>

3. The skills system in England involves government, employers, colleges and commercial training providers, local bodies and individuals. Within government, DfE leads on skills policy in England and is accountable for securing value for money from much of the funding government provides for skills initiatives. DfE is supported by other departments including the Department for Business, Energy & Industrial Strategy (BEIS), the Department for Digital, Culture, Media & Sport (DCMS), the Department for Levelling Up, Housing & Communities (DLUHC) and the Department for Work & Pensions (DWP).<sup>4</sup>

4. Government skills policy has evolved over recent years, particularly in response to events such as the UK's exit from the European Union and the COVID-19 pandemic. DfE published the *Skills for Jobs* White Paper in January 2021, explaining how government would carry out reforms to support people to develop the skills that the economy needs. The subsequent Skills and Post-16 Education Act 2022 made provisions to facilitate stronger engagement by employers and training providers in local skills systems, and introduced measures to support lifelong learning.<sup>5</sup>

5. DfE's data indicate that spending on adult education, apprenticeships and other skills programmes totalled £3.9 billion in 2021–22. This amount does not include any element of the £6.2 billion spent on learning for 16- to 19-year-olds, which covers both academic learning and skills training, because DfE does not disaggregate the figures.<sup>6</sup>

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1 C&AG's Report, *Developing workforce skills for a strong economy*, Session 2022–23, HC 570, 13 July 2022

2 Q13; C&AG's Report, paras 1.2–1.3, 2.2

3 C&AG's Report, para 11

4 C&AG's Report, paras 1.7, 1.9

5 C&AG's Report, para 1.6

6 C&AG's Report, para 5

## Participation in government skills programmes

6. Adult participation in government-funded further education (FE) and skills training has declined significantly, falling from 3.2 million learners in 2010/11 to 1.6 million in 2020/21, a decrease of 48%. This downward trend was particularly significant in disadvantaged parts of the country. The number of participants in the 20% most disadvantaged areas in England fell by 39% between 2015/16 and 2020/21, dropping from 726,800 to 446,700 learners (a fall of 280,100). This compared with a 29% decrease in overall participation over the same period. Within the disadvantaged areas, the largest decline occurred among people aged 50 and over, whose numbers fell by more than half.<sup>7</sup>

7. We asked DfE about the causes of the decline, both in overall participation and among participants in disadvantaged areas. It replied that one of the main reasons for the overall fall in learner numbers was the reduction in the amount of funding it had put into the system over the period. It asserted that, in that context, a lot of effort had been put into trying to retain the highest value training, which had given it a good platform as it started to try and grow participation again. DfE also told us that the decline in participation had largely been driven by a decline in classroom-based training, especially from 2010 to 2017 when apprenticeships were growing.<sup>8</sup>

8. DfE suggested several possible reasons for the particular decline in participation in disadvantaged areas and among disadvantaged learners. First, it told us that there had been bigger drops in participation in lower levels of study than in higher levels. Second, it explained that it was harder in deprived areas to get employers to sponsor apprenticeships and jobs. And third, it said that large employers, who deliver skills training sometimes directly themselves and sometimes in partnership with FE colleges and other training providers, were less likely to be located in disadvantaged areas. DfE also acknowledged the scale of the challenge of levelling up in these areas.<sup>9</sup>

9. In written evidence, the Federation of Small Businesses told us that making the apprenticeships system work better for small employers was fundamental to increasing participation among young people and disadvantaged groups. It noted that, since the apprenticeships reforms in 2017, there had been an increase in the number of adults participating in high-level apprenticeships at large firms. However, it explained that smaller employers, who tended to hire apprentices at lower levels, had not been taking on apprentices at the same rate.<sup>10</sup> The Association of Employment and Learning Providers made a similar point in its written evidence, noting that giving employers more autonomy in the apprenticeships programme had helped to edge out smaller employers, young people and lower-level provision, and had increased the extent to which the programme involved upskilling existing employees at higher levels.<sup>11</sup>

## Measuring the success of government skills programmes

10. DfE has a framework of performance metrics for its portfolio of skills programmes which includes system-level measures, such as participation in FE and skills training by

7 C&AG's Report, paras 2.17, 2.21, Figure 8

8 Qq 12, 14, 16

9 Qq 14, 32

10 [DWE0002](#) Federation of Small Businesses, *Developing workforce skills for a strong economy*, 17 October 2022

11 [DWE0001](#) Association of Employment and Learning Providers, *Developing workforce skills for a strong economy*, 17 October 2022

adults aged 19 and over, and measures for individual programmes such as the number of apprenticeship starts.<sup>12</sup> We asked how DfE would use the large amount of data at its disposal to determine whether its FE and skills interventions are successful as a whole. DfE said that ultimately it was reliant on measuring learners' subsequent wages as a proxy indicator of whether it was increasing the value of government-funded training and better meeting the skills needs of the labour market.<sup>13</sup>

11. DfE emphasised the importance of the FE Skills Index as its key measure of the impact of the FE system on productivity. The Index works by estimating the 'value added' for all adult learners and apprentices in England who have successfully completed their training during the year. DfE calculates the Index by measuring changes in the number of learners and in achievement rates, and shifts in the mix of learning towards more (or less) 'economically valuable' training in terms of learners' subsequent wages. DfE explained that it regarded the Index as a critical measure because it took account of not just the number of learners on each programme, but also the outcomes people could expect to gain as a result of their training.<sup>14</sup>

12. Overall, the FE Skills Index fell from 100 in 2012/13 to 54 in 2020/21, a decrease of 46%, which means that the FE system was estimated as having a declining impact on productivity over the period. However, in 2020/21, the annual change in the Index was a rise of 7%. DfE analysis indicated that this increase was a result of learners shifting towards more economically valuable training, with the number of learners achieving their qualification remaining broadly flat.<sup>15</sup>

13. We asked DfE, given the data available to it, whether it planned to adopt a system-level metric to determine the success of its skills programmes, and what might this look like or when it could be expected. DfE asserted that having a single metric would not tell it everything that it needed about the programmes. We therefore asked DfE how it was defining what success looked like. DfE did not set out any targets for the level of the Index in future years to indicate what success for skills programmes would look like, or details of other targets that it was using to determine success.<sup>16</sup>

## Multiplicity of government skills programmes

14. DfE has a range of programmes to support workforce skills development, including well-established programmes such as apprenticeships, along with newer initiatives such as Skills Bootcamps. In addition, other government departments, including DWP and DLUHC, run or fund programmes that contain a skills element.<sup>17</sup>

15. Skills Bootcamps are courses lasting up to 16 weeks for people looking to change sectors or progress in their current industry. By April 2022, 24,500 people had started a Bootcamp.<sup>18</sup> DfE told us that Skills Bootcamps were particularly important for those in low-paid work who are looking for opportunities to progress, and that DWP had been referring low-paid workers and their employers to the programme. It asserted that Skills

12 C&AG's Report para 4.33

13 Qq 65–66, 69

14 Q 65; C&AG's Report para 2.22

15 C&AG's Report, paras 2.23–2.24

16 Qq 65, 69

17 C&AG's Report, paras 4.6–4.7, Figure 15

18 C&AG's Report, para 4.15

Bootcamps were proving to be a popular model, which was why it had decided to scale up the programme.<sup>19</sup> DfE also claimed that, while interventions such as Skills Bootcamps involve learners attending training for only a short time, they could still be effective in helping people to become more valuable and sought-after.<sup>20</sup>

16. The NAO report highlighted that there exists a complex and sometimes overlapping set of skills-related initiatives, and the system can seem complicated and difficult to navigate. For example, people can access numeracy training through at least three routes: DfE's Essential skills – numeracy programme, some standalone technical qualifications, and the Multiply initiative, which is led by DfE in England but is funded via DLUHC's UK Shared Prosperity Fund. The NAO report also noted that DfE considers that the range of programmes reflects the diverse needs of employers and learners, but that it recognises that there is some duplication between programmes and scope for simplification.<sup>21</sup> We asked whether this complexity might deter employers from participating in the skills system. DfE accepted that complexity could put employers off from taking part, and told us that it was working hard to try and rationalise skills programmes to ensure that they did not overlap and were easier for people to navigate and understand. It said, for example, that it was attempting to encourage other government departments that are leads for particular sectors not to design additional programmes but to articulate the skills that their sectors need. It explained that DfE could then incorporate training provision through its main suite of programmes.<sup>22</sup>

17. We asked how DfE was ensuring that the incentives for employers to take part in training programmes, particularly traineeships and DWP's Kickstart scheme were working effectively. Kickstart was launched in response to the COVID-19 pandemic and funded employers to create jobs for people aged 16 to 24. DfE told us that an apprenticeship was quite different from a traineeship or a place on the Kickstart scheme, but conceded that there had been some overlap between its traineeships programme and Kickstart. It suggested that this had come about partly because of departments responding rapidly to the COVID-19 pandemic. It noted that Kickstart had now wound down and it was working with DWP to feed people into the right routes for the right things. It emphasised that it was focused on getting incentives right so that employers were investing in programmes that had obvious value to them, such as apprenticeships. It explained that there were more incentives of free offers where it was asking employers to take more of a risk to try to help an individual enter the labour market for the first time.<sup>23</sup>

18. We also asked DfE about the multiplicity of available programmes. It asserted that long lists of programmes could look a little misleading. It explained that the bulk of skills funding went to a relatively small number of interventions, specifically apprenticeships, the free courses for jobs and qualifications-based programmes that are typically delivered by FE colleges, and the adult education budget. DfE stated that it was incumbent on it to keep trying to make the system simpler for people, but noted that it had to balance two

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19 Q 41

20 Q 46

21 C&AG's Report, paras 4.7–4.8, 4.10, 4.17, Figure 15

22 Q 60

23 Q 61

countervailing forces – the need to create a skills system that is simple and intelligible, but that also allows tailoring and provides training that meets people’s needs reasonably precisely.<sup>24</sup>

## 2 Roles of different organisations in the skills system

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### Employers

19. DfE's overarching philosophy is to put employers at the heart of the skills system, specifically by giving them a central role in identifying local and national skills needs, and in developing and designing qualifications and training. New local skills improvement plans (LSIPs) are intended to provide a framework to help colleges and other training providers tackle skills mismatches and respond to local skills needs, with a designated employer representative leading the development of the LSIP in each local area.<sup>25</sup> DfE told us that LSIPs were intended to bring together providers, employers and others, including the local authority, to come up with a joint plan. We asked how the work of the LSIPs complemented, rather than duplicated, the work of local enterprise partnerships (LEPs) and other local authorities. DfE replied that it expected LSIPs to take inputs from these other forums and noted that the statutory nature of LSIPs gave them teeth because training providers had to have regard to the LSIPs' findings. DfE also noted that, historically, LEPs' success in engaging with employers often depended on who was on the LEP board.<sup>26</sup>

20. DfE carries out an employer skills survey every two years. These surveys indicate that the average amount per employee that employers spent on training fell, in real terms, from £1,710 in 2011 to £1,530 in 2019. The 2021 survey suggested that the COVID-19 pandemic had amplified the decline in workforce training, especially among smaller and medium-sized businesses. It found that, overall, 52% of the total workforce had received training during the year, which was the lowest proportion since the first employer skills survey in 2011. Organisations with 250 or more employees reported that they had trained 62% of their workforce in the 12 months before the survey, compared with, for example, 45% for organisations with five to 24 employees.<sup>27</sup>

21. The NAO found that government had not made clear to what extent it was seeking to influence employers to invest more in developing the skills of their own workforces.<sup>28</sup> We asked whether there was scope for government to do more to reach out to employers who were unwilling to invest or uninvolved in the skills system. BEIS told us that it was most concerned about small and medium-sized enterprises (SMEs), which frequently told government that they lacked the resources to invest in workforce training, especially in recent years when they had been struggling with other external challenges. It explained that, while it was difficult for it to help SMEs with the resources to invest in training, it was hopeful that simplifying the skills system and making it more flexible would make it easier for SMEs to navigate.<sup>29</sup>

22. In written evidence, several organisations raised concerns about the apprenticeship levy, and suggested that reforms to the levy would improve the training opportunities available. The British Retail Consortium suggested that employers should be permitted to spend levy funds on high-quality shorter courses, including functional skills training,

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25 Q 42; C&AG's Report, paras 3.18, 4.2

26 Qq 32, 56–58

27 C&AG's Report, paras 2.14, 2.16

28 C&AG's Report, para 4.12

29 Qq 48–49

where a full 12-month apprenticeship was not necessary.<sup>30</sup> Similarly, Heathrow Airport Ltd suggested that employers should be able to spend their levy contributions on modular courses, and that levy funds should sometimes be unlocked to address time-limited labour shortages, such as the HGV driver shortage.<sup>31</sup> City & Guilds argued that there should be a broader, more flexible skills levy, with a ringfenced commitment to apprenticeships, to better support employers and job seekers.<sup>32</sup> DfE accepted that employers had made some reasonable requests about making sure the apprenticeship system was properly responsive to their needs. It explained that it had made some changes to make the programme more flexible – for example, by introducing flexi-job apprenticeships for industries where people often do their training through multiple employers.<sup>33</sup>

## Colleges

23. In January 2021, we reported on the financial sustainability of the college sector.<sup>34</sup> Our report emphasised that colleges play a crucial role in developing the knowledge and skills the country needs, and in reaching disadvantaged groups and deprived areas.<sup>35</sup> In giving evidence on workforce skills, DfE told us that people in FE colleges were often motivated by a mission to give opportunity to those who had not necessarily had access to it before and noted that the support that colleges provided could be life-changing for students.<sup>36</sup>

24. Our 2021 report also noted, however, that the financial health of the college sector had previously been, and remained, fragile and that financial pressures were affecting provision for students. These pressures had caused some colleges to narrow their curriculum and reduce the length of courses. Some colleges had significantly reduced enrichment activities for students, such as careers advice and employability activities, and some were particularly concerned about reduced mental health support for students.<sup>37</sup> We asked DfE about the impact of funding concerns on colleges' ability to provide the courses and skills needed. DfE told us that the 2021 Spending Review had allocated an extra £2.8 billion of funding for skills. It also said that it was looking to give colleges more funding certainty through its ongoing review of funding and accountability, and it aimed to offer investment that allowed colleges to make longer-term decisions. More specifically, DfE asserted that scaling up the T levels programme would give colleges more funding certainty.<sup>38</sup>

25. We asked about colleges' ability to recruit and retain teaching staff. DfE explained that it was trying to promote teaching in the FE sector as a positive career, especially for people who were mid-career and could offer industry experience. However, it accepted that recruitment was a significant challenge, particularly because college pay would often not compete with pay in the industries from which colleges were seeking to attract potential staff. DfE also said that it had been working with colleges to develop options for

30 [DWE0008](#) British Retail Consortium, *Developing workforce skills for a strong economy*, 17 October 2022

31 [DWE0011](#) Heathrow Airport Ltd, *Developing workforce skills for a strong economy*, 17 October 2022

32 [DWE0009](#) City & Guilds, *Developing workforce skills for a strong economy*, 17 October 2022

33 Q 81

34 Committee of Public Accounts, *Managing colleges' financial sustainability*, Thirty-Eighth Report of Session 2019–21, HC 692, 27 January 2021

35 Committee of Public Accounts, *Managing colleges' financial sustainability*, section 1 para 2

36 Q 52

37 Committee of Public Accounts, *Managing colleges' financial sustainability*, section 1 paras 5, 8

38 Qq 21, 23



potential staff who wanted to teach part-time but also stay in industry part-time. It told us that such initiatives helped with funding from the college's point of view and income from the individual's point of view, and they also helped to ensure that the skills being taught in colleges remained current and rooted in industry practice.<sup>39</sup>

## DfE's Unit for Future Skills

26. In February 2022, DfE announced the creation of a Unit for Future Skills to look at data and evidence on where skills gaps exist and in what industries. The Unit will examine the interaction between the jobs and skills markets, and work with the Office for National Statistics to produce better data on skills demand.<sup>40</sup> The Unit is a division within DfE, but is intended to work across government to also meet the information needs of other departments. DfE also intends that the Unit will engage with businesses and training providers in local areas, to establish what additional analysis they would find helpful.<sup>41</sup> DfE told us that it was trying to make sure it was data- and evidence-driven in what it did and, in setting up the Unit, it was trying to give information to people to help them make decisions.

27. We asked how DfE could give the Unit for Future Skills a profile so that it had a meaningful impact on cross-government policy development and local design and practice. DfE stated that the key was for the Unit to produce outputs that stakeholders could easily use to inform their decisions. It also noted that a function of the Unit's external advisory board of sector representatives, academics and others was to act as an advocate for the work of the Unit.<sup>42</sup>

28. DfE told us that the Unit for Future Skills currently had 18 staff. It said that the Unit had struggled to recruit the highly skilled analysts it needed. We therefore asked whether these staffing pressures had been resolved. DfE explained that it had experienced some of the same challenges of recruiting highly skilled analysts that others had experienced, but that it was confident the Unit would achieve a full complement in time. DfE explained that the Unit was growing and that it would continue to make sure that it secured the right people.<sup>43</sup> It asserted that the staffing shortfall was not affecting the Unit's work and also noted that, due to the Unit's small size, it commissioned research from academics and others as part of its work programme. DfE provided examples of the Unit's initiatives to improve data transparency, which included publishing dashboards of career pathways and graduate outcomes. The Unit had also worked with HM Revenue & Customs to access better occupation data, which DfE will use to build its understanding of the skills needs of different employment sectors.<sup>44</sup>

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39 Qq 20–21, 23

40 C&AG's Report, paras 3.14–3.15

41 C&AG's Report para 3.15

42 Qq 67–68, 72

43 Q 68

44 Qq 68–69, 73–74

## Formal minutes

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**Thursday 8 December 2022**

Members present:

Dame Meg Hillier

Sir Geoffrey Clifton-Brown

Mr Jonathan Djanogly

Mrs Flick Drummond

Sarah Olney

Nick Smith

### ***Developing workforce skills for a strong economy***

Draft Report (*Developing workforce skills for a strong economy*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 28 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

*Resolved*, That the Report be the Thirtieth of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

### **Adjournment**

Adjourned till Monday 12 December at 3.30pm

## Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

### Monday 17 October 2022

**Susan Acland-Hood**, Permanent Secretary, Department for Education, **Carl Creswell**, Director, Services, Department for Business, Energy and Industrial Strategy, and **Paul Kett**, Director General of Skills Group, Department for Education [Q1-94](#)

## Published written evidence

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The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

DWE numbers are generated by the evidence processing system and so may not be complete.

- 1 Alberti, Dr Gabriella (Associate Professor, Leeds University Business School); Dolezalova, Dr Marketa (Research Fellow in Labour Migration, Leeds University Business School); and Cutter, Dr Jo (Lecturer in Work and Employment Relations, Leeds University Business School) ([DWE0025](#))
- 2 Association for Project Management ([DWE0014](#))
- 3 Association of Employment and Learning Providers (AELP) ([DWE0001](#))
- 4 British Retail Consortium ([DWE0008](#))
- 5 Chartered Management Institute ([DWE0021](#))
- 6 City & Guilds ([DWE0009](#))
- 7 Consumer Data Research Centre ([DWE0019](#))
- 8 Edge Foundation ([DWE0006](#))
- 9 Federation of Small Business ([DWE0002](#))
- 10 Food Research Collaboration ([DWE0005](#))
- 11 Good Things Foundation ([DWE0010](#))
- 12 Heathrow Airport Ltd ([DWE0011](#))
- 13 Institute of Physics (IOP) ([DWE0022](#))
- 14 Joneidy, Dr Sina (Senior Lecturer in Digital Enterprise, Teesside University); and Ayadurai, Dr Charmele (Assistant Professor, Durham University) ([DWE0003](#))
- 15 LEP Network ([DWE0013](#))
- 16 National Centre for Universities and Business ([DWE0004](#))
- 17 National Foundation for Educational Research ([DWE0023](#))
- 18 Recruitment & Employment Confederation (REC) ([DWE0033](#))
- 19 Road Haulage Association (RHA) ([DWE0024](#))
- 20 School of Business and Law ([DWE0036](#))
- 21 Tees Valley Combined Authority ([DWE0018](#))
- 22 The Association of Colleges; and The Association of Colleges ([DWE0020](#))
- 23 The Joint University Council Public Administration Committee ([DWE0028](#))
- 24 The Local Government Association ([DWE0016](#))
- 25 The National Hair & Beauty Federation (NHBF) ([DWE0032](#))
- 26 The Work Foundation ([DWE0031](#))
- 27 Trappmann, Professor Vera (Professor of Work and Employment Relations, Leeds University Business School); Balderson, Dr Ursula (Post-Doctoral Researcher, Leeds University Business School); and Cutter, Dr Jo (Lecturer, Leeds University Business School) ([DWE0027](#))
- 28 UK100 ([DWE0015](#))
- 29 WorldSkills UK ([DWE0034](#))

# List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

## Session 2022–23

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2nd	Lessons from implementing IR35 reforms	HC 60
3rd	The future of the Advanced Gas-cooled Reactors	HC 118
4th	Use of evaluation and modelling in government	HC 254
5th	Local economic growth	HC 252
6th	Department of Health and Social Care 2020–21 Annual Report and Accounts	HC 253
7th	Armoured Vehicles: the Ajax programme	HC 259
8th	Financial sustainability of the higher education sector in England	HC 257
9th	Child Maintenance	HC 255
10th	Restoration and Renewal of Parliament	HC 49
11th	The rollout of the COVID-19 vaccine programme in England	HC 258
12th	Management of PPE contracts	HC 260
13th	Secure training centres and secure schools	HC 30
14th	Investigation into the British Steel Pension Scheme	HC 251
15th	The Police Uplift Programme	HC 261
16th	Managing cross-border travel during the COVID-19 pandemic	HC 29
17th	Government's contracts with Randox Laboratories Ltd	HC 28
18th	Government actions to combat waste crime	HC 33
19th	Regulating after EU Exit	HC 32
20th	Whole of Government Accounts 2019–20	HC 31
21st	Transforming electronic monitoring services	HC 34
22nd	Tackling local air quality breaches	HC 37
23rd	Measuring and reporting public sector greenhouse gas emissions	HC 39
24th	Redevelopment of Defra's animal health infrastructure	HC 42
25th	Regulation of energy suppliers	HC 41
26th	The Department for Work and Pensions' Accounts 2021–22 – Fraud and error in the benefits system	HC 44
27th	Evaluating innovation projects in children's social care	HC 38

<b>Number</b>	<b>Title</b>	<b>Reference</b>
28th	Improving the Accounting Officer Assessment process	HC 43
29th	The Affordable Homes Programme since 2015	HC 684
1st Special Report	Sixth Annual Report of the Chair of the Committee of Public Accounts	HC 50

### Session 2021–22

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2nd	BBC strategic financial management	HC 187
3rd	COVID-19: Support for children's education	HC 240
4th	COVID-19: Local government finance	HC 239
5th	COVID-19: Government Support for Charities	HC 250
6th	Public Sector Pensions	HC 289
7th	Adult Social Care Markets	HC 252
8th	COVID 19: Culture Recovery Fund	HC 340
9th	Fraud and Error	HC 253
10th	Overview of the English rail system	HC 170
11th	Local auditor reporting on local government in England	HC 171
12th	COVID 19: Cost Tracker Update	HC 173
13th	Initial lessons from the government's response to the COVID-19 pandemic	HC 175
14th	Windrush Compensation Scheme	HC 174
15th	DWP Employment support	HC 177
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17th	High Speed 2: Progress at Summer 2021	HC 329
18th	Government's delivery through arm's-length bodies	HC 181
19th	Protecting consumers from unsafe products	HC 180
20th	Optimising the defence estate	HC 179
21st	School Funding	HC 183
22nd	Improving the performance of major defence equipment contracts	HC 185
23rd	Test and Trace update	HC 182
24th	Crossrail: A progress update	HC 184
25th	The Department for Work and Pensions' Accounts 2020–21 – Fraud and error in the benefits system	HC 633
26th	Lessons from Greensill Capital: accreditation to business support schemes	HC 169

<b>Number</b>	<b>Title</b>	<b>Reference</b>
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28th	Efficiency in government	HC 636
29th	The National Law Enforcement Data Programme	HC 638
30th	Challenges in implementing digital change	HC 637
31st	Environmental Land Management Scheme	HC 639
32nd	Delivering gigabitcapable broadband	HC 743
33rd	Underpayments of the State Pension	HC 654
34th	Local Government Finance System: Overview and Challenges	HC 646
35th	The pharmacy early payment and salary advance schemes in the NHS	HC 745
36th	EU Exit: UK Border post transition	HC 746
37th	HMRC Performance in 2020–21	HC 641
38th	COVID-19 cost tracker update	HC 640
39th	DWP Employment Support: Kickstart Scheme	HC 655
40th	Excess votes 2020–21: Serious Fraud Office	HC 1099
41st	Achieving Net Zero: Follow up	HC 642
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43rd	Reducing the backlog in criminal courts	HC 643
44th	NHS backlogs and waiting times in England	HC 747
45th	Progress with trade negotiations	HC 993
46th	Government preparedness for the COVID-19 pandemic: lessons for government on risk	HC 952
47th	Academies Sector Annual Report and Accounts 2019/20	HC 994
48th	HMRC's management of tax debt	HC 953
49th	Regulation of private renting	HC 996
50th	Bounce Back Loans Scheme: Follow-up	HC 951
51st	Improving outcomes for women in the criminal justice system	HC 997
52nd	Ministry of Defence Equipment Plan 2021–31	HC 1164
1st Special Report	Fifth Annual Report of the Chair of the Committee of Public Accounts	HC 222

### Session 2019–21

<b>Number</b>	<b>Title</b>	<b>Reference</b>
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8th	NHS capital expenditure and financial management	HC 344
9th	Water supply and demand management	HC 378
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15th	Improving the prison estate	HC 244
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19th	Restoration and renewal of the Palace of Westminster	HC 549
20th	Tackling the tax gap	HC 650
21st	Government support for UK exporters	HC 679
22nd	Digital transformation in the NHS	HC 680
23rd	Delivering carrier strike	HC 684
24th	Selecting towns for the Towns Fund	HC 651
25th	Asylum accommodation and support transformation programme	HC 683
26th	Department of Work and Pensions Accounts 2019–20	HC 681
27th	Covid-19: Supply of ventilators	HC 685
28th	The Nuclear Decommissioning Authority's management of the Magnox contract	HC 653
29th	Whitehall preparations for EU Exit	HC 682
30th	The production and distribution of cash	HC 654
31st	Starter Homes	HC 88
32nd	Specialist Skills in the civil service	HC 686
33rd	Covid-19: Bounce Back Loan Scheme	HC 687
34th	Covid-19: Support for jobs	HC 920
35th	Improving Broadband	HC 688
36th	HMRC performance 2019–20	HC 690



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38th	Managing colleges' financial sustainability	HC 692
39th	Lessons from major projects and programmes	HC 694
40th	Achieving government's long-term environmental goals	HC 927
41st	COVID 19: the free school meals voucher scheme	HC 689
42nd	COVID-19: Government procurement and supply of Personal Protective Equipment	HC 928
43rd	COVID-19: Planning for a vaccine Part 1	HC 930
44th	Excess Votes 2019–20	HC 1205
45th	Managing flood risk	HC 931
46th	Achieving Net Zero	HC 935
47th	COVID-19: Test, track and trace (part 1)	HC 932
48th	Digital Services at the Border	HC 936
49th	COVID-19: housing people sleeping rough	HC 934
50th	Defence Equipment Plan 2020–2030	HC 693
51st	Managing the expiry of PFI contracts	HC 1114
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54th	Improving single living accommodation for service personnel	HC 940
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