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Skills policy in England

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Summary

Since July 2024, the government has launched Skills England, introduced foundation apprenticeships and announced changes to the funding of level 7 apprenticeships, and set out its intention to replace the apprenticeship levy with a growth and skills levy.

State of skills in the working-age population

Skills England, the government agency responsible for skills, has reported that there is "clear evidence" of a gap between the skills that are needed by UK employers and the skills that are held by the UK workforce.

It also reported that the UK workforce is more likely to be underqualified for their occupation than other countries, and less likely to be overqualified, according to that Organisation for Economic Co-operation and Development (OECD) data.

Qualifications

In 2023, 49% of 19 to 64 year olds in England had a level 4 qualification or higher (higher education or degree) as their highest qualification, while 19% had a level 3 qualification (A levels or equivalent) as their highest. A further 17% had a level 2 qualification (GCSEs or equivalent) as their highest while 15% did not have any qualifications or were qualified below level 2.

Further education learners

In academic year 2023/24 1.23 million adults aged 19 and older participated in some form of classroom-based education and training. Participation has increased by 17% since 2020/21, but is still 18% lower than in 2018/19.

Higher education entries and outcomes

The number of UK students at UK universities reached a record 2.18 million in academic year 2021/22, but student numbers fell slightly in the following two years to 2.17 million in 2023/24. These were the first falls since the mid-2010s.

Apprenticeships

In 2023/24, there were 736,500 people participating in an apprenticeship in England, with 339,600 apprenticeship starts and 178,200 apprenticeship achievements.

Employer Skills Survey

In 2024, 6% of employers in England reported that they had a skill-shortage vacancy. This is a vacancy that is difficult to fill due to a lack of the required skills, qualifications or experience among applicants.

In total, there were around 210,000 skill-shortage vacancies in 2024, which was 27% of all vacancies. Almost 200,000 employers reported that they had a skills gap, which was 12% of employers.

Departments responsible for skills

On 7 September 2025, the government announced a number of organisational and personnel changes, including moving part of the skills brief from the Department for Education (DfE) to the Department for Work and Pensions (DWP).

Responsibility for skills-related policy has moved from the DfE to the DWP, including apprenticeships, adult further education, skills, training and careers, and Skills England. Responsibility for higher education, and further education, skills, training and careers for those aged 19 years and under, will remain with the DfE.

Skills England

Skills England works to identify and address skills gaps in the economy, alongside the Industrial Strategy Council and the Migration Advisory Committee.

Skills England was fully established on the 2 June 2025 after the Institute for Apprenticeships and Technical Education (IfATE) was formally closed. Skills England has taken over most of the functions that were carried out by IfATE.

Apprenticeships

Level 7 apprenticeships

In May 2025, the government announced that, from January 2026, funding for level 7 apprenticeships will only be available to new apprentices who are aged 16 to 21 when they start the apprenticeship, rather than to apprentices of any age. The government said that they intend to prioritise public funding to young people, rather than “those already in work with more prior learning and qualifications”.

Skills England said these skills can be met through other routes, and that "there was unlikely to be a significant or unavoidable fall in the supply of these skills in the long term" if eligibility was restricted to those aged 16 to 21.

Following the government's initial announcement, a group of over 600 employers, training providers, industry professionals, and apprentices signed a letter expressing their concerns to the Chancellor of the Exchequer. The Education Committee also reported that most of the evidence they received for their Further Education and Skills inquiry was largely opposed to the removal of level 7 funding for those aged 22 or older.

Foundation apprenticeships

In the Autumn 2024 Budget, the government said it will invest £40 million to support the development and delivery of shorter-duration apprenticeships and foundation apprenticeships.

Foundation apprenticeships are intended to support young people to progress into further work-based learning and sustained employment, and to support young people who have previously been unable to start an apprenticeship. They are only available to young people aged 16 to 21, or people aged 22 to 24 who have an Education, Health and Care (EHC) plan, have previously been in care, or are a prisoner or prison leaver.

Seven foundation apprenticeships were available for starts from August 2025 and they all had a typical duration of eight months. Legislation came into force from 1 August 2025 which reduced the minimum duration of apprenticeships from twelve to eight months.

Growth and Skills Levy

The government intends to introduce a Growth and Skills Levy to replace the existing apprenticeship levy. It has said that the new levy is needed because the number of apprenticeships starts is falling and because there is an urgent need to invest in skills.

The apprenticeship levy only allows employers to spend their apprenticeship levy funding on apprenticeship training and assessment costs. The new Growth and Skills Levy will allow employers to access a wider range of training with their funding.

The government has said that the growth and skills levy will initially be used to fund "new short courses in areas such as digital, artificial intelligence and engineering" from April 2026. It has said it will work with Skills England to decide which courses will be prioritised.

Further and higher education

Skills policy also shapes classroom-based courses in further and higher education. In recent years, T Levels and Higher Technical Qualifications have been introduced, intended to improve skills education at levels 3 to 5.

The previous Conservative government established a network of Institutes of Technology, which specialise in level 4 and 5 technical skills in sectors such as engineering and manufacturing, digital, and construction. The Labour government has announced that 29 Technical Excellence Colleges will be established in England, specialising in construction, defence, and high-growth sectors such as advanced manufacturing, clean energy, and digital.

Most public funding for non-apprenticeship adult skills education in England is provided through the Adult Skills Fund (ASF), which is worth around £1.4 billion in the 2025/26 academic year. Much of this funding is devolved and managed by local authorities. Funding is targeted at learners with low skills, including young adults, unemployed people, and employed people receiving low wages. The ASF funds qualifications that all learners are entitled to, including essential digital skills, as well as the government's 'free courses for jobs' offer.

Learners can also access publicly funded loans for eligible undergraduate and postgraduate courses, and Advanced Learner Loans for many courses not covered by higher education student finance. From the 2026/27 academic year, the Lifelong Learning Entitlement will replace these two systems. The government has also announced plans to reintroduce targeted maintenance grants for students from low-income households studying on priority courses.

Industrial strategy

In June 2025, the government published its industrial strategy, which set out a "10-year plan to significantly increase business investment in eight growth-driving sectors". It launched three skills investment packages to support these growth sectors:

- "TechFirst" technology skills package: investment of £187 million to support secondary school pupils, undergraduates, PhD students, and entrepreneurs and businesses
- Engineering package: investment of over £100 million over three years to support engineering skills in England
- Defence package: investment of £182 million to increase the number of skilled workers in the defence sector. This will involve establishing five Defence Technical Excellence Colleges.

1 Skills statistics in England

This section provides the latest skills statistics at the time of publication. As section two of this paper outlines skills policy in England, this section provides statistics for England where available, or for the United Kingdom.

1.1 State of skills in the working-age population

Skill and qualification suitability

In August 2024, the Office for National Statistics (ONS) published statistics that looked at the skills and qualifications of the working-age population in the UK.[1]

As part of this publication, the ONS used 2021 census data to look at whether employed adults in England and Wales were more or less qualified than the average for their occupation.[2]

They reported that 53% of employed adults had qualifications that were equal to the average for their occupation, while 20% were more qualified and 27% were less qualified. They also found that women were more likely to be overqualified than men.

Skills England referred to this analysis in its September 2024 report Driving growth and widening opportunities, and reported that there is "clear evidence" of a gap between the skills that are needed by UK employers and the skills that are held by the UK workforce.[3]

It also referred to a number of skills mismatches in the UK workforce. Skills England reported that Organisation for Economic Co-operation and Development (OECD) data has shown that the UK workforce is more likely to be underqualified for their occupation than other counties, and less likely to be overqualified.[4]

1 ONS, Understanding skill and qualification suitability in the labour market, UK: August 2024, 9 August 2024
2 ONS, Qualification mismatch estimates in England and Wales: 2021, 9 August 2024
3 Skills England, Skills England report: driving growth and widening opportunities, 24 September 2024, p29
4 Skills England, Skills England report: driving growth and widening opportunities, 24 September 2024, p30

International comparisons

In December 2024, the OECD published a Survey of Adult Skills 2023 report that compares adults' literacy, numeracy, and adaptive problem solving skills across OECD countries.

It found that employed adults aged between 25 and 65 in England were less likely to be underqualified for their job than on average across the OECD, but more likely to be overqualified: [5]

- 7% were underqualified for their job, compared with an OECD average of 9%. This meant the level of their highest qualification is below the qualification level required for their job.
- 7% were also under-skilled for their job, compared with an OECD average of 10%. This means that their skills are below those required by their job, and therefore need to be further developed.
- 37% were overqualified for their job, compared with an OECD average of 23%
- 34% were over-skilled for their job, compared with an OECD average of 26%

Occupations in demand

Skills England published an occupations in demand index in September 2024, which ranks the demand for each occupation across the UK labour market based on various indicators. Occupations were put into one of the following categories: in critical demand, in elevated demand, or not in high demand.

In the year to March 2024, more than 2.5 million workers were found to be in critical demand occupations, which was 7.8% of the UK workforce. A further 12.6 million, or 38.5%, were found to be in elevated demand occupations.

The health and social care industry had the highest number of workers in demand occupations (either critical or elevated demand), with the education industry having the second highest.

The finance and insurance industry had the highest proportion of workers in demand occupations, at just under 70% of the industry's workforce.

Qualifications

In 2023, 49% of 19-to-64-year-olds in England had a level 4 qualification or higher (higher education or degree) as their highest qualification, while 19% had a level 3 qualification (A levels or equivalent) as their highest. A further

5 OECD, Survey of Adults Skills 2023: England (United Kingdom), 10 December 2024

17% had a level 2 qualification (GCSEs or equivalent) as their highest while 15% did not have any qualifications or were qualified below level 2.[6]

As shown in the table below, people aged 50 or over were less likely to have a level 4 qualification in 2023, and were more likely than people aged between 19 and 49 to have a highest qualification at level 2 or below. The 19 to 29 age group will include some who are not yet old enough to have finished their level 4 courses and this explains the lower figure for this age group: 56% of people aged between 25 and 29 had a level 4 qualification or higher as their highest qualification in 2023.[7]

Highest qualification by age group

England, 2023

	Highest qualification			
Age group	Below level 2	NQF Level 2	NQF Level 3	NQF Level 4+
19-29	11%	16%	32%	41%
30-39	12%	13%	16%	59%
40-49	14%	14%	16%	56%
50-64	21%	21%	15%	43%
19-64	15%	17%	19%	49%

Source: DfE, Education and training statistics for the UK

Further education learners

In academic year 2023/24, 1.23 million adults aged 19 and older participated in some form of classroom-based education and training.[8] Participation has increased by 17% since 2020/21, but is still 18% lower than in 2018/19. Much of the recent increase has been in Multiply courses which aim to improve adult numeracy. These were introduced in 2022/23 and there were 121,000 enrolments on Multiply courses in England in 2023/24.[9]

The following table breaks down participation in 2023/24 by qualification level. Of those courses assigned a level, the most popular were level 2 courses, followed entry level and level 1. Most courses not assigned a level were ‘tailored learning’ (formerly known as community learning) and Multiply courses not leading to a formal regulated qualification.

6 DfE, Education and training statistics for the UK, 21 August 2025
7 DfE, 'Highest qualification among 19-64 year olds' from 'Education and training statistics for the UK' (created 29 August 2025)
8 This excludes those on apprenticeships
9 DfE, Further education and skills, 2024/25

Adult participation in education and training by level, England 2023/24	
Entry level	293,080
Level 1	242,840
Level 2	432,530
Level 3	142,450
Level 4+	16,430
No level assigned	414,790
Total	**1,233,930**

Note: Learners can participate in courses at more than one level but are only included once in the total

Source: DfE, Further education and skills, 2024/25

Higher education entries and outcomes

The number of UK students at UK universities reached a record 2.18 million in academic year 2021/22, but student numbers fell slightly in the following two years to 2.17 million in 2023/24. These were the first falls since the mid-2010s.[10]

In 2023/24, 75% of UK students were on first degrees, 6% were on other undergraduate courses, 10% were on taught master's, 3% were undertaking doctorate research and 3% were on other postgraduate courses. The number of UK undergraduates has increased in each year since the mid-2010s and has set new records in each year since 2021/22.

There has been a longer-term shift in UK students away from part-time undergraduate education (much of which is below first degree level). The number of part-time undergraduates at UK universities fell by 290,000, or 50%, between 2009/10 and 2020/21 and has not substantially increased since then. There was a larger proportionate increase in part-time students on other (non-first degree) courses.[11]

The number of UK students on master's courses increased by around 70,000 (40%) between 2016/17 and 2020/21, but has subsequently fallen back by 40,000 to 2023/24. This reduction is the reason for the recent falls in overall student numbers.[12]

A total of 0.64 million UK students obtained a qualification from a UK university in 2023/24. 60% were first degrees, 12% other undergraduate

10 HESA, HE student enrolments by level of study 2019/20 to 2023/24, and earlier versions
11 HESA, HE student enrolments by level of study 2019/20 to 2023/24, and earlier versions
12 HESA, HE student enrolments by level of study 2019/20 to 2023/24, and earlier versions

qualifications, 15% taught master's degrees and 13% other postgraduate qualifications. The overall figure was a record high.[13]

Further analysis of the changes in the student population are available in the Library briefing Higher education student numbers.

The Library briefing Equality of access and outcomes in higher education in England looks at the patterns of access to higher education and educational outcomes differ for different groups.

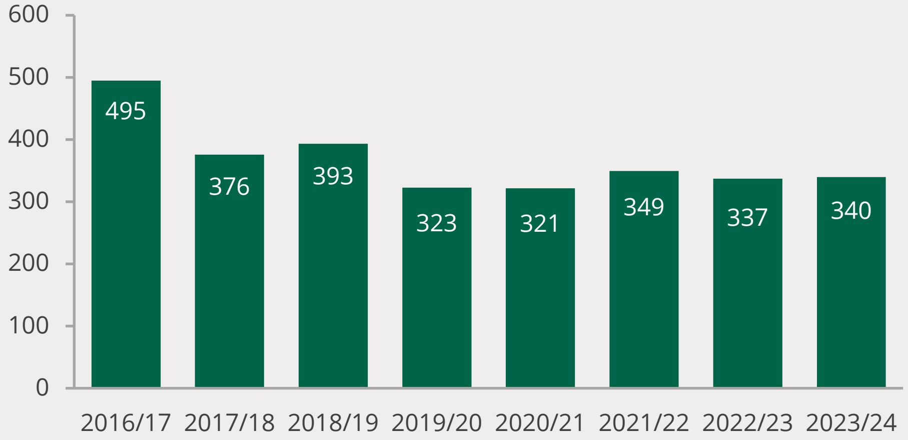
Apprenticeships

In 2023/24, there were 736,500 people participating in an apprenticeship in England, with 339,600 apprenticeship starts and 178,200 apprenticeship achievements.[14]

There was a large fall in apprenticeship starts following the introduction of the apprenticeship levy. As shown in the chart below, the number of apprenticeship starts in the most recent academic years remain below pre-levy levels. There were over 155,000 fewer starts in 2023/24 than the pre-apprenticeship levy year of 2016/17.

Apprenticeship starts in England

2016/17 to 2023/24, thousands

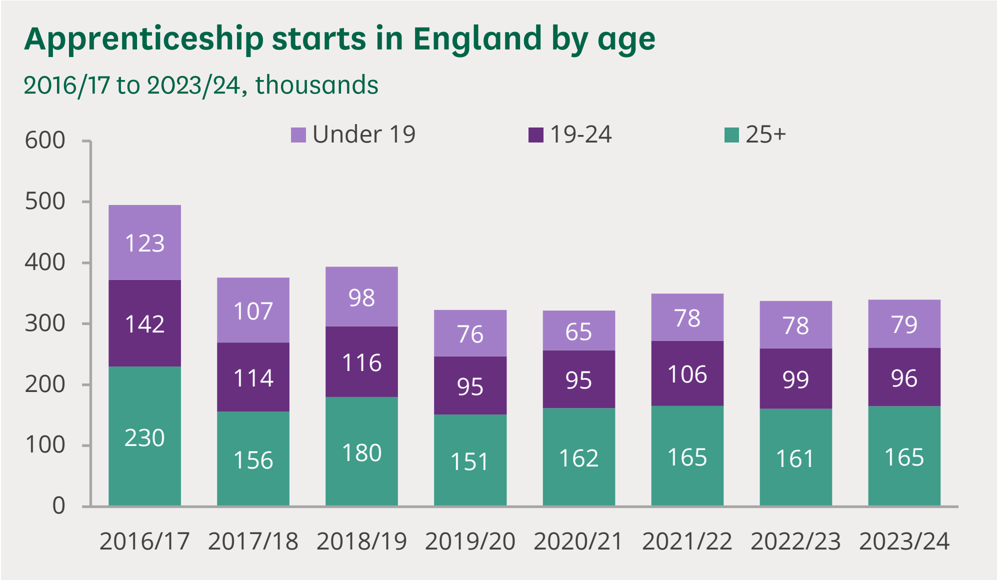


Source: GOV.UK, Apprenticeships: Academic year 2023/24, underlying starts data

In 2023/24, 23% of starts were by apprentices aged under 19, 28% were by apprentices aged between 19 and 24, and 48% were by apprentices aged 25 or older. The chart below shows the number of starts by age.

13 HESA, HE qualifications obtained by level of qualification 2019/20 to 2023/24

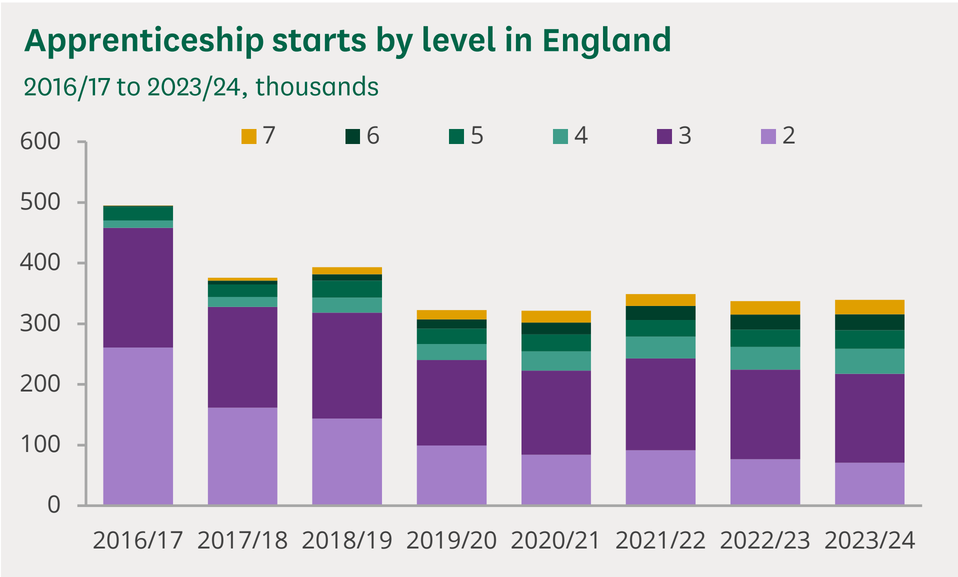
14 Department for Education, Apprenticeships statistics Academic year 2024/25, 30 January 2025



Source: GOV.UK, Apprenticeships: Academic year 2023/24, underlying starts data

The proportion of intermediate apprenticeships has declined: in 2016/17, 53% of apprenticeship starts were at intermediate level, and in 2023/24, 21% of apprenticeship starts were at intermediate level. The proportion of higher apprenticeships has increased: from 7% in 2016/17 to 36% in 2023/24. The proportion of advanced apprenticeships has remained approximately the same.

The chart below shows the number of starts by apprenticeship level.



Source: GOV.UK, Apprenticeships: Academic year 2023/24, underlying starts data

Further apprenticeship statistics are available in the Library briefing Apprenticeship statistics for England.

Constituency data on apprenticeship starts is available on the Library dashboard Constituency data: Apprenticeships.

1.2 Employer Skills Survey

Data from the UK Employer Skills Survey for 2024 was published by the Department for Education in July 2025 and provides an outlook on skills and training for employers across the UK.[15] The survey is carried out every two years.

The number of employers who were interviewed in England for the 2024 survey was much lower than the previous survey in 2022: it reduced from almost 60,000 interviews in 2024 to less than 9,000 in 2024. The methodology note for the survey says that the target number of interviews in 2024 was substantially reduced in this year as a “pattern of alternating between large and small sample sizes was adopted, starting with a large sample in 2022”. [16]

As shown in the analysis of the results below, employers were more likely to report that they had vacancies in 2022 than in other years. This can be at least partly explained by the high vacancy levels in the UK in 2022 when they reached their highest level since comparable records began in 2001.[17]

England findings in 2024

In 2024, 6% of employers in England reported that they had a skill-shortage vacancy. This is a vacancy that is difficult to fill due to a lack of the required skills, qualifications or experience among applicants. This was down from 10% of employers in the 2022 survey, and equal to the 6% of employers in the 2017 and 2019 surveys.[18]

In total, there were around 210,000 skill-shortage vacancies in 2024, which was 27% of all vacancies. This compared with around 460,000 skill-shortage vacancies in 2022, which was 36% of all vacancies, but was only slightly higher than the number of these vacancies in 2017 and 2019.

The survey also measured skills gaps within organisations by asking employers whether their employees were fully proficient in their jobs. In 2024, 1.07 million employees were considered not to be fully proficient, down from 1.52 million in 2022. The skills gap density, which measures the proportion of employees judged not fully proficient, was 4.1% in 2024, down from 5.9% in 2022, 4.6% in 2019 and 4.3% in 2017.

Almost 200,000 employers reported that they had a skills gap, which was 12% of employers, down from 15% in 2022 and 13% in 2017 and 2019.

15 DfE, Employer skills survey: 2024, 24 July 2025
16 DfE, Employer Skills Survey 2022-2024 Methodology, 24 July 2025
17 ONS, VACS01: Vacancies and unemployment, 16 September 2025
18 DfE, Employer skills survey: 2022, 'Core indicators' from 'Employer Skills Survey ', table created 19 October 2023

Skills-shortage vacancies by region

In 2022, employers in London reported the highest number of skill-shortage vacancies, but employers in the South East were most likely to have such a vacancy (8% of employers). Employers in the West Midlands were least likely to have reported a skill-shortage vacancy (4% of employers).

The South West had the highest proportion of vacancies that were skills-shortage vacancies at 40%, while the West Midlands and the East of England had the lowest proportion (19%), as shown in the table below.

Skills-shortage vacancies by region
Employer Skills Survey 2024

Region	Number of skill-shortage vacancies (SSV)	% of establishments with a skill-shortage vacancy	Skill-shortage vacancy density (SSVs as a share of vacancies)
North East	7,400	6%	25%
North West	29,300	6%	27%
Yorks and Humber	14,500	5%	29%
East Midlands	16,700	6%	31%
West Midlands	10,900	4%	19%
East of England	17,900	6%	19%
London	45,600	6%	24%
South East	34,800	8%	29%
South West	35,200	6%	40%
England	213,000	6%	27%

Source: Employer Skills Survey calendar year 2024

The skills gap density, the proportion of employees reported by their employers to have skills gaps, was highest in London at 5.6% and lowest in the East of England at 2.7%.[19]

Skills-shortage vacancies by sector

In 2024, employers in the business services sector reported the highest number of skill-shortage vacancies, with 52,000 vacancies. This was 31% of vacancies in this sector, with 5% of employers reporting a skills-shortage vacancy.[20]

Employers in the education sector were most likely to report having a skills-shortage vacancy, with 15% of employers doing so.

19 DfE, 'Core indicators' by region 2024, table created 12 September 2025
20 DfE, 'Core indicators' by industry sector 2024, table created 12 September 2025

The skills-shortage vacancy density was highest in the construction sector, with 46% of all vacancies reported as skills-shortage vacancies.

The skills gap density was highest in the hospitality sector at 6.1%, although employers in the education sector were most likely treport that they had a skills gap (17% of employers).

These figures are shown in the table below which is sorted by the skill-shortage vacancy density.[21]

Skills-shortage vacancies by industry sector in England

Employer Skills Survey 2024

Industry sector	Number of skill-shortage vacancies	% of establishments with a skill-shortage vacancy	Skill-shortage vacancy density (SSVs as a share of vacancies)	% of establishments with a skill gap	Skill gap density
Construction	21,000	6%	46%	10%	3.7%
Education	18,600	15%	37%	17%	2.2%
Arts & Other Services	10,700	5%	33%	9%	4.3%
Manufacturing	13,700	8%	33%	13%	4.1%
Primary Sector & Utilities	6,400	5%	33%	9%	5.2%
Business Services	52,200	5%	31%	9%	3.6%
Wholesale & Retail	22,200	5%	26%	14%	5.4%
Health & Social Work	34,200	8%	21%	13%	4.7%
Hotels & Restaurants	15,200	6%	21%	15%	6.1%
Transport & Storage	7,700	8%	20%	9%	2.9%
Information & Communications	5,800	5%	18%	9%	2.0%
Financial Services	3,600	7%	17%	12%	4.0%
Public admin.	-	3%	-	13%	3.0%
Total	213,000	6%	27%	12%	4.1%

Note: - denotes that data is unavailable

Source: Employer Skills Survey calendar year 2024

Skills-shortage vacancies by occupation

In 2024, employers in professional occupations reported the highest number of skill-shortage vacancies, with 31% of vacancies reported to be a skills-shortage vacancy.[22]

The skills-shortage vacancy density was highest in skilled trade occupations, with 46% of all vacancies reported as skills-shortage vacancies. The table below is sorted by the skills-shortage vacancy density.[23]

21 DfE, 'Core indicators' by industry sector 2024, table created 12 September 2025

22 DfE, 'Core indicators' by occupation 2024, table created 12 September 2025

23 DfE, 'Core indicators' by occupation 2024, table created 12 September 2025

Skills-shortage vacancies by occupation in England
Employer Skills Survey 2024

Occupation	Number of skill-shortage vacancies	Skill-shortage vacancy density
Skilled trades occupations	37,200	46%
Professional occupations	46,100	31%
Caring, leisure and other service occupations	27,900	30%
Process, plant and machine operatives	21,600	29%
Associate professional and technical occupation	21,200	24%
Managers, directors and senior officials	6,200	20%
Administrative and secretarial occupations	12,400	19%
Elementary occupations	15,700	18%
Sales and customer service occupations	9,800	17%
Total	213,000	27%

Source: Employer Skills Survey calendar year 2024

Employer investment in training

UK employer-reported investment in training has been in steady decline since 2011, with inflation-adjusted training expenditure in 2024 at its lowest since the introduction of the Employer Skills Survey in 2011.[24]

Employers reported expenditure in training and development of £53.0 billion in the 12 months prior to the 2024 survey, which was a 10% fall in real-terms compared to 2022, and a 19% fall in real-terms from 2011.

Previous surveys

The first Employer Skills Survey was carried out in 2011, and then every two years until 2019[25]. It was then published for 2022, and then for 2024. It was published by the UK Commission for Employment and Skills until 2015, and has been published by the Department for Education since 2017.

A smaller England only 'Employer pulse survey' was published in April 2022 and this provided some data for 2021.[26]

[24] DfE, Employer Skills Survey: Total training expenditure, 31 July 2025

[25] The 2019 survey did not include Scotland as the Scottish Government ran its own Employer Perspectives Survey in this year. This means that UK estimates are not available for this year.

[26] DfE, Employer pulse survey 2021, 28 April 2022

1.3 Sector skills assessments

Skills England has published two reports in 2025 that have assessed skills across 10 "key sectors". These are the eight sectors that have been identified as being "growth-driving sectors" in the UK's 2025 industrial strategy, and the housebuilding and health and adulty social care sectors which are both seen as critical for the December 2024 Plan for Change.

In June 2025 Skills England published Skills England: skills for growth and opportunity, which assessed the needs for skills in each of the 10 sectors.

In August 2025, Skills England published Assessment of priority skills to 2030. This reported that almost 15 million people were expected to be working in the 10 priority sectors in 2025, which was around 45% of the total UK workforce.

Employment demand in these sectors is also projected to increase at a faster rate than other sectors between 2025 and 2030. The increase in demand is expected to mostly involved workers with at least a level 4 qualification, although Skills England says that roles that require level 4 or above have historically been filled by those with at least a level 6 qualification (degree or equivalent).

1.4 The UK labour market

In June to August 2025, there were 34.2 million people aged 16 and over in employment in the UK. The employment rate (the proportion of the population aged 16 to 64 in work) was 75.1%.[27]

The employment rate was highest in the South West in June to August 2025, with 79.5% of 16-to-64-year-olds in employment in this region. It was lowest in the North East (68.8%).[28]

A further 1.7 million people aged 16 and over were unemployed. The unemployment rate (the percentage of the economically active population who are unemployed) was 4.8%. Unemployment levels have increased over the year to June to August 2025.

Levels of economic inactivity increased during the pandemic, and in June to August 2025, there were 9.1 million people aged 16 to 64 in the UK who were economically inactive (not in work and not actively looking for work). The inactivity rate (the proportion of the population aged 16 to 64 who are economically inactive) was 21.0%.

27 ONS, Labour market overview, UK, 14 October 2025
28 ONS, Labour market in the regions of the UK: October 2025, 14 October 2025

In April to June 2025, there were 948,000 people aged 16 to 24 who were not in employment, education or training (NEET). This was 12.5% of young people.[29]

The following Library briefings provide the latest statistics for the UK's labour market:

- UK Labour Market Statistics provides a full overview of employment, unemployment, economic inactivity and earnings in the UK.
- Youth unemployment statistics provides statistics on youth unemployment, employment and inactivity in the UK.
- NEET: Young People Not in Education, Employment or Training provides NEET statistics for the UK.

1.5 Further statistics

Other sources of skills-related data are provided in the links below:

- Commons Library, Educational qualifications dashboard: this dashboard provides census data for constituencies on the highest educational qualification of adults.
- Learning and Work Institute, Adult participation in learning survey (4 November 2024): the Learning and Work Institute publish an annual report on annual learning across the UK. The 2024 survey found that just over a half of adults (52%) took part in learning in the three years prior to the survey. This was the highest rate since the survey started in 1996.
- Department for Education, SME skills horizon (7 February 2025): this report provides a snapshot of the recruitment and skills landscape for the year ahead for small and medium sized enterprises (SMEs) in England. In 2025, SMEs were less concerned about retaining staff and recruiting employees with the right skills than in previous years.
- The Office for National Statistics, UK measures of national well-being dashboard (11 February 2025): this dashboard provides various skills-related statistics. Of adults in Great Britain, 73.8% said that they were fairly or very satisfied with their education and skills, when asked in September 2024.
- Department for Education, Local skills dashboard: Skills England has published this dashboard, which provides published local data from a variety of sources, covering topics such as employment, qualifications, and education outcomes across England. Data is available to view and download for various geographies, including local authority, local skills

29 ONS, Young people not in education, employment or training (NEET), 21 August 2025

improvement plan area, local enterprise partnership, Mayoral Combined Authority, regional and national.

- Department for Education, Local skills improvement plans and designated employer representative bodies (19 September 2024): Employer representative bodies have published local skills improvement plans and annual reports.

2 Skills policy in England

This section outlines skills policy in England from July 2024 onwards.

Successive UK Governments have outlined the importance of skills to economic growth within the UK. The Secretary of State for the Department for Education, Bridget Phillipson, has said that "skills are vital to the change this government wants to deliver", and that a highly skilled workforce is essential to support businesses to "drive economic growth and expand opportunity in our communities".[30] The House of Lords Library In Focus Importance of skills: Economic and social benefits explains other evidence on the value of skills.

Skills are a devolved subject matter and each country within the UK sets its own skills policy. This briefing will set out the UK government's skills policy, which covers areas such as further and higher education, apprenticeships and other workplace learning, and training and careers in England.

On 7 September 2025 the government announced a number of machinery of government and personnel changes, including moving part of the skills brief from the Department for Education (DfE) to the Department for Work and Pensions (DWP). Its associated minister, Baroness Smith, will remain Minister for Skills in the DfE, and will also be the Minister for Skills in the DWP.[31]

Responsibility for apprenticeships, adult further education, skills, training and careers, and Skills England, has moved from the DfE to the DWP. Responsibility for higher education, and further education, skills, training and careers for those aged 19 years and under will remain with the DfE.[32]

In September 2025, the government said it will publish a Post-16 Education and Skills White Paper 'soon'.

2.1 Skills England

In the 2024 King's Speech, the government set out its intention to establish Skills England, and said that Skills England would take over some of the functions that were carried out by the Institute for Apprenticeships and Technical Education. It would also work with employers, unions, education and training providers, and local and national government to assess skills

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31 GOV.UK, Ministerial appointments: September 2025, 7 September 2025

32 HC Statement UIN HCWS930, Machinery of Government – Skills, 16 September 2025

needs and advise on the training that should be funded by the Growth and Skills Levy.[33]

Skills England was established on 22 July 2024 in 'shadow form' as an executive agency within the Department for Education.[34] It became a fully established body on the 2 June 2025 after the Institute for Apprenticeships and Technical Education was formally closed.[35]

In September 2025, responsibility for Skills England moved to the Department for Work and Pensions.[36]

Functions of Skills England

As detailed above, Skills England has taken over most of the functions that were currently carried out by the Institute for Apprenticeships and Technical Education. Skills England will also work to identify where skills gaps exist, and work with the Industrial Strategy Council and the Migration Advisory Committee to address these.

The government has said Skills England will bring about "a clearer, more data-driven, joined-up and responsive skills system".[37] It will have three key functions:

- Assessing and forecasting what skills are needed in the national and regional economies by combining statistical data with insights from employers and other important stakeholders.
- Ensuring there is a comprehensive set of apprenticeships, training and technical qualifications for individuals and employers to access, and that they are aligned with skills gaps and employers' needs. Skills England will also identify which training should be funded by the new Growth and Skills Levy.
- Bringing together business, training providers, and unions with national and local government to ensure regional and national systems are meeting skills needs, in line with the government's industrial strategy.[38]

The priorities for Skills England in 2025 to 2026 were set out in a letter from Bridget Phillipson, the Secretary of State for Education.[39]

In February 2025, the DfE announced that Phil Smith CBE will chair Skills England and Sir David Bell will serve as vice chair. Tessa Griffith and Sarah

33 Prime Minister's Office, King's Speech 2024: background briefing notes, 17 July 2024, p66
34 Department for Education, Skills England to transform opportunities and drive growth, 22 July 2024
35 HC Statement UIN HCWS672, Apprenticeships and Skills Training, 2 June 2025
36 HC Statement UIN HCWS930, Machinery of Government – Skills, 16 September 2025
37 Department for Education, IfATE (Transfer of Functions etc) Bill: Impact assessment, 10 October 2024, pp8-9
38 Department for Education, Skills England report: driving growth and widening opportunities, 24 September 2024, p11
39 Department for Education, Skills England priorities 2025 to 2026, 2 June 2025

Maclean will jointly serve as CEO, while Gemma Marsh will serve as deputy CEO. The other board members are listed on the Skills England website.[40]

Skills England outputs

In September 2024, Skills England published a report entitled Driving growth and widening opportunities, which explained the role of Skills England and its initial assessment of the UK's skills needs.[41] Some of the analysis that was included in this report is included in section 1 of this briefing.

Skills England also published an occupations in demand index in September 2024, which ranked the demand for each occupation across the UK labour market based on various indicators. This is also summarised in section 1.

In June 2025 Skills England published skills-needs assessments for "10 priority sectors".[42] These 10 sectors include the eight sectors that the government has identified as growth-driving sectors in the June 2025 industrial strategy (see section 2.6) as well as the construction sector and health and adult social care sector, both of which the report notes are experiencing skills shortages.

Skills England is an executive agency which means it is part of a central government department.

Institute for Apprenticeships and Technical Education (Transfer of Functions etc) Bill 2024-25

In October 2024, the Institute for Apprenticeships and Technical Education (Transfer of Functions etc) Bill 2024-25 was introduced in the House of Lords. Although this bill set out legislation that that would abolish the Institute for Apprenticeships and Technical Education (IfATE), it did not refer to Skills England and instead set out that IfATE's functions would be transferred to central government.[43]

The Institute for Apprenticeships and Technical Education was a non-departmental public body which meant it was not part of a government department, and operated at arm's length from ministers.

This was because Skills England was established as an executive agency within central government, while IfATE was a non-departmental public body. This is explained in the policy document that the DfE published alongside the bill, which says that "it is crucial that the functions which currently sit with IfATE are folded into" Skills England for it to become fully operational and able to meet the UK's skills challenges.[44]

The government added a clause referring to Skills England to the bill at report stage in the House of Lords, which the Lords agreed to.[45] This clause created

40 Department for Education, 10,000 more apprentices as Government slashes red tape to boost growth, 11 February 2025
41 Department for Education, Skills England report: driving growth and widening opportunities, 24 September 2024
42 Department for Education, Skills England: skills for growth and opportunity, 3 July 2025
43 The Library briefing Institute for Apprenticeships and Technical Education (Transfer of Functions etc) Bill [HL] provides an overview of the bill
44 Department for Education, IfATE (Transfer of Functions etc) Bill: policy summary, 10 October 2024, p6
45 HL Bill 38-R-I Marshalled list for Report, p3

a requirement for the government to set out publicly the functions that Skills England was taking on and the expected effects of these functions.[46]

A key topic of discussion during the House of Lords and House of Commons stages included whether Skills England would be more effective as an executive agency within a government department, or as a non-departmental public body. The Skills Minister, Baroness Smith, argued the formation of Skills England as an executive agency in central government meant that it provided a balance between the "need for rapid action and independent objective analysis of skills gaps and on the other [...] proximity and clear links into central government to inform decision-making".[47]

The bill received Royal Assent on the 15 May 2025.[48]

2.2 Apprenticeships

Apprenticeships in England are available to people over the age of 16 who work in England, and take up to six years to complete. They are paid jobs which incorporate on and off the job training. Apprentices have the same rights as other employees and are entitled to be paid at least the apprentice rate of the national minimum wage. As of October 2025 over 900 different apprenticeships were available.

Apprenticeships can be studied at different qualification levels, which each have an equivalent educational level:

Name	Level	Equivalent educational level
Intermediate	2	5 GCSE passes
Advanced	3	2 A level passes
Higher	4,5,6 and 7	Foundation degree and above
Degree	6 and 7	Bachelor's or master's degree

This section describes recent changes to apprenticeships, such as changes in eligibility for funding of level 7 apprenticeships and the introduction of foundation apprenticeships. The Library briefing Apprenticeships policy in England explains in detail the apprenticeship system in England, including the apprenticeship levy.

The Minister for Skills, Baroness Smith has said that apprenticeship policy will be moved to the Department to the Department for Work and Pensions as

46 HL Deb 5 February 2025
47 HL Deb 21 November 2024, c92GC
48

part of the machinery of government and personnel changes announced in September 2025.[49]

Level 7 apprenticeships

In recent years there has been a large increase in the number of people starting level 7 apprenticeships, which are equivalent to a master's degree. This is the highest level of apprenticeship that is available in England. As of September 2025, 71 different level 7 apprenticeships were available.[50]

In the 2023/24 academic year. 23,860 people started level 7 apprenticeships in England, which was 7% of all starts.[51]

In May 2025, the government announced changes to apprenticeships intended to encourage more young people to become apprentices. From January 2026, funding for level 7 apprenticeships will only be provided to new apprentices who are aged 16 to 21 when they start the apprenticeship, rather than to anybody aged 16 or above.[52]

The government said that they intend to prioritise public funding to young people, rather than "those already in work with more prior learning and qualifications".[53]

Skills England ran an engagement exercise on this change with employers which found that level 7 apprenticeships are "high quality and were well supported by employers", and are "important for meeting the skills needs of the economy". However, Skills England also said that these skills can be met through other routes, and that "there was unlikely to be a significant or unavoidable fall in the supply of these skills in the long term" if eligibility was restricted to apprentices aged 16 to 21. Skills England also did not find that there was a "strong enough economic rationale" to exempt specific groups from this change, apart from young people.

Funding will continue to be provided to apprentices aged under 22 who start level 7 apprenticeships. The government has said that "level 7 apprenticeships are a valuable entry point for young people into good careers".

In the 2023/24 academic year, there were 2,710 level 7 starts by learners aged under 22, which was 11% of level 7 starts. Between August 2024 and January 2025 there were 2,540 starts by learners aged under 22.[54]

The Department of Health and Social Care will provide 'mitigation funding' for the ongoing provision of level 7 apprenticeships in five professions in health

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49 GOV.UK, Ministerial appointments: September 2025, 7 September 2025
50 GOV.UK, Apprenticeship training courses
51
52 DfE, Next generation of builders and carers set to rebuild Britain, 27 May 2025
53 HC Statement UIN HCWS672, Apprenticeships and Skills Training, 2 June 2025
54 PQ 58254, 23 June 2025

and social care until 2029.[55] The Royal College of Nursing has said that they will continue to receive funding to support the delivery of the 10-Year Health Plan for England.[56]

Industry reaction

Following the government's initial announcement that it was intending to remove funding for some level 7 apprenticeships in a September 2024 press release,[57] a group of over 600 employers, training providers, industry professionals and apprentices signed a letter expressing their concerns to the Chancellor of the Exchequer.[58]

The letter was coordinated by University Alliance, an association of UK universities, which said the signatories argued that "level 7 apprenticeships are integral to recruitment, retention and skills strategies across a range of essential sectors". University Alliance also published a document that contained over 400 testimonials from letter signatories on the importance of level 7 apprenticeships.

After the government confirmed that funding would be removed from most level 7 apprenticeships in May 2025, University Alliance commented that learners aged 16 to 21 only rarely have enough experience to be eligible for these apprenticeships. Therefore, restricting eligibility to this age group may make level 7 apprenticeships unviable, and reduce the number of these apprenticeships that are available.

The Education Committee also reported that most of the evidence that they received for their Further Education and Skills inquiry was largely opposed to the removal of level 7 funding for those aged 22 or older.[59] The committee said that the defunding of these apprenticeships will widen skills shortages and recommended that funding should be reintroduced for level 7 apprenticeships for all ages within the eight industrial strategy sectors (see section 2.6) and for regulated professions, such as healthcare.[60]

The government referred to law, accountancy and town planning as fields where level 7 apprenticeships were "a valuable entry point for young people into good careers".[61] Despite this, industry bodies in these fields were critical of the decision to remove funding from these apprenticeships for older people.

The Institute of Chartered Accountants in England and Wales (ICAEW) reported that the average starting age of a level 7 ICAEW apprentice is 22,

55 PQ 73473, 8 September 2025

56 Royal College of Nursing, Level 7 apprenticeships funding continued following RCN action, 8 August 2025

57 DfE, Prime Minister overhauls apprenticeships to support opportunity, 24 September 2024

58 University Alliance, Employers raise the alarm over plans to cut funding for the highest-level apprenticeships, 12 December 2024

59 House of Commons Education Committee, Further Education and Skills, 23 September 2025, p57

60 House of Commons Education Committee, Further Education and Skills, 23 September 2025, p59

61 HC Statement UIN HCWS672, Apprenticeships and Skills Training, 2 June 2025

and the likely effect of the exemption for 16 to 21 year olds is "a skew in recruitment towards school leavers, who typically follow a longer pathway to qualification as a chartered accountant". The ICAEW called for the age exemption to be widened to 18-to-25-year-olds.[62]

The Law Society, the professional association for solicitors, welcomed the exemption for 16-to-21-year-olds, it also called on the government to maintain funding for people who were over 21. It reported that "continuing funding for those starting solicitor apprenticeships aged 21 or over is critical to supporting recruitment within the legal profession".[63]

The Royal Town Planning Institute (RTPI) said the decision puts the future pipeline of planners "at serious risk" and it "threatens to undermine a well-established and increasingly popular route into the profession".[64]

The Social Market Foundation published a January 2025 briefing on level 7 apprenticeships by the education policy analyst Tom Richmond.[65] In this briefing, he found that level 7 apprenticeships were "heavily skewed towards older people", and that many of those starting these apprenticeships already had a level 6 or 7 qualification. Of the 23,860 level 7 apprenticeship starts in 2023/24, 12,780 (53%) already had a level 6 qualification, while 4,390 (18%) already had a level 7 qualification.

The report suggests young people's difficulty in finding high quality apprenticeships (which it said was highlighted by the Labour Party in 2023) may have been partly because university graduates aged 22 and above were taking many of these apprenticeships. The author proposed that funding could just be removed from learners who are already qualified at level 6 or above, rather than from all learners over 21.

Foundation apprenticeships

In the Autumn 2024 Budget, the government said it will invest £40 million to introduce shorter-duration apprenticeships and foundation apprenticeships.[66] The government has said it will provide £40 million to fund these apprenticeships using the savings from removing level 7 apprenticeships funding for people aged 22 or over.[67]

Foundation apprenticeships are intended to support young people to progress into further work-based learning and sustained employment, and to

62 ICAEW, ICAEW responds to level 7 apprenticeship funding decision, 27 May 2025
63 The Law Society, Level 7 solicitor apprenticeships funding, 28 May 2025
64 RTPI, Key route into planning profession hit by Government restrictions, 27 May 2025
65 Social Market Foundation, A level of uncertainty: How to resolve the debate over the future of Level 7 apprenticeships, 9 January 2025
66 HM Treasury, Autumn Budget 2024, 30 October 2024
67 HC Deb 13 November 2024, Educational Opportunities, c80WH

"provide a route into apprenticeships for young people who have not been able to benefit from apprenticeships up to this point" .[68]

They are only available to young people aged 16 to 21, or people aged 22 to 24 who have a local authority Education, Health and Care (EHC) plan, have previously been in care, or are a prisoner or prison leaver.[69]

The following seven foundation apprenticeships were approved at the end of April 2025:

- Building service engineering
- Engineering and manufacturing
- Finishing trades
- Hardware, network and infrastructure
- Health and social care
- Onsite trades
- Software and data[70]

These apprenticeships were available for starts from August 2025.[71]

These foundation apprenticeships all have a typical duration of eight months. In February 2025, the government announced changes to the minimum duration of apprenticeships to allow this, and legislation allowing this came into force on 1 August 2025. [72] Previously, apprenticeships had to last for at least 12 months.[73]

Skills England has reported that employers want a "broader training offer that supports the transition into employment", and that these apprenticeships should support learners to develop common skills needed by new entrants to a sector, which would then allow them to move between difference roles and sectors.[74]

Employers will receive an incentive of up to £2,000 for new starters on foundation apprenticeships. They will be paid £667 if the apprentice is still participating in the apprenticeship 90 days after their start date and another £667 if they are still participating 242 days after the start date. They will be paid a further £666 if, within six months of finishing the foundation

68 Institute for Apprenticeships and Technical Education (Transfer of Functions etc) Bill [HL], 22 October 2024
69 DfE, Apprenticeship funding rules, 2025 to 2026, 15 May 2025, para 127
70 Skills England, Apprenticeship finder (accessed 30 May 2025)
71 DfE, DfE Update further education: 21 May 2025, 21 May 2025
72 Department for Education, 10,000 more apprentices as Government slashes red tape to boost growth, 11 February 2025; Apprenticeships (Miscellaneous Provisions) (England) (Amendment) Regulations 2025
73 ESFA, 2024 to 2025 apprenticeship funding rules, 17 June 2024, p33
74 Department for Education, Skills England: skills for growth and opportunity, 3 July 2025, p22

apprenticeship, the apprentice starts a new non-foundation apprenticeship with the same employer.[75]

Additionally, the government will pay £1,000 to employers and training providers for every apprentice that they take on who is:

- aged between 16 and 18, or
- aged between 19 and 24 and has a local authority EHC plan or is or has been in care.[76]

This will be paid in two instalments: half 90 days after the apprentice's start date and half 242 days after the start date.[77]

The Education Committee reported that foundation apprenticeships "have been welcomed by the sector" in their Further Education and Skills inquiry, but said there were concerns that the initial rollout in August 2025 did not include "everyday sectors" such as hospitality, retail and care. The committee called on the government to expand foundation apprenticeships into these sectors.[78]

Shorter duration apprenticeships

The government has said that apprenticeships with a shorter duration could be available in specific sectors where apprentices can become competent in less than 12 months, or for individuals who have relevant prior learning.[79]

The duration of four apprenticeships was reduced to less than 12 months in August 2025 following the reduction in the minimum duration to eight months:[80]

- Teacher – Postgraduate (nine months)[81]
- Production assistant - screen and audio (nine months)[82]
- Healthcare support worker (eight months)[83]
- Dual fuel smart meter installer (eight months)[84]

The planned duration of an apprenticeship is reduced based on a learner's prior learning in an accelerated apprenticeship, and the planned duration of

75 DfE, Apprenticeship funding rules, 2025 to 2026, 15 May 2025, para 141
76 DfE, Apprenticeship funding rules, 2025 to 2026, 15 May 2025, para 104
77 DfE, Apprenticeship funding rules, 2025 to 2026, 15 May 2025, para 107
78 House of Commons Education Committee, Further Education and Skills, 23 September 2025, p53
79 HC Deb 17 December 2024, Trades and Apprenticeships, c80WH
80 DfE, Apprenticeship funding rules, 2025 to 2026, 15 May 2025, para 71
81 Skills England, Teacher – Postgraduate (accessed 2 September 2025)
82 Skills England, Production assistant - screen and audio (accessed 2 September 2025)
83 Skills England, Healthcare support worker (accessed 2 September 2025)
84 Skills England, Dual fuel smart meter installer (accessed 2 September 2025)

these may also be below 12 months, although they must still be at least eight months.[85]

Skills England has suggested shorter duration apprenticeships could be used in areas "where training could be compressed to align with the normal cycle of the labour market, or those areas where apprentices will tend to have substantial prior learning".[86]

Maths and English requirements

Before February 2025, all apprentices who did not hold a level 2 qualification in both English and maths had to complete an English and/or maths functional skills qualification before they could complete the apprenticeship.[87]

An apprentice could only complete a level 2 apprenticeship if they had achieved a level 1 in both English and maths. They could only complete a level 3 or higher apprenticeship if they had achieved a level 2 in both English and maths.[88]

In February 2025, the government announced that these English and maths requirements would only be mandatory for apprentices aged between 16 and 18 at the start of their apprenticeship. [89]

From February 2025, the requirements will be optional for apprentices aged 19 or over at the start of their apprenticeship. At the start of the apprenticeship, the apprentice, employer and training provider will decide whether the apprentice will study towards English and maths. This means that these apprentices will be able to complete their apprenticeship even if they have not achieved a qualification in English or maths.[90] However, apprentices would still be assessed on core English and maths skills that are relevant to their occupation.[91]

In the 2023/24 academic year, 65,700 apprenticeship leavers aged 19 and over studied English and maths alongside their apprenticeship. This was 29% of leavers aged 19 and above.

The government has published modelling that has estimated that this change will result in between 6,800 and 10,200 additional apprenticeship achievements each year.

85 DfE, Apprenticeship funding rules, 2025 to 2026, 15 May 2025, p140
86 Department for Education, Skills England: skills for growth and opportunity, 3 July 2025, p24
87 ESFA, 2024 to 2025 apprenticeship funding rules, 17 June 2024, pp20-24
88 Department for Education, Apprenticeship funding rules, 17 February 2025
89 Department for Education, 10,000 more apprentices as Government slashes red tape to boost growth, 11 February 2025
90 Department for Education, Apprenticeship funding rules, 17 February 2025
91 Department for Education, 10,000 more apprentices as Government slashes red tape to boost growth, 11 February 2025

The government has also said that the change will mean that employers will be able to prioritise other training over English and maths.

The evidence received by the Education Committee for their Further Education and Skills inquiry provided a mixed reaction to the change.[92] The committee concluded that although the change may increase participation, it also risks widening existing literacy and numeracy gaps, and creating age-based inequalities. It suggested employers may be more likely to take on apprentices aged 19 or over due to the change, while also suggesting adult apprentices may face progression barriers if they finished their apprenticeship without a "good foundation in literacy and numeracy".[93]

Growth and skills levy

The government intends to introduce a growth and skills levy to replace the existing apprenticeship levy, a tax on employers used to fund apprenticeships (see below), which it has described as "failing".[94] It has said that the new levy is needed because the number of apprenticeship starts is falling and because there is an urgent need to invest in skills.

The apprenticeship levy allows employers to spend their apprenticeship levy funding only on apprenticeship training and assessment costs. The new growth and skills levy will allow employers to spend the funding on a wider range of training.

The government has said that the growth and skills levy will initially be used to fund "new short courses in areas such as digital, artificial intelligence and engineering" from April 2026.[95] It has said it will work with Skills England to decide which courses will be prioritised.[96]

When the Labour Party first announced it would introduce the levy in July 2023, it said that companies would be able to use up to 50% of their levy contributions on non-apprenticeship training, with at least 50% reserved for apprenticeships.[97] In November 2024, the Minister for Children, Families and Wellbeing, Janet Daby, said that this was being reviewed, but in December 2024 the Education Secretary, Bridget Phillipson, said that there would still be "50% flexibility for employers" as part of the new levy.[98] The government has not yet confirmed what proportion of funding for the growth and skills levy will be reserved for apprenticeship training and what could be used for non-apprenticeship training.[99]

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92 House of Commons Education Committee, Further Education and Skills, 23 September 2025, p55
93 House of Commons Education Committee, Further Education and Skills, 23 September 2025, p56
94 HC Deb 9 December 2024, Skills Training, c658
95 PQ 67485, 22 July 2025
96 Department for Education, The Growth and Skills Levy (accessed 3 September 2025)
97 Labour Party, Breaking down the barriers to opportunity (PDF), July 2023
98 HC Deb 20 November 2024, Apprenticeships and T-Levels, c150WH, HC Deb 9 December 2024, Skills Training, c658
99 PQ 52151, 20 May 2025

The apprenticeship levy

The apprenticeship is a tax on UK employers with a pay bill (the amount it pays its employees) of over £3 million a year; it came into effect on 6 April 2017. The levy is set at 0.5% of the value of the employer's pay bill, minus an apprenticeship levy allowance of £15,000 each financial year.[100]

The funding collected by the levy is used to pay for the cost of apprenticeships in England, and some of the funding is devolved to other countries within the UK.

Levy-paying employers provide their levy contributions to the Treasury through PAYE, and these contributions are paid into their apprenticeship service accounts, with the government providing a 10% top-up to what employers pay. The funds in this account can only be spent on apprenticeship training and assessment. Once apprenticeship training has started, monthly payments will be automatically transferred from the employer's service account to the training and assessment provider.

The funds expire 24 months after they enter the service account, which means the employer will no longer be able to spend them on apprenticeship training and assessment.

Levy-paying employers are able to transfer unused apprenticeship funds to other employers, including to those who do not pay the levy. Since April 2024, employers have been able to transfer a maximum amount of 50% of their annual funds, and can make as many transfers as they wish.

The Library briefing Apprenticeships policy in England provides a full description of the levy. Section 4 looks at the effect it has had on apprenticeship starts and the concerns that have been raised in relation to the levy. It also outlines how sector bodies think it should be reformed, with many calling for it to be widened so that funding from the levy could also be used on non-apprenticeship training.

Apprenticeships funding for employers who do not pay the levy

The Treasury allocates an apprenticeship budget to the Department for England (DfE) to fund the apprenticeship programme in England. The DfE's apprenticeship budget is used to pay for the training and assessment costs of both levy and non-levy paying employers. As explained in the response to PQ HL1896 (1 August 2022), this is based on the assumption that levy-paying employers will not use all their levy funds and that unspent funds can be used to fund apprenticeships involving non-levy paying employers.[101]

> We do not anticipate that all employers who pay the levy will need or want to use all the funds available to them, but they are able to if they wish. As well as funding new apprenticeships in levy-paying employers, income from the levy funds new apprenticeships in employers that do not pay the levy, existing

[100] HM Revenue & Customs, Pay Apprenticeship Levy, 12 September 2023

[101] PQ HL1896, 1 August 2022

apprentices that started in previous years, English and maths tuition for apprentices and additional payments to employers, providers and apprentices.

This means that levy-paying employers pay for the cost of apprenticeship training for non-levy paying employers.[102]

Despite this, the Government has said that the amount of funding that is available for non-levy payers is not affected by the value of levy funds that expire.

Concerns have been raised that levy paying employers will use more of their levy funds when they are able to spend it more widely as part of the Growth and Skills Levy, and it has been suggested that extra funding will be required for non-levy paying employers. The government has said it “recognises the importance of ensuring the growth and skills offer supports small and medium-sized employers (SMEs) to access apprenticeships”.[103]

2.3 Skills Bootcamps

Skills Bootcamps take up to 16 weeks to complete and are intended to help participants build up sector-specific skills, as well as guaranteeing those who complete them an interview with a local employer. They are available to adults aged 19 or over.[104]

As of May 2025, there were 962 Skills Bootcamps listed on the National Career Service Find a course website. These included courses in the following areas: digital, technical, green, health and social care, HGV driving, business and administration, and early years.

Between April 2022 and March 2023, 42,340 people started Skills Bootcamps, with 27,730 (65%) completing the bootcamp and 15,570 (37%) reporting a positive outcome. A positive outcome can include a new job, or a new role or increased responsibilities with their current employer.[105]

The government will provide £136 million of funding for Skills Bootcamps in 2025 to 2026, which it has said will provide training for over 40,000 learners.[106]

102 HM Treasury, Spring Statement 2022, 23 March 2022, p38
103 PQ 49739, 12 May 2025
104 Department for Education, Skills for Careers: Skills Bootcamps (accessed 30 May 2025)
105 Explore Education Statistics, Skills Bootcamps Completions and Outcomes, 14 November 2024
106 Department for Education, Next generation of builders and carers set to rebuild Britain, 27 May 2025

2.4 Further and higher education

Outside of apprenticeships, skills policy also shapes classroom-based education in schools, colleges, and universities. This includes technical qualifications, such as T Levels, Higher Technical Qualifications, and degrees, and essential skills qualifications funded through the Adult Skills Fund.

Since the July 2024 general election, the government has announced it will establish a number of 'Technical Excellence Colleges', which will work alongside businesses, trade unions, and local government to provide specialist education and training to match the needs of local economies.

T Levels

Vocational technical qualifications (VTQs) are practical qualifications designed to give learners aged 16 and over the skills and experience needed to work in a particular industry.[107] VTQs are generally taught in schools and colleges, and there are different types and levels. They are often known by their brand name, such as BTECs or Cambridge Technicals.

The newest type of VTQs is the T Level. T Levels are two-year technical courses taken after GCSEs by young people aged 16 to 19. They are equivalent to three A Levels. Launched in September 2020, they offer students practical and knowledge-based learning at a school or college and on-the-job experience through an industry placement of approximately 45 days (20% of the course).

The following table sets out in which subjects T Levels are available and the overarching occupational sector, or 'route', in which they sit.[108]

Date available	Route	T Level
September 2020	Digital	• Digital Production, Design, and Development
	Education and Early Years	• Education and Early Years
	Construction and the Built Environment	• Design, Surveying, and Planning for Construction
September 2021	Digital	• Digital Support Services • Digital Business Services

[107] Skills for careers, Vocational Technical Qualifications (VTQs)
[108] Skills England, Occupational Maps: Skills England

	Construction and the Built Environment	• Onsite Construction • Building Services Engineering for Construction
	Health and Science	• Health • Healthcare Science • Science
September 2022	Business and Administration	• Management and Administration
	Legal, Finance, and Accounting	• Finance • Accounting
	Engineering and Manufacturing	• Engineering and Manufacturing Design and Development • Maintenance, Installation, and Repair for Engineering and Manufacturing • Engineering, Manufacturing, Processing and Control
September 2023	Agriculture, Environmental, and Animal Care	• Agriculture, Land Management, and Production
	Legal, Finance, and Accounting	• Legal Services
September 2024	Creative and Design	• Craft and Design • Media, Broadcast, and Production
	Agriculture, Environmental, and Animal Care	• Animal Care and Management
September 2025	Sales, Marketing, and Procurement	• Marketing

T Levels are intended to sit alongside apprenticeships in the skills training system. They are based on the same set of employer-designed standards as apprenticeships, but while apprentices will train for a single occupation, T Level students undertake a broader programme, gaining skills and knowledge relevant to a range of occupations.

T Levels all follow the same broad framework and primarily consist of:

- A technical qualification. This is the main, classroom-based element and includes core content followed by occupational specialisation. Students will learn about their chosen sector through a curriculum designed by employers and developed by an awarding organisation.
- An industry placement with an employer. This runs for a minimum of 315 hours (45 days) overall and will give students practical insights into their

sector and an opportunity to embed the knowledge and skills learned in the classroom.

- English and maths provision. This is built into the classroom-based element of the T Level with the aim of giving those students who need it a solid foundation of transferable skills.

Enrolments to the T Level in Onsite Construction ceased in September 2024. The Department for Education said:

> Although this T Level is providing valuable education and industry experience, and a positive route into employment for students undertaking it, on the whole its success and uptake have been limited due to the overall lack of demand for a large level 3 qualification in this area.[109]

Commentary on T Levels

There have been concerns raised about some aspects of the T Levels themselves, including around drop-out rates and difficulty finding industry placements, as well as subsequent policy developments, such as the decision to remove funding from other level 3 qualifications that will overlap with T Levels.[110]

The full rollout of T Levels has also been delayed on several occasions, and education providers and employers have expressed concerns about their ability to deliver the industry placement component of the course. A 2024 report by the Education Policy Institute also highlighted issues with student retention, with nearly a third of first-year health and science T Level students dropping out of their programme.[111]

In July 2023, Ofsted published a report on T Levels that said there remained considerable work to do to improve their quality and effectiveness.[112] The report said that, at their worst, T Level courses are not what students expected, and many students have been misled and ill-informed about their content and structure. It also noted issues around teaching, staff recruitment and retention, and the quality of industry placements.

Following its 2025 inquiry into further education and skills, the House of Commons Education Committee published a report noting there had been low take up for T Levels, a high drop-out rate, and difficulties in finding enough work placements for students.[113] The committee recommended that the government should consider establishing "modular" T Levels, equivalent in

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109 Gov.uk, T Levels and the outcome of the Review of Qualifications Reform

110 See the Commons Library briefing The reform of level 3 qualifications in England for more information.

111 Education Policy Institute, A quantitative analysis of T level access and progression, 14 November 2024. The report is discussed in the FE Week article "Abolish 'overwhelmingly negative' T Level transition programme, DfE told", 14 November 2024

112 Ofsted, T-level thematic review: final report, 20 July 2023

113 House of Commons Education Committee, Further Education and Skills, 23 September 2025, pp35-39

size to one A Level, and launching a national awareness campaign for T Levels targeting students, parents, and employers.

More information is available in a Commons Library briefing on T Levels.[114]

Higher Technical Qualifications

Higher Technical Qualifications (HTQs) are new or existing level 4 and 5 qualifications such as higher national certificates (HNCs), higher national diplomas (HNDs) and foundation degrees.[115] They sit between level 3 qualifications like A Levels and T Levels and level 6 qualifications like undergraduate degrees.

What are qualification levels?

Most qualifications in England have a difficulty level. The higher the level, the more difficult the qualification is. Higher education qualifications begin at level 4 and run to level 8.

Below are some examples of different higher education qualifications and their level:

- Level 4: Higher National Certificate (HNC)
- Level 5: Higher National Diploma (HND), Diploma of Higher Education (DipHE)
- Level 6: Bachelor's degree with honours (for example, BA (Hons), BSc (Hons))
- Level 7: Master's degree (for example, MA, MSc), Postgraduate Certificate in Education (PGCE)
- Level 8: Doctorate (for example, a PhD/DPhil, DClinPsy)

More information is available at gov.uk, What qualification levels mean.

HTQs have been developed by awarding bodies in conjunction with employers. When initially introduced, the Institute for Apprenticeships and Technical Education (IfATE) approved each new HTQ if it met relevant occupational standards, which set out the knowledge, skills, and behaviours required by employers in a particular sector. Approved HTQs were then able to display the HTQ quality mark logo. Skills England has now taken over IfATE's functions, including the approval of HTQs.

Teaching of HTQs began from September 2022 and a full list of approved qualifications is available on gov.uk.[116] HTQs can be taught at further

114 Commons Library, Technical education in England: T Levels

115 Department for Education, Higher Technical Qualification (HTQ): an introduction, September 2023

116 Gov.uk, Approved higher technical qualifications

education colleges, independent training providers, Institute of Technologies (see below), and universities. They are available in subjects including:

- construction, design and build
- agriculture, environmental and animal care
- engineering and manufacturing

The previous Conservative government provided over £100 million in funding to providers so they could offer more level 4 and 5 qualifications.[117] Full-time and part-time students starting an HTQ are eligible for both tuition fee and maintenance loans as part of the standard higher education student finance offer if the course is at least a year in length.

Survey results published by UCAS, the Universities and Colleges Admissions Service, in December 2024 showed there was limited awareness of what HTQs were among level 4 and 5 applicants in the 2024 admissions cycle.[118] Nearly two-thirds of survey respondents were unfamiliar with the term Higher Technical Qualifications, while nearly half were unaware there was student finance support available to study them.[119] A December 2023 report written by the Centre for Education and Youth found there was a similar lack of awareness of HTQs among employers.[120]

Adult Skills Fund

The majority of public funding for non-apprenticeship, skills education for adults aged 19+ in England is provided by the Department for Education through the Adult Skills Fund (ASF), which replaced the Adult Education Budget (AEB) in 2024.[121] Following reforms to the education funding and accountability systems,[122] the ASF has a greater focus on outcomes. Guidance published by the Department for Education says that the ASF is mainly intended to help adults gain skills that will help them gain employment, but that it also supports wider wellbeing:

> The purpose of the adult skills fund (ASF) is to support adult learners in non-devolved areas to gain skills which will lead them to meaningful, sustained,

117 Department for Education, Higher Technical Qualification (HTQ): an introduction, September 2023
118 UCAS, Where Next? Who applies to Level 4 and 5 qualifications?, December 2024
119 UCAS, Where Next? Who applies to Level 4 and 5 qualifications?, December 2024, pp28, 42-43
120 Centre for Education and Youth, Higher Technical Qualification: How to liberate employers and skill workers for the future, December 2023
121 Department for Education, Adult skills fund: funding and performance management rules 2025 to 2026
122 Department for Education, Reforms to Further Education Funding and Accountability, 7 October 2021. A summary of responses and the government's response is available: Department for Education, Consultation outcome: Reforms to further education (FE) funding and accountability, July 2022. Department for Education, Implementing a New FE Funding and Accountability System Government Consultation, July 2022

> and relevant employment, or enable them to progress to further learning which will deliver that outcome.
>
> Within ASF, further provision for tailored learning is available that supports wider outcomes such as to improve health and wellbeing, equip parents/carers to support their child's learning, and develop stronger communities.[123]I

The Adult Skills Fund is worth around £1.4 billion in the 2025/26 academic year.[124] The majority of this funding is devolved and managed by local authorities responsible for adult skills education in their local area. In 2024/25, approximately 62% of the total Adult Skills Fund was managed by nine combined authorities and the Greater London Authority. This figure is expected to increase to 67.5% of the total Adult Skills Fund in 2025/26 following the approval of three new devolution deals.[125]

The ASF fully funds or co-funds (when the student or their employer must pay part of the costs) skills provision for eligible adults aged 19 and above from pre-entry to level 3.[126] It is targeted at groups of learners with low skills, including young adults, unemployed people who are actively seeking work, and employed people on low wages. Whether someone is eligible for full funding or co-funding is depends on their age, their prior educational attainment, personal circumstances (such as their immigration and residency status), and on the course they wish to take. Which courses are funded may also differ between devolved and non-devolved areas.

Within the ASF, there is also funding for "tailored learning", which brings together what was previously AEB community learning and other learning that does not lead to an accredited qualification. The primary purpose of tailored learning is to support learners into employment and to progress to further learning.

Further education providers are allocated ASF funding annually using a nationally consistent methodology. As a general principle, funding is based on how much a provider has previously received and delivered, with adjustments made so allocations reflect what providers can realistically earn from the delivery of education and training.

Essential skills

The ASF also provides funding for certain adult learners who are legally entitled to free qualifications in some subjects, such as in essential digital skills. This statutory entitlement is set out in part 4, chapter 1 of the

123 Department for Education, Adult skills fund: funding and performance management rules 2025 to 2026
124 PQ HL9526 [Unemployment: Artificial Intelligence] 12 August 2025
125 Department for Education, Explanatory Memorandum to the Combined Authorities (Adult Education Functions) (Amendment) Order 2025
126 Gov.uk, What qualification levels mean

Apprenticeships, Skills and Children Learning Act 2009. Eligible adult learners are fully funded for the following qualifications:

- English and maths, up to and including level 2, for individuals aged 19 and over, who have not previously attained a GCSE grade 4 (C), or higher
- first full qualification at level 2 for individuals aged 19 to 23
- first full qualification at level 3 for individuals aged 19 to 23
- Essential digital skills qualifications, up to and including level 1, for individuals aged 19 and over, who have digital skills assessed at below level 1.

These qualifications are free to individuals who meet the legal entitlement eligibility criteria, and other criteria including residency eligibility.

Free courses for jobs

The Adult Skills Fund also underpins the government's 'free courses for jobs' offer.[127] This allows unemployed adults aged 19 and above, or those on a low income, to access level 3 qualifications (and level 2 qualifications in construction, engineering, or manufacturing) for free. This is to support them to gain skills, improve their job prospects, and earn a higher wage.

Reduction in Adult Skills Fund

In March 2025, the DfE published guidance on allocations for adult education and skills funding for 2025 to 2026. This revealed that there would be "a 6% reduction across all organisations and providers to ensure that the allocations are affordable within the overall budget".[128] This reduction would apply to the Adult Skills Fund, but not the funding for the free courses for jobs offer. The DfE's guidance explains the reduction is because:

> In previous academic years, there has been under-delivery against the budget and we could afford to over allocate. Now that delivery has improved, we cannot over allocate the budget for academic year 2025 to 2026.[129]

In response to parliamentary questions about the impact of reductions in the Adult Skills Fund allocations, the government has said it reduced the Adult Skills Fund because of the "challenging fiscal context" it was facing.[130] It also said allocations would increase for many providers in the 2025/26 academic year if they offer priority courses or have a strong track record of delivering

[127] Department for Education, Free courses for jobs

[128] Department for Education, Adult education and skills funding allocations: update for 2025 to 2026, 2 July 2025

[129] Department for Education, Adult education and skills funding allocations: update for 2025 to 2026, 2 July 2025

[130] PQ 55450 [Adult Education: Finance] 9 June 2025

above their allocations and providing for more learners.[131] Devolved adult skills funding is also facing reductions.[132]

Education providers

Institutes of Technology

Institutes of Technology (IoTs) are post-16 education providers that specialise in delivering higher technical education, offering training from level 3 (T Levels) to level 7 (master's degrees).[133] They have a particular focus on level 4 and 5 technical skills (Higher Technical Qualifications), professional training, and apprenticeships. IoTs cover sectors such as engineering and manufacturing, digital, and construction.[134]

IoTs aim to increase the number of learners at any age with higher technical skills and qualifications, from school leavers to workers wanting to upskill or reskill. This is intended to provide the skills that businesses need to support local, regional and national productivity and growth.

According to the Department for Education, IoTs differ from other providers in four main ways:

- In an IoT, businesses and education providers collaborate to provide technical training, with businesses being involved in the design and delivery of training to suit local business needs.
- IoTs offer qualifications to people of all ages and backgrounds to equip them for technical roles. Each IoT has a specific target to increase underrepresentation, such as increasing the number of women working in some technical areas.
- IoTs use the latest applied research to anticipate the workplace skills required to use new and emerging technologies. To share knowledge, IoTs collaborate across the 'IoT network', which includes IoTs, colleges, universities, and employers.[135].
- IoTs provide access to state-of-the-art facilities and industry-standard equipment to embrace new technologies and methods of teaching.[136]

The then Conservative government announced Institutes of Technology in the Spending Review and Autumn Statement 2015, with further details included in

131 PQ 48228 [Adult Education: Finance] 6 May 2025
132 FE Week, "Fury as DfE cuts adult education budgets", 6 February 2025; FE Week, "Come clean on cuts, demand adult education providers", 14 February 2025
133 For more information please see the Department for Education's website on Institutes of Technology and the Institutes of Technology website.
134 Department for Education, Institutes of Technology, updated September 2023
135 Department for Education, Institutes of Technology, updated September 2023
136 Department for Education, Institutes of Technology, updated September 2023

the Post-16 Skills Plan launched in July 2016 and the January 2017 'Building our industrial strategy' green paper.[137]

The government initially announced £170 million of capital funding to launch the first 12 IoTs,[138] which were established between 2019 and 2022.[139] A further £120 million of funding was announced in October 2020 for eight more IoTs.[140] The Department for Education's guidance on Institutes of Technology, published in September 2023 under the previous Conservative government, said £300m had been invested overall to create 21 IoTs, encompassing partnerships with 77 colleges, 35 universities, and 99 businesses.[141]

The Labour government has said it values "the collaborative approach between further education, higher education and employers developed by Institutes of Technology",[142] and Skills England will work with IoTs "to ensure they are supported in delivering the skills that local employers need, as aligned to the needs of national priority sectors".[143]

Experts have praised IoTs, saying they have managed to understand local skills needs and establish themselves in the education landscape. The IoT model of offering specific yet diverse disciplines has also been praised as having more likelihood for success than the programme of national colleges, which just focus on one sector.[144]

137 Department for Education and Department for Business, Innovation & Skills, Post-16 Skills Plan, July 2016; Department for Business, Energy & Industrial Strategy, Building our industrial strategy, January 2017

138 Department for Education, £170m competition launched for new Institutes of Technology, 15 December 2017

139 FE Week, "Experts and minister hail 'flying start' as recruitment stats for IoTs revealed", 21 April 2023

140 FE Week, "DfE launches tender for 8 new Institutes of Technology", 8 October 2023

141 Department for Education, Institutes of Technology, updated September 2023. See a map of all IoT sites at the Institutes of Technology website, Find an IoT

142 PQ 51033 [Institutes of Technology] 20 May 2025

143 PQ 51034 [Institutes of Technology] 20 May 2025

144 "Experts and minister hail 'flying start' as recruitment stats for IoTs revealed", FE Week, April 2023

National colleges

In December 2014, the then Business Secretary, Vince Cable, said the coalition government would support employer-led national colleges. These would operate as specialised institutions, and each would provide training in an industry critical to the UK's economic growth.[145] Five national colleges were announced in:

- Birmingham and Doncaster: High Speed Rail
- Somerset and Cumbria: Nuclear
- Essex: Creative and Cultural Industries
- London: Digital Skills
- Blackpool: Onshore Oil and Gas.[146]

Only the national colleges for nuclear and digital skills remain open. The national college for onshore oil and gas never opened, while those for the creative industries and advanced transport and infrastructure (formerly the National College of High Speed Rail) were dissolved in 2021 due to financial difficulties.[147]

In February 2020, the Department for Education published a report evaluating the initial phase of the national college programme delivery.[148] It criticised the initiative's funding model, stating that setting up specialist national colleges risked the scope being too small to recruit sufficiently high student numbers to ensure financial viability, and this risk was exacerbated by national colleges operating as stand-alone operations rather than growing out of existing providers.[149]

Technical Excellence Colleges

The Labour party manifesto for the July 2024 general election proposed plans to convert further education colleges into 'Technical Excellence Colleges' (TECs).[150] In September 2024, the new Labour government said TECs would

145 Department for Business, Innovation & Skills press release, Cable: new generation of National Colleges will lead revolution in hi-tech skills, 11 December 2014
146 See footnote 61 in Spending Review and Autumn Statement 2015
147 FE Week, "Second national college officially dissolves", 17 May 2021; "DfE lost over £12m supporting national colleges last year", 17 December 2021; "National college closes without ever having opened", 21 May 2021
148 Department for Education, National Colleges process evaluation, 6 February 2020. The report is discussed in the FE Week article Government research finds policy makers contributed to National College failures, 6 February 2020.
149 Department for Education, National Colleges process evaluation, 6 February 2020, p19
150 Labour, Labour's Manifesto: Break down barriers to opportunity, June 2024

work alongside businesses, trade unions, and local government to provide specialist education and training to match the needs of local economies.[151]

The government announced in June 2025 that 10 technical excellence colleges specialising in construction will be established in the 2025 to 2026 academic year across England.[152] Backed by £100 million in investment, the government hopes more than 40,000 future builders, bricklayers, electricians, carpenters, and plumbers will be trained by 2029.[153]

In September 2025, the government announced five more TECs would be launched in 2026 specialising in the skills needed to secure jobs in the defence industry.[154] These skills will be identified through the Strategic Defence Review, Defence Industrial Strategy, and the newly established Defence Industrial Joint Council.[155] The government has also said it will establish 14 more TECs focused on high-growth sectors such as advanced manufacturing, clean energy, and digital.[156]

151 Department for Education, PQ 4082, 13 September 2024

152 Department for Education, Construction technical excellence colleges: selection criteria, updated July 2025

153 Department for Education, 40,000 people to get skills in new Technical Excellence Colleges, 12 August 2025

154 Department for Education, Major skills boost at the heart of transformative new Defence Industrial Strategy, 6 September 2025

155 PQ 75798 [Defence: Technical Excellence Colleges] 16 September 2025

156 Prime Minister's Office, Prime Minister unveils reforms to transform further and higher education, 30 September 2025

University Technical Colleges

University Technical Colleges (UTCs) are state-funded academy schools. There are 44 across England.[157] In addition to a core curriculum of English, maths, and sciences, UTCs offer technical education based on one or more industry specialisms. They are established in collaboration with employers and a university, and benefit from industry-standard equipment and specialist staff.

UTCs were first proposed in 2009 by the Labour government in the National Skills Strategy (PDF), which said UTCs would provide opportunities for 14- to 19-year-olds to learn vocational and applied subjects, in order to increase the number of young people with the skills needed for technician careers.[158] This proposal received cross-party support. UTCs subsequently became part of the Coalition Programme for Government and the first UTCs opened in 2010.[159]

Students usually start at a UTC at 14, and by 18 UTC leavers are more likely to progress onto apprenticeships and university STEM courses than the national average.[160]

More information is available on the website of the Baker Dearing Trust, which oversees the UTC programme and shares best practice throughout the network.

Financial support for learners in further and higher education

Learners looking to develop their skills through qualifications and courses at a range of levels may be eligible for publicly funded financial support.

The current higher education student finance system is mainly designed with three-year undergraduate degrees in mind, for which tuition fee and maintenance loans are available to eligible students. For courses not covered by student finance, students can apply for Advanced Learner Loans to help cover the cost of tuition fees.

From the 2026/27 academic year, the Lifelong Learning Entitlement will replace these two systems, with the intention that people will be able to reskill and upskill throughout their working lives. The government has also announced plans to reintroduce targeted maintenance grants for students

157 Baker Dearing Educational Trust, Find a UTC
158 Department for Business, Innovation and Skills, Skills for growth The national skills strategy Cm 7641, November 2009
159 Department for Education, New technical schools provide job boost for young people, 5 August 2014
160 Baker Dearing Trust, University Technical Colleges

from low-income households studying on priority courses by the end of the Parliament.[161]

Higher education student finance

Learners enrolled on "designated courses" at levels 4 to 6 can access higher education student finance.[162] Designated courses include foundation degrees, higher technical qualifications, certificates/diplomas of higher education (CertHE/DipHe), and undergraduate degrees.

Eligible students studying at eligible providers can get a tuition fee loan to cover all their fees. In addition to tuition fee loans, students may be eligible for maintenance loans to help cover their living costs. The value of the maintenance loan depends on household income, living arrangements while studying, and age.

Additional grants are also available to eligible students depending on their personal circumstances, for example, if they are disabled or have children. While loans must be repaid when graduates start earning a certain amount, grants do not have to be repaid.

Postgraduate loans are also available for master's and doctoral level courses.

Advanced Learner Loans

Introduced in 2013/14, Advanced Learner Loans (ALLs) are for students aged 19 and over studying eligible courses at levels 3 to 6. Students can borrow a minimum of £300, up to the maximum loan amount, to put towards their course fees.

While maintenance loans aren't available, students can apply for a bursary to help with costs like accommodation, travel, course materials, and childcare. The repayment terms are the same as for undergraduate student loans, and loans for Access to Higher Education Diplomas are written off if the student completes a higher education course.

Lifelong Learning Entitlement

On 29 September 2020, the then Prime Minister, Boris Johnson, announced a new "Lifetime Skills Guarantee", to give people the opportunity to train and retrain throughout their lives.[163] A "lifelong loan entitlement" was to be an important part of this guarantee. The then Prime Minister said:

161 Department for Education, Targeted maintenance grants for students to be reintroduced, 29 September 2025

162 Courses are designated under regulations 5 or 139 and Schedule 2 of the Education (Student Support) Regulations 2011, which are made under the Teaching and Higher Education Act 1998

163 Prime Minister, PM's skills speech, 29 September 2020

> we'll expand and transform the funding system so it's as easy to get a loan for a higher technical course as for a university degree, and we'll enable FE colleges to access funding on the same terms as our most famous universities;
>
> and we'll give everyone a flexible lifelong loan entitlement to four years of post-18 education — so adults will be able to retrain with high level technical courses, instead of being trapped in unemployment.[164]

The Lifelong Learning Entitlement (LLE, subsequently renamed from the Lifelong Loan Entitlement) will replace the current student finance and Advanced Learner Loan systems for levels 4 to 6.[165] This new system, delayed several times, is due to launch in September 2026, with funding for courses beginning in January 2027.

The LLE will provide learners up to the age of 60 with a tuition fee loan equivalent to four years of study, which is £38,140 in 2025/25 fee limit levels. Extra funding will be available for longer or priority courses, and maintenance loans and grants will be available for living costs. The intention for this new entitlement is that it can be used flexibly for full-time or part-time degrees, higher technical qualifications, and individual modules. Unlike under the existing systems, the LLE can be used for courses at a level a student already holds. An online account will track a learner's LLE balance and provide guidance on eligible courses.

2.5 Local skills

The Skills England report Skills England: driving growth and widening opportunities set out how Skills England will work with local and regional bodies.[166]

Skills England has said that it will "encourage and incentivise" partnerships between local education institutions and local organisations to "create centres of excellence in boosting skills", and will work with combined authorities and other local and regional bodies to put in place local skills systems.[167]

Skills England has also said that it will use evidence from Local Skills Improvement Plans to assess skills needs.[168]

164 Prime Minister, PM's skills speech, 29 September 2020
165 Department for Education, Lifelong Learning Entitlement overview, updated September 2025
166 Department for Education, Skills England report: driving growth and widening opportunities, 24 September 2024
167 Department for Education, Skills England report: driving growth and widening opportunities, 24 September 2024, p20
168 Department for Education, Skills England report: driving growth and widening opportunities, 24 September 2024, p18

Local Skills Improvement Plans

Local Skills Improvement Plans (LSIPs) were announced in the January 2021 Skills for Jobs white paper. They are intended to bring together employers (through "employer representative bodies"), education providers, and other stakeholders to ensure local skills and training provision is more responsive and aligned to local labour market needs.[169] LSIPs were put on a statutory footing through the Skills and Post-16 Education Act 2022.[170] Statutory guidance sets out the process for developing and reviewing a LSIP, and the duties placed upon relevant providers once there is an approved LSIP in place.[171]

In autumn 2022, employer representative bodies were designated for 38 areas across England, following a pilot of the plans in eight areas in the 2021/22 financial year. The first LSIPs were approved in summer 2023 and published by the employer representative bodies. Each LSIP area also produces an annual progress report setting out "completed actions in the LSIP, the impact and benefits of those actions, and what still needs to be achieved in the area".[172]

In June 2024, the Association of Colleges (AoC, which represents further education colleges) published a report reviewing how LSIPs were working.[173] Drawing on interviews with college leaders and employer representative bodies, as well as input from across further education, business, and local government, the report argued there had been "clear evidence of some early successes", including new and effective connections made between colleges and employers.[174] The AoC's report made a number of recommendations, including about how to:

- build partnerships that cohere with other local or regional planning processes, rather than adding layers of complexity
- ensure there is a focus on long-term local priorities rather than current vacancies, which encompasses the broad range of employers within a place
- ensure there is a clear and coherent approach to accountability

169 Department for Education, Skills for jobs: lifelong learning for opportunity and growth, 21 January 2021, p15
170 Skills and Post-16 Education Act 2022, 28 April 2022
171 Department for Education, Local skills improvement plans, updated November 2023
172 Department for Education/Skills England, Local skills improvement plans and designated employer representative bodies, 28 August 2025
173 Association of Colleges, Local skills improvement plans: A review of their impact and opportunities for the future, June 2024
174 Association of Colleges, Local skills improvement plans: A review of their impact and opportunities for the future, June 2024, p3

Skills England have said that LSIPs provide “a key source of employer intelligence to Skills England”.[175]

The next cycle of LSIPs will be developed from 1 October 2025. After a review of specified LSIP areas, nine areas have been changed and one extra area has been added, meaning plans will be developed for 39 areas covering England.[176]

2.6 Industrial strategy

In June 2025, the government published its industrial strategy, which set out a “10-year plan to significantly increase business investment in eight growth-driving sectors”.[177]

As well as the overall strategy document, the government published sector plans for each of the eight growth sectors.[178]

While these sector plans detailed sector specific initiatives, some of the wider government commitments were detailed in the strategy document. This referred to three skills packages that were being put in place to support the skills needed across the sectors, as well as a construction package that had previously been announced (see box below):

- TechFirst technology skills package: investment of £187 million to help people develop skills in tech and AI.[179] This includes £24 million for a ‘TechYouth programme’ to support secondary school pupils, with the remaining £163 million supporting undergraduates (TechGrad, £97million), PHD students (TechExpert, £48 million) and entrepreneurs and businesses (TechLocal, £18 million).[180]
- Engineering package: this will provide investment of over £100 million over three years to support engineering skills in England.[181]
- Defence package: this will provide investment of £182 million to increase the number of skilled workers in the defence sector. This will involve establishing five Defence Technical Excellence Colleges.[182]

There were also sector-specific skills packages for clean energy industries, creative industries, life sciences and Professional and Business Services.

Construction package

In March 2025, the government said that it will provide funding of £600 million to train up to 60,000 more construction workers.[183] This followed an announcement in November 2024 that it will put in place 32 Homebuilding Skills Hubs.[184]

Construction Technical Excellence Colleges

The government committed £100 million in the 2025 Spring Statement to establish 10 new Construction Technical Excellence Colleges (CTECs).[185] These colleges will be located in every region of England, with two colleges in one region.[186]

The £100 million will include £80 million in capital funding and £20 million in revenue funding over the next 4 years. The government has said further details on how this funding will be allocated will be provided in due course.

Further education providers had until the 4 July to apply to become a CTEC. The Department for Education (DfE) has said it will establish these colleges in the 2025 to 2026 academic year.

Skills Bootcamps

The government committed £100 million at the 2025 Spring Statement for 35,000 construction-focused skills bootcamp places.[187]

Apprenticeships

The government committed £40 million at the 2025 Spring Statement for up to 10,000 additional places on construction foundation apprenticeships.[188]

Employers will receive £2,000 for every foundation apprentice they take on and retain in the construction industry.[189]

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175 Department for Education/Skills England, Skills England: skills for growth and opportunity, 3 July 2025
176 Department for Education/Skills England, Local skills improvement plans and designated employer representative bodies, 28 August 2025
177 Department for Business and Trade, Industrial Strategy, 23 June 2025
178 Department for Business and Trade, Industrial Strategy Sector Plans, 23 June 2025
179 DBT/DSIT, Digital and Technologies Sector Plan, 23 June 2025, p18
180 DSIT/DfE, PM launches national skills drive to unlock opportunities for young people in tech, 8 June 2025
181 Department for Business and Trade, Advanced Manufacturing Sector Plan, 23 June 2025, p25
182 Ministry of Defence, Defence Industrial Strategy 2025: Making Defence an Engine for Growth, 8 September 2025, p45
183 HM Treasury, Government unleashes next generation of construction workers to build 1.5m homes, 23 March 2025
184 DfE/MHCLG/DBT/DWP/CITB, New skills hubs launched to get Britain building, 22 November 2024
185 HM Treasury, Spring Statement 2025, 26 March 2025, para 2.72
186 DfE, Construction technical excellence colleges: selection criteria and application form, 7 July 2025
187 HM Treasury, Spring Statement 2025, 26 March 2025, para 2.72
188 HM Treasury, Spring Statement 2025, 26 March 2025, para 2.72
189 HM Treasury, Government unleashes next generation of construction workers to build 1.5m homes, 23 March 2025

Industry placements

The government committed £100 million at the 2025 Spring Statement to support over 40,000 industry placements in construction each year, with the Construction Industry Training Board (CITB) committing £32 million of funding to support this.[190]

These places will be available to all level 2 and level 3 leaners, those studying NVQs, BTECs, T Levels, and advanced apprenticeships.[191]

The CITB has also said that it will double the size of their New Entrant Support Team (NEST) programme to support small and medium sized enterprises in recruiting, engaging, and retaining apprentices.[192]

Homebuilding Skills Hubs

In November 2024, the government announced with the CITB and the National House-Building Council (NHBC) that it will set up 32 Homebuilding Skills Hubs. They will be located in the areas of England with the greatest homebuilding need.[193]

The hubs are all scheduled to have launched by 2028.

190 HM Treasury, Spring Statement 2025, 26 March 2025, para 2.73
191 HM Treasury, Government unleashes next generation of construction workers to build 1.5m homes, 23 March 2025
192 CITB, CITB's specialist New Entrant Support Team helps over 4,000 apprentices join the industry in 2024-25, 14 April 2025
193 DfE/MHCLG/DBT/DWP/CITB, New skills hubs launched to get Britain building, 22 November 2024