



BritishAmericanBusiness

www.babinc.org

BritishAmerican Business

19 November 2024

Submission to Richard Pennycook,
CEO, Skills England with
recommendations relating to the
formation of new skills body.

Letter of Recommendations



Dear Mr Pennycook,

We are writing to share the priorities of BritishAmerican Business on behalf of industries from both the US and the UK, following the launch of, and initial consultation stages of Skills England.

BritishAmerican Business (BAB) is the leading transatlantic trade association, incorporating the American Chamber of Commerce in the UK and the British-American Chamber of Commerce in the US. Dedicated to strengthening the economic bond between the US and the UK, BritishAmerican Business supports policies that enhance the environment for transatlantic trade and investment. Serving a robust nexus of over 450 transatlantic companies with operations in the UK and the US, BritishAmerican Business represents the strengths and opportunity of the corridor itself.

Each year, BAB releases data around transatlantic investor confidence. The data consistently find that a core reason for US investor confidence in the UK economy is the strength of the skills base available to industry. Our own research and work, such as our response to the Lord Harrington Review into the Government's Approach to Attracting FDI, agrees with the concept and objectives of Skills England; there is a need to ensure that domestic skills reflect the skills needed by businesses if the economy is to successfully commit to a long-term growth strategy. BAB and its members welcome the initiative to establish Skills England, and look forward to supporting its work.

BAB recognizes that businesses have taken a lead in addressing the skills gap in the UK. As Skills England prepares to launch, it is crucial that government learns from the large-scale initiatives already set up by industry, and the expertise of those in the private sector who have worked on upskilling initiatives for an extended period. Companies already operating skills programs stand ready to help as Skills England considers how to build on existing initiatives. Consistently working with business leaders in the sector is essential for future-proofing the body.

Building on the initial business consultation stages this October, we present the following priorities for consideration by the UK Government:

1. Organizational considerations
 - a. Cross-departmental alignment
 - b. Alignment across the four nations and English regions
2. Best practices from and alignment with business needs
3. Formulation of the Growth and Skills Levy/Funding for higher level apprenticeships

Cross-departmental alignment

The Department for Education (DfE) has long-standing expertise and understanding of skills development in the UK. As a centralized department, DfE has the potential to support Skills England as an independent body with the resources it has at its disposal. However, DfE will need to expand its experience with larger-scale business participation from a wide variety of sectors to the degree that Skills England will require.

- Recommendations:
 - Skills England should ensure very close collaboration with the Department for Business and Trade (DBT) from the outset, re-creating the link with the business department, where skills were previously housed. Given the level of business engagement necessary to support the development of the skills landscape, close ties with DBT can help ensure more constant feedback for a more dynamic skills policy as well as close alignment to the goals of the government's emerging Industrial Strategy.

- Clear, consistent collaboration with HM Treasury on funding measures, particularly around changes to the apprenticeship levy for the growth and skills levy, will help business confidence in Skills England as an entity.
- Stronger partnership with the Department for Work and Pensions is essential, as the department responsible for the forthcoming 'Get Britain Working' White Paper and for supporting individuals back into work.

Alignment across the four nations and English regions

The alignment of Skills England with the Department for Education has the potential to develop a long-lasting, comprehensive skills strategy for England, utilizing the skills of those already working in the sector. However, there are concerns that this excludes the Welsh assembly, and Scottish and Northern Irish parliaments, as well as regional governance bodies such as regional assemblies and councils, from the central conversation of skills development from the outset. There is also a risk that funding allocation for skills development may be missed for businesses concentrating on communities in the United Kingdom outside of England.

- Recommendations:
 - Alignment of funding between the four nations on skills training needs to be prioritized. If Skills England are given access to better funding and communication mechanisms, it puts at risk the success of the industrial strategy and regional development, affecting the potential growth plan outside of England. With more funding available to those in England, businesses will be less able to support skills development equally across the UK.
 - With welcome focus on further devolution to English regions, the government should also ensure it both empowers English regions to develop skills partnerships and programs that help meet local needs as well as coordinate these to meet national priorities. Government should develop a national enablement and coordination function to work with English regions and devolved authorities on skills strategy and delivery.
 - Alignment of careers guidance and support available across the UK. Whilst there is a variety of careers guidance and support from the public and private sectors, at national and regional levels, this advice is fragmented and varies in quality. Supporting a government-led baseline assessment of guidance and support available across the UK would help improve skills development for individuals and sectors alike.
 - Many transatlantic organizations are already active across multiple nations on skills development support. For example, Cisco has helped over 500,000 learners in the UK to explore tech careers through its Cisco Networking Academy program, with partnerships spanning educational institutions, prisons, and police forces.
 - Recommendations:
 - We recognize the important work that businesses have already done to set up skills training with the support of devolved assemblies. Skills England should actively engage with the Scottish, Welsh, and Northern Irish governments, both during its set-up and beyond, to learn lessons and best practices of what has successfully promoted skills development in their nations.

Best practices from and alignment with business needs

There is a large-scale eco-system of skills initiatives already set up by industry that facilitate skills learning across the UK. Many US businesses with large skills initiatives active in the UK have experienced colleagues available who collaboratively seek to reduce the skills gap for their businesses and society's needs. For example, the Skills Council is a pre-established group of academic and business leaders, many from US HQ companies, who have worked on skills

promotion across successive governments that can support government to learn best practices of the skills initiatives already in place.

- Recommendations:
 - Skills England should learn from and amplify private sector skills programs that align with government strategy.
 - Skills England should also seek to develop a central platform that maps and highlights relevant private sector initiatives available to date.

In the US, the skills learning environment is spearheaded by the private sector through private and public-private initiatives set up to fill skills gaps across geographies, people-groups, and sectors.

- Recommendations:
 - Consistent, continuous consultation with businesses that have experience running skills programs at a large-scale, relatively independently, across the US, should be prioritized for Skills England to be a long-lasting initiative, with a sufficient funding model. BAB would support the creation of a regular dialogue between businesses and representatives from Skills England. For example, utilizing the model we have created for the US-UK Intellectual Property Working Group, where all relevant businesses and sectors have the opportunity to speak with the UK (or US) Intellectual Property Offices on prevalent issues at set times annually.

Businesses have continuously iterated the strength in the UK's availability of a highly skilled workforce as a key cause for attracting US business investment into the UK. It is important that the UK continuously modernizes its curriculum to represent business needs.

- Recommendations:
 - Skills England should support a regular review of mapping careers and pathways for post-16 education options to ensure skills learning is in alignment with the needs of businesses and the economy. Working backwards with industry to continuously improve school curriculums and increase diversity of post-16 and higher education routes is a priority. A stronger focus on reducing regional skills disparities is needed, for example. Yorkshire & The Humber region have one of the lowest technical subject uptakes nationally. Industry partnerships to increase attainment levels and teaching supply can help improve the levels of knowledge that is required to support early careers and university uptake.
 - Shorter, more flexible, modular learning should be more widely available to continue upskilling and employment progression outside of apprenticeships and employment courses. Shorter modular learning can reduce the time barrier to adult learning and higher costs of longer courses, as pioneered in the UK by the Greater Manchester Combined Authority and National Skills Bootcamps with advanced training and education modules outside of full qualifications.

Formulation of the Growth and Skills Levy/Funding for higher level apprenticeships

Higher level apprenticeships provide an access route into careers that have traditionally been closed off to much of the UK population. We recognize the costs associated with longer-length apprenticeships for professional services, such as accountancy and taxation qualifications and emerging technologies such as AI, however, higher level apprenticeships are shown to be helping to redress the skills gap required for the long-term success of sectors including professional services in the UK – a sector named as one of the core eight key growth sectors in the Industrial Strategy. The provision of higher-level apprenticeships also provides greater social mobility options

for those unable to pursue such sectors through university education.

- Recommendations:
 - Higher level apprenticeships should keep access to government funding mechanisms in some capacity. These schemes have seen an uptake in demand for sectors struggling to attract talent. Consultation with apprenticeship providers under this list, such as accountancy bodies, intellectual property/patent attorney institutes, and technology companies, must go alongside discussions to create the new growth and skills levy.
 - Businesses welcome announcements to re-formulate the current Apprenticeship Levy into a Growth and Skills Levy, providing much needed flexibility across all sectors to train their workforces in a more cost-effective, productive way. However, a large eco-system of apprenticeships and skills initiatives has been built over an extended period with the current levy charges, which could not sustain itself if impacted.

- Recommendations:
 - The DfE and HM Treasury must closely work together with consultation from businesses in the creation of the Growth and Skills levy to ensure that the levy amount charged on businesses is not changed during the levy's reformulation. Changes to the levy amount charged would impact attractiveness to, and confidence in, investing from the US to the UK.
 - Ensuring a smooth, fast transition from the Apprenticeship Levy to the Growth and Skills levy to help businesses evolve their skills offerings with minimal impact.

The long-standing efforts of businesses investing in skills development across the UK conveys their shared commitment to supporting the UK's growth plan. US investor confidence is stabilizing in the UK after years of decline, and improving future investment opportunities relies on the skills market available.

We appreciate your consideration of these recommendations and remain optimistic about the development of Skills England as a body that will support the active eco-system of skills development that has been created by industry.

Kind regards,



Duncan Edwards
CEO



Emanuel Adam
Chief Trade and Policy Officer