



Department
for Education

Institute for Apprenticeships and Technical Education (Transfer of Functions etc) Bill

Policy Summary Notes

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Summary

The following policy summary note provides information on the **Institute for Apprenticeships and Technical Education (Transfer of Functions etc) Bill** as it is introduced into Parliament. It also sets out the role that Skills England will play in the government's wider skills reform agenda.

Institute for Apprenticeships and Technical Education (Transfer of Functions etc) Bill: Overview

Background (Skills England)

The government's first mission is to grow the economy. To succeed, we need to harness the talent of our people, meet businesses' skills needs and break down the barriers to opportunity. Education is critical to breaking down these barriers and we are focused on ensuring all children and learners can achieve their ambitions and thrive in education, work and life, no matter their background.

Skills are an essential driver of economic growth, with around one third of average annual UK productivity growth between 2001 and 2019 attributable to an expansion of skills available in the workforce.¹³ But several key metrics point towards an ongoing challenge in unlocking the potential of skills to drive growth. Most notably:

- **Persistent skills mismatches.** The UK workforce has a number of skills mismatches including a particularly large level of underqualification compared to other countries. The OECD Skills for Jobs database indicates that 26% of the UK workforce is underqualified for their occupation, compared to an OECD average of 18%.¹
- **A stubbornly high proportion of the working-age population who lack the essential skills needed for work.** UK employers report that over a third of UK vacancies in 2022 were due to skills-shortages.² For example, digital skills are increasingly important in the modern economy, with basic digital skills being important to the majority (92%) of employers.³ However, around 7.5m working age adults do not have basic digital skills, less than half (41%) of the UK workforce can do all 20 tasks deemed essential digital skills for work and 15% of 18-24 year olds could only do 9 or less of the tasks deemed essential digital skills for work.⁴⁵
- **An undersupply of higher technical training.** In part, underqualification of the workforce is because of the 'missing middle' in the skills system: level 4/5 uptake of technical training in England is low compared to other levels of study both internationally and historically. Only 4% of people attain a level 4 or 5 qualification as their highest qualification compared to around 20% in Germany and 34% in Canada.⁶

Skills needs are also changing – with 1.4m new jobs projected by 2035, the distribution of which will be impacted by future megatrends including an ageing population, the move towards a green economy and increased use of technology and artificial intelligence. And while the skills system in England has a crucial role in ensuring that businesses and individuals are equipped to thrive in the

¹ OECD Skills for Jobs database: [OECD Data Explorer - Archive • Mismatch by country](#), note OECD are currently updating all databases]

² Employer Skills Survey 2022: [Employer skills survey: 2022 - GOV.UK \(www.gov.uk\)](#)

³ Disconnected? Exploring the digital skills gap - [Learning and Work Institute](#)

⁴ Consumer Digital Index, [Lloyds Bank 2023](#)

⁵ UK Essential Digital Skills for Work, [Lloyds Bank 2023](#)

⁶ Post-16 education: highest level of achievement by age 25, [Department for Education 2018](#)

modern (and future) economy, several features of its current design and operation risk preventing it from being the driver of economic growth and individual opportunity that the country needs.

The skills system must therefore:

- Become less fragmented, with its different constituent parts (including providers, employers, unions, wider experts, and local/regional and central government) brought together in a more coherent way, underpinned by rigorous data, strong feedback loops and lines of accountability.
- Develop and make available government-funded training products in a more flexible and responsive way, so that acute skills needs are addressed and new technologies harnessed quickly. In doing so, it needs to prioritise quality and rigour so that training always provides a passport for progression.
- Become less complex, so it is easier for individuals and businesses to navigate, removing an important barrier to employer investment in skills (which is low and decreasing in the UK compared with comparator nations), and ensuring that individuals can access the information necessary to take effective decisions about how best to upskill or retrain.

It is within this context that, on 22 July 2024, the Prime Minister and Secretary of State for Education announced the establishment of Skills England, launching it in shadow form with immediate effect.⁷ Skills England will transform the skills system to make it truly world leading. It will help to build a high-skill, high-productivity workforce that is matched to employers' needs and ensure that everyone, regardless of their background, can access the opportunities they need to thrive.

Specifically, it will:

- Provide an authoritative assessment of national and regional skills needs in the economy now and in the future, combining the best available statistical data with insights generated from employers and other key stakeholders.
- Ensure that there is a comprehensive suite of apprenticeships, training and technical qualifications for individuals and employers to access, and which are aligned with skills gaps and what employers need. As part of this, it will identify which training should be available via the new growth and skills levy.
- Work together with Combined Authorities and other places with devolution deals, as well as other regional organisations (such as Employer Representative Bodies) to ensure that regional and national skills needs are met (at all levels – from essential skills to those delivered via Higher Education), in line with the forthcoming Industrial Strategy.

Crucially, Skills England will ensure that skills sit at the heart of joined-up decision making across government, and bring HE and FE systems closer together. It will work closely with the Industrial Strategy Council so that we have the skilled workforce needed to deliver a clear, long-term plan for the future economy, and the Migration Advisory Committee to ensure that growing the domestic skills pipeline reduces our reliance on overseas workers.

⁷ Skills England to transform opportunities and drive growth - [GOV.UK \(www.gov.uk\)](https://www.gov.uk)

Other critical links will include close work with the Devolved Administrations to boost growth and spread opportunity UK-wide; the Department for Energy Security and Net Zero (DESNZ) which has set up the Office for Clean Energy Jobs to meet our Clean Energy Superpower Mission; the Department for Work on Pensions on the government's plan to Get Britain Working; and also with the Department for Science, Innovation and Technology on priority science and technology sectors.

It is by bringing these functions together within a single organisation, with a single feedback loop back into government to help inform funding and policy decisions, that Skills England will be able to affect change.

Skills England published its first [report](#) on 24 September 2024. It contains more detail on the purpose of Skills England and its different functions, alongside an assessment of the key skills challenges that limit growth and opportunity, and a presentation of Skills England's initial assessment of skills needs in the economy. The report should be read alongside this policy note and as reference material during the passage of the Bill through Parliament.

The purpose of the Bill and why it is needed

Purpose

The Bill will abolish the Institute for Apprenticeships and Technical Education (IfATE) and remove functions relating to its oversight by and accountability to the Secretary of State, and Parliament. It transfers IfATE's functions to the Secretary of State (while the intention is to establish Skills England as an Arms' Length Body, it will not exist as a separate legal entity, meaning statutory functions will be transferred to the Secretary of State and Skills England will exercise them on their behalf). The Bill will also amend five functions being transferred (set out in the next section), and transfer relevant property, rights and liabilities to the Secretary of State.

IfATE was established in 2017 through the Apprenticeships, Skills, Children and Learning Act (ASCLA) 2009, as amended. The legislation sets out key functions for the identification of skills needs, and the design, development and approval of technical education and training.

Need

In order for Skills England to become fully operational and equipped to address the challenges described above, it is crucial that the functions which currently sit with IfATE are folded into it. Building on the successful work IfATE has done, it will ensure the functions are seamlessly informed by and support the wider functions of the organisation (i.e. that the content of technical qualifications and training is informed by robust assessment of skills needs, enabling national and local skills systems to evolve in line with the identified needs and available training). The risk otherwise is that the creation of Skills England does not address the fragmentation that is holding the skills system back, impeding its ability to support improved workforce development and productivity gains.

Figure 1 describes how taking on IfATE's functions relating to technical qualifications and apprenticeships (in the red box below) is required for these different parts of the skills system to feed seamlessly into one another, uninterrupted by organisational boundaries, administrative hurdles and imperfect data flows. This will be essential if Skills England is to help the skills system become more responsive to emerging skills needs in the economy.

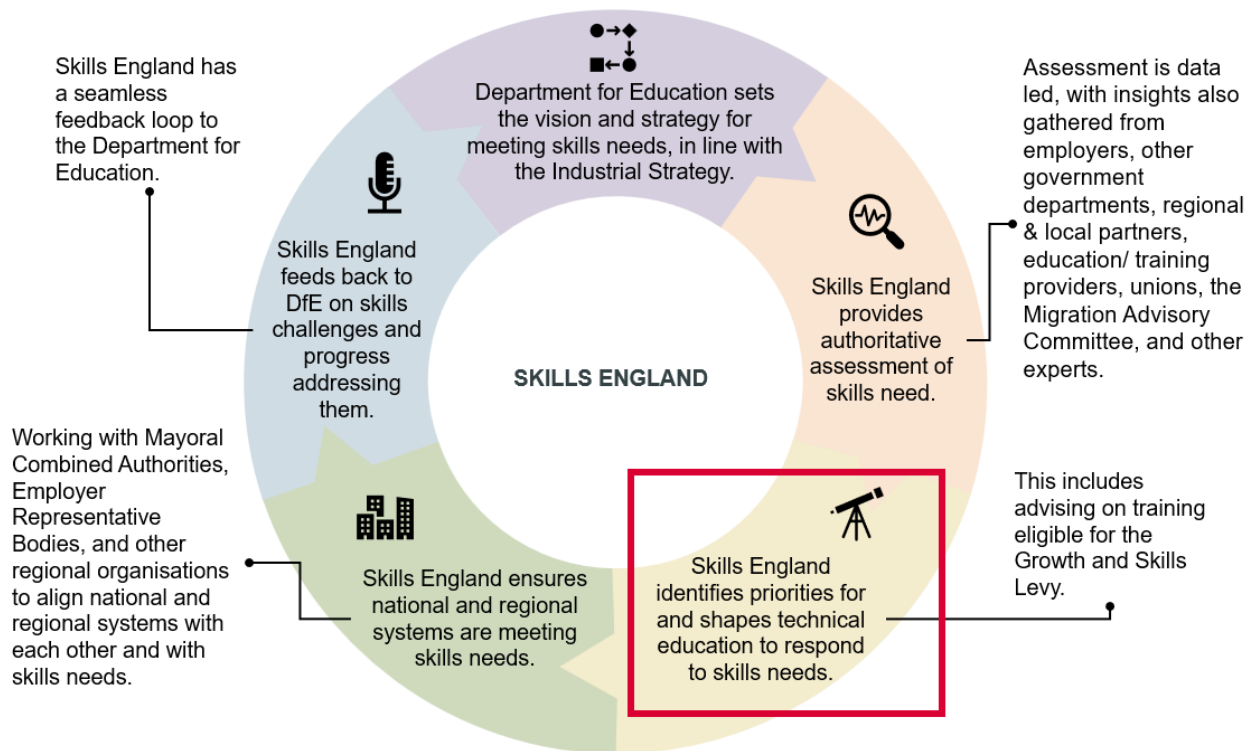


Figure 1: Skills England will deliver change by bringing together hitherto disparate functions into a single organisation, with a single feedback loop into government.

What the Bill does

Through the Bill, the government intends to transfer the functions currently held by IfATE to the Secretary of State. While not specified in the legislation, the expectation is that these functions would then largely be delivered by Skills England.

In preparing to transfer functions from IfATE to the Secretary of State, a rigorous review of the existing legislation and an assessment of the current operation of the system was undertaken to identify any functions that should be amended as they are transferred, versus being lifted over in their current form.

Each component of the existing legislation was assessed according to how far it would, if transferred without amendment, enable the Secretary of State (via Skills England) to build on the successful work IfATE has done, while also taking steps to make the system of technical education and apprenticeships more responsive and agile. Transferring functions in their existing form would, in the majority of cases, enable the Secretary of State to deliver in line with this aim.

However, a small number of areas were identified where the functions set out in the existing legislation could be overly prescriptive and prevent the Secretary of State from making the system more responsive and agile.

It is these areas where the government therefore proposes substantive changes to functions relating to apprenticeships and technical education, to:

- Remove the requirement for each standard to have been produced by an appropriate 'group of persons'. While this will be maintained as the default position in practice, the change will allow greater flexibility in certain scenarios where the convening of a group can be unnecessary or restrictive, for example where an existing standard requires a minimal update due to a regulatory change or obvious knowledge-based changes, or where it is challenging to secure employer input or engagement over the full duration of the development of review of the standard.
- Remove the requirement for apprenticeship assessment plans to be produced by an appropriate 'group of persons'. In line with our approach to standards development (as above), while convening a group will be maintained as the default position in practice, giving the Secretary of State this flexibility will enable the skills system to be more agile.
- Retain the duty to maintain arrangements to review Technical Education Qualifications, apprenticeship standards and apprenticeship assessment plans but remove the duty to publish these reviews to a specified frequency, to allow the Secretary of State flexibility to focus on reviews of greater need and those which will have the most impact.
- Change the requirement for third party examination of a standard or apprenticeship assessment plan to be carried out before approval, to a power (i.e. from must carry out an examination, to may carry out an examination). While the default position will remain that third party examination will be carried out before approval, this will allow greater flexibility where doing so would add limited value, for example where a profession is regulated and the assessment plan simply sets out the regulator's requirements.
- Allow the Secretary of State to grant an exception which allows Ofqual – which regulates qualifications, examinations and assessments in England – to exercise its accreditation power for technical qualifications. Ofqual is currently exempted from exercising its accreditation power for technical qualifications and this amendment would mean that in the future, where the Secretary of State deemed appropriate, Ofqual would be given the discretion to apply its accreditation power to the specified technical education qualification types, subject to it undertaking appropriate consultation. It is in the interests of the education system for there to be the flexibility for all qualifications - be they technical, vocational or academic– to be eligible for accreditation should the Secretary of State consider it to be appropriate.

Our intention is that the default position remains that standards and assessment plans will be produced by a group of persons. The Secretary of State will only deviate from this in a minority of instances, where appropriate. Where the Secretary of State makes the determination not to use a group of persons to produce standards or apprenticeship assessment plans, a high level of rigour will be upheld by, for example, undertaking stakeholder engagement to support development and/or publishing standards in draft for comment, before they are finalised.

What else is the government doing?

We will reform the current Apprenticeships Levy into a more flexible **Growth and Skills Levy**. The new Levy will enable employers to fund training that meets priority skills needs, identified by Skills England, in addition to apprenticeships, recognising the importance that high quality work-based learning has in our skills system.

We will establish **Technical Excellence Colleges**, which will work with businesses, trade unions, and local government to provide opportunities to young people and adults, particularly focusing on higher technical skills, to develop a highly skilled workforce that meets national and local needs.

Our expert-led review of **curriculum and assessment** will ensure that learners have access to the essential skills they need to thrive in life and in the labour market.

We will strengthen the contribution of **higher education** to economic growth, aligned with our wider industrial strategy. We will also establish a sustainable funding model that, together with efficient providers, will deliver a secure future for HE, and we will support the aspirations of those who meet the requirements and wish to go to university, improving access to higher education and pathways to move between providers, while improving quality through raising teaching standards and strengthening regulation.

We are committed to **devolving adult skills funding** to Combined Authorities, giving local leaders greater say over skills development in their area. We will clarify the role for higher education in local systems, to further integration & meet skills needs.

We will **bring together Jobcentre Plus and the National Careers Service** to get more people into work and to support those seeking better opportunities with the means to find better paid work.

We will support learners to take the next step beyond compulsory education with our **youth guarantee**, offering all 18-to-21 year-olds the opportunity to access training, an apprenticeship, or support to find work.

Work experience can help ensure young people develop relevant skills for work, support the transition from education and training into employment, expand horizons and open-up opportunities. We will prepare all young people to make informed decisions about their futures and, support them into a secure job that they can be proud of through access to two weeks' worth of high-quality work experience.

We recognise that **lifelong learning** is a core part of a sustainable higher education system which provides opportunities for all and offers learners greater flexibility in an ever-evolving economy. At present, the Department is working to ensure that its approach to lifelong learning will be as effective as possible, enabling people to gain the skills they need to support their careers.