

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

INSTITUTE FOR APPRENTICESHIPS AND TECHNICAL EDUCATION (TRANSFER OF FUNCTIONS ETC) BILL [*LORDS*]

First Sitting

Thursday 13 March 2025

(Morning)

CONTENTS

Programme motion agreed to.
Written evidence (Reporting to the House) motion agreed to.
CLAUSE 1 agreed to.
SCHEDULE 1 agreed to.
CLAUSE 2 agreed to.
SCHEDULE 2 agreed to.
CLAUSE 3 agreed to.
SCHEDULE 3 agreed to.
Adjourned till this day at Two o'clock.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Monday 17 March 2025

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The Committee consisted of the following Members:*Chairs:* † SIR CHRISTOPHER CHOPE, GILL FURNISSBrewer, Alex (*North East Hampshire*) (LD)† Cox, Pam (*Colchester*) (Lab)† Daby, Janet (*Parliamentary Under-Secretary of State
for Education*)† Dean, Josh (*Hertford and Stortford*) (Lab)† Edwards, Lauren (*Rochester and Strood*) (Lab)† Foxcroft, Vicky (*Lord Commissioner of His
Majesty's Treasury*)† Gelderd, Anna (*South East Cornwall*) (Lab)† Hinds, Damian (*East Hampshire*) (Con)† Ingham, Leigh (*Stafford*) (Lab)† O'Brien, Neil (*Harborough, Oadby and Wigston*)
(Con)† Onn, Melanie (*Great Grimsby and Cleethorpes*)
(Lab)† Paul, Rebecca (*Reigate*) (Con)† Sollom, Ian (*St Neots and Mid Cambridgeshire*)
(LD)Spencer, Patrick (*Central Suffolk and North Ipswich*)
(Con)† Strickland, Alan (*Newton Aycliffe and Spennymoor*)
(Lab)† Swallow, Peter (*Bracknell*) (Lab)† Turner, Laurence (*Birmingham Northfield*) (Lab)Aaron Kulakiewicz, Chris Watson, Adam Evans,
Committee Clerks† **attended the Committee**

Public Bill Committee

Thursday 13 March 2025

(Morning)

[SIR CHRISTOPHER CHOPE *in the Chair*]

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

11.30 am

The Chair: Welcome, everybody. I call the Minister to move the resolution of the Programming Sub-Committee.

The Parliamentary Under-Secretary of State for Education (Janet Daby): It is a pleasure to serve under your chairmanship, Sir Christopher. I welcome the opportunity to further discuss and scrutinise the Bill following Second Reading, and I thank the Committee for its time and expertise. I am also grateful to Members of the other place, who have already provided considerable scrutiny while also supporting the Bill.

I rise to speak to clauses 1 to 3. Clause 1 introduces schedule 1, which transfers statutory functions from the Institute for Apprenticeships—

The Chair: Order. I think the hon. Lady has got the wrong end of the stick on this one. She just needs to move the resolution of the Programming Sub-Committee.

Ordered,

That—

(1) the Committee shall (in addition to its first meeting at 11.30 am on Thursday 13 March meet—

(a) at 2.00 pm on Thursday 13 March;

(b) at 11.30 am and 2.00 pm on Thursday 20 March;

(2) the proceedings shall be taken in the following order: Clause 1; Schedule 1; Clause 2; Schedule 2; Clause 3; Schedule 3; Clauses 4 to 14; new Clauses; new Schedules; remaining proceedings on the Bill;

(3) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Thursday 20 March.— (*Janet Daby.*)

Resolved,

That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.— (*Janet Daby.*)

Clause 1

TRANSFER OF FUNCTIONS

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to discuss the following:

Schedule 1.

Clause 2 stand part.

Schedule 2.

Clause 3 stand part.

Schedule 3.

Janet Daby: I will begin again, Sir Christopher. I rise to speak to clauses 1 to 3. Clause 1 introduces schedule 1, which transfers statutory functions from the Institute for Apprenticeships and Technical Education to the Secretary of State and makes minor and consequential amendments. It is our intention that functions currently delivered by IfATE will largely be exercised by Skills England on behalf of the Secretary of State. The functions are in chapter A1 of the Apprenticeships, Skills, Children and Learning Act 2009, and include the duty to map occupational groups, and the duty to approve and publish standards and apprenticeship assessment plans.

Under the terms of the 2009 Act, the Secretary of State will also have the power to delegate functions to other persons. We intend to establish Skills England as an executive agency of the Department for Education. Despite IfATE's success in embedding employees in the processes for designing technical qualifications and apprenticeships, the wider skills system remains too fragmented and complex. It is insufficiently responsive to the present and future skill needs of the economy, and we have major skill gaps. Employers report that more than one third of UK vacancies in 2022 were due to skills shortages. To address this, and unlock the potential for skills that drive growth and widen opportunity, we will create a new and more ambitious organisation: Skills England.

Clause 1 will enable Skills England to take on and deliver functions currently delivered by IfATE, giving it some of the key tools it needs to tackle these challenges as part of its wider remit. Skills England will provide an authoritative assessment of skills needed in the economy, and use those data and insights to develop and maintain a comprehensive suite of technical qualifications and apprenticeships, as a result of some of the functions transferred by the Bill. It will then work with key stakeholders to ensure that the identified needs for available training are reflected in regions across the country. That will ensure that the system becomes more responsive and better able to quickly and efficiently supply the skills most needed by the economy.

Skills England will work closely with the Industrial Strategy Council, so that we have the skilled workforce needed to deliver a clear, long-term plan for the future economy. It will also work with the Migration Advisory Committee to ensure that growing the domestic skills pipeline reduces our reliance on overseas workers.

To summarise, clause 1 will enable Skills England to take on and deliver the functions currently held by IfATE, where appropriate, alongside other functions. That will address the fragmentation that is holding the skills system back and restricting improved workforce development and productivity gains. Without this clause, it would not be possible to transfer functions from IfATE to the Secretary of State so that they can be exercised broadly by Skills England in the service of employers, learners and others.

Clause 2 introduces schedule 2, which makes provision for the transfer of IfATE's property, rights and liabilities to the Secretary of State. It will ensure the functional continuity of property, rights and liabilities, including the many contracts that are critical to the operation of the skills system. The transfer scheme that the clause makes possible will mitigate the risk of delay and a lack of service continuity, which is essential for a smooth transfer from IfATE to the Secretary of State and the subsequent creation of Skills England.

Without this clause, the co-ordination of the transfer of IfATE's property, rights and liabilities to the Secretary of State would be less straightforward and more burdensome. Without a transfer scheme, each matter, including contracts and licences, would have to be considered and transferred individually, which would be more time-consuming and could have an impact on value for money, the continuity of services and the delivery of skills products. That could mean the reduction in the quality of service received by employers, learners and others with an interest in the skills system. The transfer scheme that the clause makes possible will mitigate the risk of delay and a lack of service continuity, creating the minimum possible disruption for system users.

Clause 3 abolishes IfATE and introduces schedule 3, which makes consequential amendments to existing primary legislation that are required as a consequence of abolishing IfATE. It essentially closes IfATE so that the Government can establish and empower Skills England. Skills England will build on IfATE's work with employers in all sectors to shape technical education and apprenticeships.

Josh Dean (Hertford and Stortford) (Lab): I recently had the pleasure of visiting some fantastic apprentices at Hertford Regional college's campus in Ware. I know that the college will be excited about the prospect of Skills England. Can the Minister say more about how soon we can expect it to come forward?

Janet Daby: It sounds as though that college is doing excellent work. The Bill is part of the process of delivering Skills England. It is our intention, following the Bill's Royal Assent, to make commencement regulations promptly to bring into force the provisions that transfer IfATE's functions, as well as the powers to transfer its assets and liabilities to the Secretary of State and to deliver those services through Skills England.

Skills England will be very different from IfATE, as I have mentioned. It will bring IfATE's functions together with others that are not currently in statute to identify skills needs and to work with regional partners to ensure that they are being met. By bringing together those different functions in a single organisation, we can make a more responsive skills system that acts fast on the evidence to address skills gaps, uninterrupted by organisational boundaries, administrative hurdles and imperfect data flows. That would not be possible if the key functions were split across Skills England and IfATE. Clauses 1 to 3 are essential to achieving that transformation, so I commend them to the Committee.

Neil O'Brien (Harborough, Oadby and Wigston) (Con): It is a pleasure to serve under your chairmanship, Sir Christopher. The Opposition have three main concerns about the Bill, which are all relevant to this group. First, there were good reasons why standards setting was put at arm's length and closer to employers. As we heard from Members on both sides of the House of Lords, this Bill is a centralisation. Alongside other changes that the Government are making, it risks directly damaging the status of the qualifications.

Secondly, the Government are doing several things that will make it less likely that businesses will take on apprenticeships. Rather than fixing the problems, the Government are reorganising. Skills England will be the 13th skills body in 50 years. The Government are abolishing IfATE, which was created only seven years ago. This is

yet more reorganisation, rather than focusing on the real issues. IfATE will now follow a long list of predecessors, including the Manpower Services Commission, the Learning and Skills Council, the Skills Funding Agency, skills advisory panels, the UK Commission for Employment and Skills, training and enterprise councils and more, into the lengthening history of skills acronyms. We have a bad history of institutional churn in this country generally, and particularly in this area.

Thirdly, we have real concerns that this reorganisation of the machinery of government will lead to harmful delays in addressing some of the most important strategic issues that we face. Those concerns are in fact borne out by the Government's impact assessment.

As the Minister just said, the first three clauses are all about abolishing IfATE. Clause 1 introduces schedule 1, which transfers functions from IfATE to the Secretary of State. It does not transfer them to Skills England, but to the Secretary of State.

The words "Secretary of State" appear, amazingly, 90 times in this short Bill. That is one reason why the Bill has come in for criticism from a number of different sides of politics. Instead of setting up Skills England as an independent body, which is what a lot of people—including many in the Labour party—assumed it would be, it is going to be part of the Department for Education.

In its briefing on the Bill, the Construction Industry Training Board noted that this was

"contrary to the previous characterisation of Skills England that was outlined in the...King's Speech...and contrary to the vision for Skills England to be an independent body, established in law, with a cross-governmental role".

Obviously, those two points are linked. If it is going to be cross-government, it is easier for it to be independent of the DFE rather than part of one Department.

The CITB makes an important point. IfATE existed to serve all employers, both public and private, and across every Department. In contrast, Skills England will be firmly part of the DFE. The chief executive officer of Skills England will be a job share between the two civil servants who currently run the post-16 skills bit of the DFE.

Likewise, the Institute of the Motor Industry, representing employers and professionals across the UK automotive sector, says in its evidence to this Committee that it has "significant concerns about the abolition of the Institute for Apprenticeships and Technical Education...and the transfer of its functions to Skills England."

Pam Cox (Colchester) (Lab): Did the shadow Minister note the submission from the Association of Colleges, which offered very strong support for the Bill? As it represents a large proportion of providers of this education, its views should be taken into account.

Neil O'Brien: I saw that, and I wonder whether the hon. Lady noted in that submission the organisation's pretty strong criticisms of the Government's decision to cut adult skills spending. That is an example of what I was just talking about. Instead of addressing the real issues, we have reorganisation. I was not going to bring up the document from the Association of Colleges, but I am glad that the hon. Lady has.

Let me return to the Institute of the Motor Industry. Its evidence states:

"Without dedicated attention to the unique challenges faced by the automotive industry, Skills England risks creating further disconnection between education policy and real-world workforce demands."

[Neil O'Brien]

It talks about the risk of losing employer-led standards:

“Transitioning to Skills England could introduce additional confusion and delays, undermining apprenticeship approvals and disrupting funding streams critical to maintaining employer confidence.”

In fairness, that is what the Government’s impact assessment said. It stated that the issues around transition are likely to lead to delays, which will have a real-world impact. I will come back to that point in a second.

The criticisms from different people in industry of the move away from independence and employer ownership—those two things go hand in hand—take us back to the origin of IfATE. It was set up alongside the introduction of the apprenticeship levy. It was, in a sense, a quid pro quo. There was employers’ money and, in return, employer ownership of the system, for the first time. The move away from this being something independent and properly arm’s length to it being run by a bit of the DFE, by just some DFE officials, is a move away from that sense of employer ownership.

Melanie Onn (Great Grimsby and Cleethorpes) (Lab): Will the shadow Minister explain why he does not think that the rationalisation of unelected and largely unaccountable arm’s length bodies—quangos—is a bad thing? Why should the Secretary of State not be the person who is held accountable for post-16 skills education?

11.45 am

Neil O'Brien: That is a perfectly good question. Of course, this Government are a big fan of quangos and have, I think, created—net—28 more quangos since it came to office. Some can be the right thing to do, so I am not necessarily criticising the Government for that. In this case—I cannot remember if the hon. Lady was around when we were creating the apprenticeship levy—the reason why it was made independent of Government and an employer-owned body was that we were, for the first time, creating something that is quite common in the rest of Europe, the apprenticeship levy.

The levy is intended to stop—to be blunt—good employers who invest in their workforce and the skills of their workforce being taken advantage of by those who do not. That meant doing something controversial, which in effect was requiring them to pay into the levy—in many ways, it is like a tax—but they could get their money back through the apprenticeship levy. However, in return for that big change, requiring larger employers to put their own money into skills, we wanted to ensure that the whole thing would be truly employer-led, rather than politician-led.

Of course, current Ministers are brilliant—this is not any criticism of them—but we legislate for the ages, not for whoever is currently the Minister. Ministers change, and sometimes there have been instances—I am horrified to tell the Committee—where politicians have foibles or funny ideas of their own, which are not necessarily reflected in the wishes of employers and what they want from the skills system. That was why we put the system more into the hands of employers.

Peter Swallow (Bracknell) (Lab): It is interesting to hear the shadow Minister speak about business’s view of the apprenticeship levy. When I speak to businesses

in my constituency, they tell me that the apprenticeship levy was not flexible enough and was not working, and it was preventing them giving opportunities to young people. That is exactly why so many businesses have welcomed the changes that this Government are bringing in. Has he not heard the exact same from businesses in his constituency?

Neil O'Brien: Even before we set up the levy, I always heard employers expressing concerns about the idea of a levy of any kind. In many instances, they would prefer just to keep their money and not spend it on skills at all. The fact that they were not spending on skills is the reason why we brought in a levy—it was quite a contentious thing, and quite a centrist thing in lots of ways.

As the Institute for Fiscal Studies pointed out in its recent paper on the Government’s proposals to change the levy, the danger, if we start to make these things too open-ended, is that we completely collapse the concept. It notes what happened with things before, such as Train to Gain, where what we end up with is pure dead-weight—we get zero additionality.

To reduce the idea to absurdity, if we were to say that employers can spend the apprenticeship levy on whatever they like, there is no point in having a levy, is there? That is because we would have just gone around in a circle. There is no point taking money off people and saying, “You can do whatever you want.” The whole point of containing that expenditure to apprenticeships was, as well as wanting to prioritise apprenticeships, to avoid the very real problems that the Institute for Fiscal Studies pointed out with previous schemes such as Train to Gain, where we ended up with huge amounts of dead-weight. It did not work, and the amount of money spent by employers on such things went down.

I am absolutely ready to hear criticisms of, and improvements to, the idea of the levy. In a moment, I will talk about some of the challenges that will be thrown up by the Government’s proposals to move large amounts of money out of apprenticeships through the reforms to the levy.

Leigh Ingham (Stafford) (Lab): On the shadow Minister’s previous point, I spoke to businesses in my constituency of Stafford, Eccleshall and the villages, and one pointed out to me that 90 pieces of paperwork were required, with multiple contract stages, just to get, for example, a plumber apprentice to take part in any scheme. The college in my constituency, which is outstanding and has a 72% completion rate compared with the national average of 58%, is doing strong work, but the businesses, in particular the small and medium-sized enterprises, are saying that the apprenticeship levy does not work for them and has excluded them from skills development. I am interested to hear what the shadow Minister has to say about that.

Neil O'Brien: As I said, I am absolutely ready to hear detailed thoughts and to have the detailed discussion about how one improves all these different things, and I am pleased that the hon. Lady’s local college seems to be highly successful in delivering these things. Every year, on average, twice as many people started apprenticeships under the last Government as started them under the previous Labour Government, so we did get a lot more of them, as well as higher quality. I do not know what

the 90 bits of paper are, but I am absolutely ready to hear and to talk about ways we could improve those matters.

On the point about SMEs that the hon. Lady raised, that is exactly why last March we moved to 100% funding for SMEs—to make things easier for them. I agree with the hon. Lady: there is a lot to do to make it easier for SMEs to participate in the levy-led system. I am just not convinced that any of the concerns she raises will be addressed by shutting down IfATE or setting up Skills England. She might hope that they will be—I hope that they will be—but I do not see anything in this legislation that will fix any of the problems that she complains about. Obviously, we hope that collectively we will solve the problems in the system.

There are quite a lot of concerns—including concerns among those on the Labour Benches, which I will come on to—about the transfer of IfATE's powers to the Secretary of State compromising the independence with which apprenticeships and wider technical qualifications, such as T-levels, are accredited, and diluting the voice of employers. As numerous people have pointed out, we would not and do not accept that on the academic side, where we have both independent exam boards and Ofqual creating and monitoring specifications and exams. This is yet another example of our treating the academic side—the route that most of us went down—differently from the technical side. As the Labour peer Lord Knight has pointed out:

“The problem that some of us have with the Bill is that it feels like the second half is missing. The second half is the establishment of Skills England as a statutory body...Being subsumed within a division of the Department for Education...is problematic. The Minister needs to reflect on it.”—[*Official Report, House of Lords*, 21 November 2024; Vol. 841, c. GC87.]

As another Labour peer, Baroness Blower, pointed out, “the appropriate move from where we are would be to a statutory body”.—[*Official Report, House of Lords*, 21 November 2024; Vol. 841, c. GC90.]

Stephen Evans, chief executive of the Learning and Work Institute, said that giving Skills England legislative backing

“would...cement the body's independence.”

In contrast, the Bill originally introduced by the Government did not even include the words “Skills England”. The very act of a further reorganisation, even if one thinks it is a good idea, is likely to further compound the effects of the Budget and the decision to move apprenticeships money to other things. I will just rehearse that for a moment. Obviously, the Budget saw a £40 billion overall tax increase and the largest part of that is a £25 billion increase in national insurance, which is squarely targeted on part-time and lower-income workers. It hits exactly the tier of the workforce that is typically the apprenticeship kind of tier. Of course, apprenticeships do not require payment of national insurance, but when we see lots of employers, as we do now, shedding jobs in that tier, that is inevitably bad for the number of apprenticeships.

That is compounded by what the Government want to do in terms of taking money out of apprenticeships. There has been some confusion about that, because safely before the election, Labour in opposition had the idea that it was going to let employers take 50% of the money from the levy and spend it on things that were not apprenticeships. Then, as the election drew nearer,

that idea seemed to disappear and did not feature any more. Lots of people assumed that it was gone. Then I assumed it was definitely gone, because I asked the current Minister—whom we have here today—in Westminster Hall whether the 50% target still stood, and the Minister said that the policy was under review. Then a couple of weeks later, in oral questions, when we asked the Secretary of State whether the 50% target still stood, she said that it did, even though lots of people in industry think that that is not the plan.

This whole question about how much of the money will be taken out of apprenticeships and put elsewhere is shrouded in confusion. I would love it—I would be delighted—if the Minister could talk about that point today and tell us whether it is still 50%. It is a binary thing: it either is 50% or is not. I would love the Minister to tell us the answer one way or another. At the moment, the levy raises about £2 billion a year. If the Government take 50% of that money out, they might think that is a good thing. They might say, “Yes, we want employers to be able to spend a billion quid on other stuff.” But if they take all that money out of apprenticeships, one thing they will definitely have is fewer apprenticeships. They could say it is fine—

Melanie Onn: The shadow Minister references the number of apprentices, and he pointed to the previous Government's record on that, but, in my constituency, apprenticeship starts fell year on year under the previous Government. Lots of young people have been completely disenfranchised, having had their apprenticeships end early without getting to completion. There has to be some kind of change so that we are not failing young people. There has to be a review of the levy, which employers have said is far too restrictive. The hon. Member's points do not actually bear scrutiny when we get down to constituency-level data, do they?

Neil O'Brien: I give the hon. Lady the national-level data—I think I did already—because I do not have in my head the data for every constituency. At the national level, we had twice as many apprenticeship starts every year under the last Conservative Government as we did under the previous Labour Government. The hon. Lady might say, “That's not enough; it should've been even higher,” and I would perhaps even agree with her. I would have liked the number to be even higher as well.

The hon. Lady said that numbers fell. What we saw was that, even though the overall number of starts was twice as high under the Conservatives as it had been under Labour, absolutely, the shift from frameworks to standards and to a higher quality of apprenticeships did reduce numbers. It did not take them down to where they had been under Labour, but it did reduce them. However, that shift was essential, and I do not think that anyone wants to go back from standards to frameworks.

There was a damning 2015 Ofsted report, which the hon. Lady will remember well, that found that quite a lot of people—a lot of learners—had been on an apprenticeship for more than a year and did not even know they were on an apprenticeship.

Melanie Onn: *rose*—

Neil O'Brien: Such was the low level of quality—such was the total absence of any training or meaningful content in the apprenticeship. What we had was an abuse.

[Neil O'Brien]

What we had was employers being able to pay below the national minimum wage—below the rates even for young people—and, at the same time, not providing meaningful training and what all of us want, which is proper, high-quality apprenticeships. I do not think the hon. Lady is really going to argue for a move back to those previous frameworks—

Melanie Onn *rose*—

Neil O'Brien: But, as she rises to her feet, perhaps she will tell me if she does want to go backwards to frameworks.

Melanie Onn: That is not what I am rising to my feet to say. It is interesting that the shadow Minister points out the differential rates of pay between young people and older people, because we have just had the Employment Rights Bill going through Parliament, during which Conservative Members were absolutely incandescent that we might seek to raise the pay of young people, equalise it and recognise fair rates of pay regardless of age.

I am interested in that 2015 report. The hon. Gentleman said “a lot of people”; was that the actual wording in the report?

Neil O'Brien: I am not sure what the question is. Is the hon. Lady asking whether what I said about the 2015 report was correct?

Melanie Onn: I was asking the shadow Minister to clarify the numbers. He refers to the report and makes a sweeping generalisation about it, so what exactly were the numbers? What is the accuracy of the report?

Neil O'Brien: Just to reassure the lady, the numbers are correct. Although I do not encourage people to use mobile phones in Committee, Sir Christopher, the hon. Lady can google her way to the 2015 Ofsted report. She can read it for herself and be chilled, as I was, by its description of the pre-reform system and the low level of quality that was being provided in it.

The hon. Lady tempts us off the topic to talk about wider issues. On those different rates, I would say that most systems around the world, including ours, have different rates of minimum wage by age. That is about making the so-called “bite” of the minimum wage similar for different ages. Different groups of people at different ages have different productivity levels and different typical rates of pay. Therefore, if a Government do not want to create large rates of youth unemployment—and most systems around the OECD do not—they end up with different minimum wage rates for different ages. That system has been there since the start; it was there when Labour created these things, and it was still there when we turned it into the national living wage, so none of that is novel.

I will say one thing about the Employment Rights Bill, since it has been brought up. We do not have the skills Minister herself with us, because, of course, she is in the other place, but I do just note that the Government have created a situation in which a lot of universities are facing industrial action—because the national insurance increase has wiped out all of the increases in fees, and one broken promise on fees is now being used to pay for

another broken promise on tax. The Employment Rights Bill makes it easier to take industrial action. I think that a lot of universities, as employers, are dreading the impact. Having addressed that point, I will get back on topic.

12 noon

I have mentioned some of the Labour peers and other bodies who have raised concerns about the loss of independence. I started to talk about the big problem created by the double whammy of the Budget and the decision to take money out of apprenticeships. That is potentially compounded by this Bill. The Government's own impact assessment says that there may be a drop in apprenticeship starts while IfATE's functions are transferred to the Secretary of State. The impact assessment states:

“The transfer of function from IfATE to the DfE could potentially cause a temporary slowdown in the growth rate of new apprenticeships and technical education courses due to potential delays in the approvals process resulting from the bill.”

It also states:

“This may disproportionately impact disadvantaged learners, who rely more heavily on these pathways for career advancement.”

The Government are already doing two things that are not good for apprenticeships, and now the Bill is, in the Government's own words, likely to lead to delays and be bad for starts.

Perhaps that is why, although the Government acknowledge that they have an internal forecast for the number of apprenticeship starts, they are refusing to publish it. Perhaps it shows that what the Government are doing will not be good for the number of apprenticeships. There may be another, more innocent reason, but either way we have not been allowed to see the numbers.

We have had a bad habit in this country of institutional churn, and that has a real-world cost. Baroness McGregor-Smith, who has been the brilliant chair of IfATE in the Lords, quoted one of the board members of IfATE, a very distinguished music producer, who noted ruefully that

“it took five years to get employers on side and to believe that IfATE could do really good things.”—[*Official Report, House of Lords*, 21 November 2024; Vol. 841, c. GC103.]

And here we are, starting all over again. When we pull these things up by the roots, break all these relationships, break all the trust, change all the people around and move loads of people into different jobs, we lose something. We have done this so often.

A lesson from previous institutional churn, not just in the field of technical education but more generally, is that the less securely founded on an independent basis and on a legislative basis a new institution is, the more likely it is that a new structure will itself be repealed or replaced in time—setting the stage for yet more churn.

Clause 2 covers the transfer of property and staff from IfATE to the Secretary of State—not to some new external body. The challenge of managing that rapid transfer of staff into the Department while trying to keep the engine running as best we can is one reason why peers voted to delay the abolition of IfATE by one year. As Lord Blunkett, no less—a former Labour Education Secretary—put it:

“My fear... is that given the number of people currently transferable from IfATE... which nudges 200... there is a real danger that IfATE will swamp Skills England at birth.”

He went on:

“When two years ago I led on the learning and skills document that was a precursor to Skills England...we never envisaged that an agency inside government would have to take on the assurance and accreditation of the relevant sector standards.”—[*Official Report, House of Lords*, 21 November 2024; Vol. 841, c. GC98.]

He further noted:

“A Skills England that has no legislative backing and no parliamentary references but is down merely to the changing face of ministerial and departmental appointments is in danger of losing its birthright before it has got off the ground.”—[*Official Report, House of Lords*, 21 November 2024; Vol. 841, c. GC99.]

This is a former Labour Education Secretary with a great deal of experience. He has been in politics for an awfully long time, and he has seen this churn. That is why he warns about Skills England’s lack of legislative backing and institutional independence. Skills England is in a sense his baby—it is something he worked on.

Government amendment 1, which we will come to when we debate clause 11, seeks to overturn that short delay—only a short delay—that peers put in to allow for a more orderly transition, so that Skills England could at least get up and running in the Department before it attempted to onboard 200 new colleagues. I have seen many different machinery of government changes, and they always cause disruption.

Pam Cox: Will the shadow Minister acknowledge that an awful lot of preparatory work has gone on to establish Skills England already? Once the Bill goes through, we will be in a good position to set this up quickly.

Neil O’Brien: Sure. A shadow form exists at the moment, but that does not change the longer-term point that if we do not give it its own legislative basis and make it independent of the Department, all the criticisms and concerns about the dilution of the employer voice and so on still stand. I am not having a go at those who are setting up Skills England.

Leigh Ingham: On the point about independence, the chair has been announced as Phil Smith, the former CEO of Cisco. Surely that in itself is a sign of significant independence.

Neil O’Brien: A fantastic person—all good. It is like having NEDs—non-executive directors—in a Department; it is good to have external people. As I noted, however, the CEO of the organisation is literally not a civil servant; it is a job-share civil servant. They are people who currently work in the Department doing post-16 skills, so I am not sure about idea that this is an independent body. Can the hon. Lady tell me where Skills England is based? Physically, where is it located? Perhaps the Minister will tell us. Is it in Sanctuary Buildings, by any chance? Sanctuary Buildings is none other than the headquarters of the DFE. Is this, in fact a desk in an open plan office that is part of the DFE?

The Government can bring in good people. It is good to bring in good people. The DFE has some good NEDs, by the way, but that is not the same as having an independent institution. That is why Lord Blunkett and other Labour peers are warning that the Government are making a mistake. Those are their words, not ours. Lord Blunkett has a lot more experience of those things than me.

All I would say to the Minister and to hon. Members on the Government Benches is, instead of overturning what peers have put into the Bill, this might be one of those times when it is more sensible to listen to people on their own side, people with some serious grey hairs and a lot of experience, people in their own party, who are advising them that they are making a mistake here. Instead of overturning what they have done, the Government should allow it to stand. The criticisms being made by people in the industry and people with experience in education and skills are serious. I hope that the Government will listen to them, rather than simply overturning what they have done and ignoring them.

Damian Hinds (East Hampshire) (Con): We are debating clauses 1 to 3 stand part and schedules 1 to 3. The Minister, in her opening remarks, talked a lot about the intention to create Skills England, how it will operate and so on. That is not in clauses 1 to 3.

The Bill is all about transferring functions from the independent Institute for Apprenticeships and Technical Education to the Secretary of State in central Government. Colleagues may have seen the, as ever, helpful and pithy descriptive notes from the House of Commons Library. Clause 1 introduces schedule 1, which will transfer statutory functions from the institute to the Secretary of State. Clause 2 introduces schedule 2, which will allow the Secretary of State to make schemes for the transfer of property rights and liabilities from the institute. Clause 3 will abolish the institute and introduce a schedule 3, which makes consequential amendments to the 2009 Act and other Acts.

The history of this sector is the history of many changes in the machinery of government and the creation of many quangos. There have been 12 in the past five decades. This one will be lucky—no doubt—13. My hon. Friend the shadow Minister helped us with some of the history and some of those previous bodies. I have a slightly longer list.

We have had industrial training boards, the Manpower Services Commission, the Training Commission, and the training and enterprise councils known as TECs—but those TECs were not the same as another type of TEC, the Technical Education Council, which existed alongside the Business Education Council or BEC in the 1970s. The two would merge in the 1980s to give us, of course, BTEC, the Business and Technology Education Council. There were national training organisations, the Learning and Skills Council, sector skills councils, the UK Commission for Employment and Skills, the Skills Funding Agency or SFA, which would later become the ESFA, or Education and Skills Funding Agency, and most recently LSIPs—local skills improvement partnerships—and IfATE.

Pam Cox rose—

Damian Hinds: I have missed one!

Pam Cox: The right hon. Member has missed one: the Statute of Artificers 1563, known as the Statute of Apprenticeships. We have been trying to do this for many centuries, and it is only right that each generation tries to do so. We are still not getting it right for our young people, hence the need for speed.

Damian Hinds: I am very grateful; who knows where this conversation might take us? Last time I looked, 1563 was not in the past five decades. The hon. Lady says that every generation should try to reform, and that may well be true. I do not know how many generations she calculates there are in a 50-year period, but as sure as anything, there are not 12, let alone 13.

Those many bodies over the years have been mirrored by a true panoply of qualifications and awards: traditional apprenticeships; modern apprenticeships; the YOP or youth opportunities programme; the YTS, or youth training scheme; City and Guilds; the TVEI, or training and vocational education initiative; the NCVQ or National Council for Vocational Qualifications; NVQs or national vocational qualifications, which are still in use; GNVQs, or general national vocational qualifications, which became BTECs and diplomas; the 14-to-19 diplomas, which are not quite the same thing as the Tomlinson diplomas; Skills for Life; traineeships; and all together between 100 and 200 recognised awards and organisations, excluding those that do only end-point assessments.

Peter Swallow *rose*—

Damian Hinds: I have not forgotten another one, have I?

Peter Swallow: I simply wish to say to the right hon. Member that it was not too long ago when he was on the Government Benches and presiding over the very system in question. As he has helpfully elucidated for everyone, we are dealing with an incredibly fractured landscape, which is precisely the challenge that the Bill proposes to address. In all frankness, given the fractured nature of the landscape, which he eloquently identified, should he not support any attempt to bring it together?

Damian Hinds: Yes, but the Bill does not do that, and if the hon. Member thinks it does, I am afraid he is mistaken.

Some years ago, I used to sit on the Government Benches and was a Minister at the Department for Education, as the hon. Member said, and on many occasions I have had a close interest in these areas. There was a cross-party coming together in the early to mid-2010s, which resulted in the Sainsbury report. The noble Lord Sainsbury, as the hon. Member may know, is a Labour peer who devoted a great deal of his life and the work of his foundation, the Gatsby Foundation, to trying to improve something that in this country, historically and by international comparison, we have not been tremendously good at: technical and vocational education and training. The Independent Panel on Technical Education, which convened in 2015 to 2016, took a broad overview of exactly the fractured landscape that the hon. Member talked about. By the way, I have missed out the page of my notes where I was going to go through all the qualifications that someone could do at level 3 to age 18, which is a similarly sized list.

Laurence Turner (Birmingham Northfield) (Lab): Will the right hon. Member give way?

Damian Hinds: I had probably better go on a little, but I would love to hear from the hon. Gentleman. I promise that the Committee will have a chance so to do.

Unsurprisingly, that panel found that the technical and vocational education and training landscape in this country was over-complex. The example of plumbing

was given, with 33 different qualifications that a young person could decide to do. Moreover, the panel found that the system was not providing for the skills that the country needed and that the technical and vocational education and training had become “divorced” from the occupations that they were there to serve, with no or weak requirements to meet employers’ actual needs.

The Sainsbury report, published in April 2016, set out a blueprint for what would be a major upgrade and simplification of technical and vocational education and training, to address the productivity gap in this country—we talk about this sometimes; there has been a productivity gap every year I have been alive, and I am in my mid-50s today—and indeed a major social justice gap. Although it was a blueprint, it was also a redprint because it had cross-party support. It called for a fundamental shift in how we did technical and vocational education, with coherent routeways from level 2 through to level 5 along 15 different sector routes, three of which would be apprenticeship only, through to 35 different pathways mapped as specific occupations—specific needs of the economy and companies.

12.15 pm

For the three routes that were not apprenticeship-only, there would be both an apprenticeship track and a college track, but critically, there would be common standards for both, with the same or equivalent knowledge, skills and behaviours. It was not an attempt to merge the academic and the vocational. The leading systems in the world—those that everybody looks up to for the quality of their vocational education—do not merge the two routes; they keep them separate, but both are just as exacting and high-quality.

Why is this relevant to today’s debate? It is because the independent IfATE was central to this vision. It built on the existing Institute for Apprenticeships, combining it with the college route and ensuring that employers had a central role in setting the standards, skills and behaviours that people would need. The Sainsbury report was clear that specifying standards is not a role for officials in central Government but for professionals working in the relevant occupations, supported by education professionals.

Neil O’Brien: I, too, pay tribute to the work of Lord Sainsbury. Those points, which were inserted into what were then called the Sainsbury routes, drew on the experience of the best technical systems in the world, particularly those in Germany and Switzerland. What characterises those systems is the unbelievable level of employer ownership and the incredible constancy of the organisations, which are external to Government, that run them. The Bundesinstitut für Berufsbildung has been around for, I think, 50 or 60 years. Are those not the characteristics of a good system—employer ownership and independence—and the things that Lord Sainsbury was talking about?

Damian Hinds: My hon. Friend is right. If we take the full etymology, we can go back a lot further, to the creation of guilds centuries ago, which evolved into the modern system.

Laurence Turner: I have enjoyed the right hon. Gentleman’s recapitulation of the history. In the last Parliament, I attended meetings of the UK shipbuilding skills taskforce, which was sponsored by the Department

for Education, and considered these matters in respect of that industry quite closely. Employers and employee representatives were unanimous that the GCSE entry standard requirements should be removed in that industry, but the inclusion of that recommendation was blocked because, we were given to understand, it would not be supported by DFE Ministers. Does he share my concern that the independence of the current system is more claimed than real?

Damian Hinds: No, I do not, but there is a definition of what an apprenticeship is. There are perfectly good reasons to have all manner of training courses, including entry-level ones, that do important things, but they are not apprenticeships. The shadow Minister talked about Germany. In our country, the minimum length of an apprenticeship is shorter than the typical length of one in Germany. The time off the job—the time in college—is shorter. As I say, we can add on other things, but we cannot stretch the definition of what an apprenticeship is indefinitely. I may come back to that later.

On the face of it, this is a simple Bill—it has 13 pages and is on a simple subject—so it should be fairly easy for a Committee to dispatch in a couple of Thursdays. I have no doubt that Government Members will take the opportunity to make speeches on this subject, and I am sure those will be rather good. Members may make what could be described as great speeches and what they say will be largely unarguable. I fancy that we may hear the word “mission” from them, perhaps even more than once. They will talk about the importance of skills in our economy, investing in the next generation, valuing every single person for what they can do and the value of joining-up across Government Departments.

That will all be correct, but it will be largely beside the point. To turn a great speech that includes those things into a truly outstanding speech in this Committee, they would have to explain why taking away the independence of the body overseeing the system that upholds the standards would make those entirely laudable and shared goals more likely to come about. I know of no reason to believe that it will, but I am keen to hear from anybody who has such an idea.

In the Labour manifesto, there were some very laudable aims. It said that it wanted to empower

“local communities to develop the skills people need”

and to

“put employers at the heart of our skills system.”

Labour said that it would

“establish Skills England to bring together business, training providers and unions with national and local government”,

in order to deliver its industrial strategy. The manifesto said:

“Skills England will formally work with the Migration Advisory Committee to make sure training in England accounts for the overall needs of the labour market”.

It mentioned a commitment to

“devolving adult skills funding to Combined Authorities... alongside a greater role in supporting people into work”,

and Labour will

“transform Further Education colleges into specialist Technical Excellence Colleges.”

There are different ways that those aims could be achieved, and I would argue that there are better ways. The Government could, for example, keep IfATE as the

standard-setting and upholding body, and create a new, small body, possibly inside the Treasury, to assess the needs of the economy and allocate funds accordingly. They could also strengthen the powers of local skills improvement partnerships, working closely with devolved authorities and mayors, to ensure that what is delivered at a local level in individual colleges matches what the local economy needs. I would have probably chosen that architecture, but plenty of other variations are possible.

To be clear, the Bill does not do any of those things. It simply abolishes the independent body that convenes employers to set the standards and then uphold them, and it hands those powers to the Secretary of State. It does nothing else—I say that, but it is not totally clear to me what it does to Ofqual, and we may debate that when we get to clause 8. I suggest that the Bill presents two fundamental questions: first, about independence; and secondly, about who should set the expectations and standards in any given sector of work—should it be the employers in that sector or somebody else? We will come to that debate when we reach clauses 4 and 5.

Ultimately, this is about whether we believe enough in the phrase “parity of esteem” to do the things necessary to achieve it. As I said in the House the other day, parity of esteem is not something one can just “assert”, and it cannot be legislated for. We cannot pass a law to give something greater esteem. Esteem is in the eye of the esteemer and it can only be earned. In part, that comes from knowing that the qualifications of the technical and vocational strand in our country are just as rigorous and have the same integrity as the academic strand.

By the way, independence is not totally a left/right issue. There are plenty of people on the right of politics who share the Minister’s desire not to have independent bodies. There is a general “anti the quangos” strand, and I have some sympathy for that. By the way, a debate is going on at the moment about removing the independence of the national health service and bringing it into the Department of Health and Social Care. That can be argued both ways. On the one hand, it will be harder for the NHS to do some things, particularly what they call reconfigurations, when they become subject to political pressure. On the other hand, it can be argued that there should of course be direct control from a democratically elected Government over the most important institution in our country. However, I think an independent body for upholding standards in education is in a separate bracket.

Neil O’Brien: Does my right hon. Friend agree that the context in which this is happening matters? We are talking about getting rid of a prestigious and independent institution, and at the same time, T-levels will not do what Lord Sainsbury hoped they will do. They were supposed to replace the existing standards but, in fact, they will be just another thing in the alphabet soup. We are seeing apprenticeships being made shorter again, and we are going back towards shelf-stacking types of apprenticeships. The mood music is already pretty ominous, and that is against the backdrop of Ministers getting more power by taking this back into the Department and abolishing independence. Does my right hon. Friend agree that that is an issue?

Damian Hinds: I do. Funnily enough, my hon. Friend anticipates my next paragraph. Any Government rightly want more young people to pass their GCSEs, get good A-levels, or start and complete apprenticeships. The truth

[Damian Hinds]

is that the quickest way to have more people getting any qualification is to make it a bit easier, and there is plenty of history of that, I am afraid. The entry requirements or length could be reduced, the pass mark could be made lower, or the credits that count towards the outcome could be changed. One of the reasons we have independent bodies setting standards is so that that temptation cannot be succumbed to, and crucially, everybody can see that it cannot, so they can have total faith in the standards being upheld.

Essentially, the rationale for why there is an independent Institute for Apprenticeships and Technical Education is the same one as why the Chancellor sets fiscal rules, or why Gordon Brown made the Bank of England independent: it is specifically for the Government to keep themselves within certain tram lines. We do this for academic qualifications. I have asked the Minister this question I think three times, and I will ask it again today: it would not be acceptable, would it, to say, “I’m going to put the pass mark, standards and specification for A-levels in the hands of a Government Minister”? If that is not acceptable for A-levels, how can it possibly be acceptable for T-levels? And we still say that we believe in parity of esteem.

In the good, possibly great, speeches that we will hear from Government Members, one other thing they might say—in fact, they have already started to say it; they pre-empted me—is that apprenticeship starts have fallen since the peak, but that under this Government, they will rise. Well, of course they will rise. If we look at the time series over the last decade of apprenticeship starts, we are not comparing apples with apples; we are comparing apples with oranges, because we had major changes in what counts as an apprenticeship, with the move from frameworks to standards as well as the minimum duration and minimum time off the job.

In discussing the overall numbers, we should also mention that the falls were in the intermediate level and that there were rises in the advanced level, and especially in higher-level apprenticeships. If the specification is reduced, of course that will increase the numbers. To be fair, the Government are not waiting for Skills England. They have already been doing this, by bringing the minimum length down from 12 months to eight months. They have also announced what they are calling foundation apprenticeships, and I hope the Minister will be able to tell us exactly what those are—they sound a bit like traineeships, but let us hear it—and crucially, whether they will count towards the number of apprenticeships that are being undertaken in the country.

12.30 pm

At the heart of this is the question of independence, but there is a secondary question. If the body will not be fully independent—it will be part of the Government—what is the next best thing? If we want a body to work across Whitehall, linking up the industrial strategy, immigration and doubtless a number of missions, we have to think about where that will be most possible. I love the Department for Education—I do not want to get all sentimental, with everybody here, but I truly do. I think it is a wonderful Department; I love the people who work there and I loved the opportunity to work there myself. But if we want to get something done across Government, I have to say that, with the best will

in the world, we cannot do it from a Department like the DFE. There are really only three places we can do it from—No. 10, the Cabinet Office and especially the Treasury—because those are the parts of Government, known as “the centre”, that have leverage over the other parts of Government to get things done. Therefore, if we are not to have Skills England as a truly independent body, I would argue that it is better placed in the Treasury or the Cabinet Office.

IfATE is legally established as a non-departmental public body, whereas Skills England, we are told, will be an Executive agency. As a non-departmental public body, IfATE has some independence from the DFE, because its functions and responsibilities have been set out in legislation, and that legislation has been approved by Parliament. Skills England will instead be a team within the Department for Education. Its functions and responsibilities are not laid out in this Bill and, to the best of my knowledge, will never be laid out in legislation that will be approved by Parliament.

IfATE decides how occupational standards and apprenticeship assessment plans get developed and approves them; manages the licensing of awarding bodies for T-levels; and commissions development of technical qualifications and approves higher technical qualifications. At the time of the King’s Speech, No. 10 said that a Skills England Bill would

“transfer functions from IfATE to Skills England”,

suggesting that Skills England would have a statutory footing of its own, but in transferring powers from IfATE and abolishing it, the Bill simply moves all its functions to the Secretary of State.

The shadow Minister has said that there are 90 mentions of the Secretary of State in the Bill. There is now a grand total of two mentions of Skills England in the Bill but, for both of them, we have our friends in the other place to thank. Originally, Skills England did not warrant a mention in the Bill at all. It now appears in clauses 9 and 12, thanks to amendments in the other place. The Committee will come, in time, to what was Lords amendment 7 and is now clause 9, and no doubt the Minister will say, “This sets out everything you need to know about Skills England.” In fact, it is only a requirement for a report to be made about what functions will be exercised; there is not a statement in the Bill of what those functions will be. It is legislating for us to be told at some point in the future what the Government intend to do.

The title of clause 9 is itself telling, because it refers to a report on

“the Secretary of State’s functions”,

not Skills England’s functions. It just says that the Secretary of State will tell us which of her functions she has decided to give to another body—Skills England. However, we need to bear it in mind that we are legislating here. This will be primary legislation—an Act of Parliament. It will not be there for the duration of one Secretary of State at the DFE or even one Government; it will be the law of the land. This Secretary of State or any future Secretary of State could simply change their mind about what the role of Skills England should be.

I have grave reservations about what the Government are seeking to do and what they really, ultimately, are seeking to do. As with so many things that we talk about in these Committee rooms, there is a lot of commonality

in what we would like to see. We would like to see every individual in our country being able to fulfil their potential. We want growth in the economy; we want productivity gains. However, I have serious doubts that this new body, which is not even a quango, is the way to get there.

Janet Daby: Hon. Members have given me much to think about and feed back. I remind Opposition Members that one in eight young people are not in education, employment or training, a third of vacancies in our country are due to a lack of skills, and many people are in jobs for which they are underqualified. Young people need to know that when they undertake skills training, there will be a guaranteed job at the end of the process. We are committed to ensuring growth in this country. We want to get young people into work to ensure that they succeed and progress in life. We absolutely know that what we are trying to achieve with Skills England is the right thing to do.

I will attempt to respond to the various points that hon. Members have made. There have been previous arm's length bodies with functions partially linked to those intended for Skills England, but none provides a direct comparison, given Skills England's distinct remit.

Establishing Skills England is a manifesto commitment, and will support the delivery of the Government's missions. As an Executive agency, Skills England will be subject to clear requirements on governance, transparency and accountability, and Ministers will be accountable to Parliament. The Government have put in the Bill a duty for the Secretary of State to publish information about matters they will take into account in deciding whether to prepare a standard or apprenticeship assessment plan without a group of persons. This new power will therefore be subject to the same level of transparency as existing powers being transferred from IfATE.

An Executive agency is a widely used model of arm's length body. It has a clearly defined status and must be established and governed in line with official Cabinet Office guidance. Executive agencies are appropriate for the delivery of specialised functions separate from a primarily policy-focused Department, but within a policy and resources framework set by the Department, and for delivery of services to other parts of central Government using specialist skills. The Executive agency model will give Skills England the independence to focus on the delivery of its functions at arm's length from the Department for Education, while ensuring sufficient proximity to the Department that Skills England can quickly and efficiently inform decisions on skills policy and delivery.

Skills England is operating in shadow form and is working extremely closely with IfATE, which also currently has a base in Sanctuary Buildings—the Department for Education. Following a vigorous recruitment process, in line with civil service guidance, we have appointed Skills England's chief executive officers. Tessa Griffiths and Sarah Maclean have been appointed co-CEOs. They are senior leaders with long-standing experience in the public sector. Tessa and Sarah have been leading Skills England while it has been in shadow form, since last summer. They have driven the rapid progress that has seen Skills England start to deliver its important work ahead of the passing of this Bill. We do not believe in delay; we want to get on with establishing Skills England as an arm's length body.

Skills England's being run by CEOs at civil service director level is consistent with the approach taken by IfATE and other Executive agencies of the Department for Education. It is really important that I make those points so that there is a clear understanding of what is happening.

We considered, but ultimately decided against, expanding or otherwise retaining IfATE. We want to set Skills England up to build on IfATE's work with employers, and to shape technical education and apprenticeships, but it will be very different from IfATE. It will have a much broader remit and will be more ambitious. It will bring IfATE's functions together with others that are not currently in statute. We need to go further and do more to identify skills needs and work with regional partners to ensure they are being met. By bringing together those different functions into a single organisation, we will really be able to accelerate change. That will help the skills system to be more responsive to emerging skills needs. We need a flexible system that acts fast on the best available evidence to address the skills gaps that threaten to hold back our country. I am sure none of us wants to do that.

IfATE has worked with employers to design over 700 occupational standards. Skills England will build on that important work and retain a strong role for employers. But the skills system in England has matured since IfATE was created in 2017, and the scale and urgency of the skills challenge that we face means we need a new approach.

The Government are committed to delivering skills for the sector, as I have already pointed out, and we are listening to the needs of employers. This can be seen in our reform, growth and skills offer. Skills England will build on the work of IfATE and employers will continue to play a critical role in the design and delivery of apprenticeships and technical education. Indeed, that is already happening. The changes being brought about through the Bill have been designed in response to employer feedback and will simply mean that employers are not overburdened by repetitive and drawn-out processes, which we know can lead to disengagement.

I welcome the written submissions from the Institute of the Motor Industry, the Association of Colleges, JTL Training and the Royal Society of Chemistry. I thank those organisations for contributing to this important debate. I completely agree with the Institute of the Motor Industry's view that Skills England must maintain an "employer-led ethos" with "strong industry collaboration". That is why Skills England is already working, and will continue to work, closely with industry, while also building a clear picture of the challenges facing employers, including regional skills gaps, in order to support growth in our skills sector.

It is pleasing to hear the Association of Colleges, which represents more than 98% of further education colleges, express strong support for plans to establish Skills England and recognise the critical role that Skills England will play in the Government's broader post-16 education and skills agenda.

Although many Members of the other place support the aims of Skills England, it is disappointing that peers voted for an amendment that would delay its full establishment. The Government are clear that employers

[Janet Daby]

need a fully formed Skills England now; they cannot wait. That is why we have tabled amendment 1 to overturn that amendment made in the other place.

Gaps in our economy are holding back growth and opportunity. We need the Bill to give Skills England the key tools that it needs to tackle them now, and not in 12 months' time. Skills England has been operating in shadow form since July. Due to extensive transition planning over several months, it is ready to move fast to deliver the functions made possible by the Bill. Delay simply is not an option.

With regard to whether employers can spend up to 50% of levy funds on non-apprenticeship training, I do not want to put a target or limit on flexibility. It will be led by what employers need and driven by Skills England analysis. We have already introduced flexibility through new foundation and shorter apprenticeships, and we will continue to work with employers to understand where future flexibility will be most helpful.

Neil O'Brien: The Minister says she does not want to set a limit, but there was a commitment from the Secretary of State that employers would be able to spend up to 50% of their funds on non-apprenticeships. That was a Labour commitment. If I understand her, it will no longer be up to 50%; it will be some other number. Or is she saying that it will be up to 100%? Which of those things is she saying?

Janet Daby: What I am saying is that we have already introduced flexibility and we will continue to work with employers to understand where future flexibility will be most helpful. That will be worked through with Skills England. I am happy to get the hon. Member some further information.

Neil O'Brien: Will the Minister give way on that point?

Janet Daby: No, I think I have said enough on that point.

Neil O'Brien: But we are completely unclear.

The Chair: Order. The Minister is not giving way. As the shadow Minister knows, in Committee people may speak more than once in a debate, so if he wishes to come back after the Minister has sat down, he is free to do so.

Janet Daby: We are not centralising regulation of technical qualifications akin to IfATE. Skills England will operate independently of the Department for Education and will continue to work with IfATE to develop occupational standards. Skills England will have a new and transformative role in the skills system and will work closely with, but not duplicate, the role of the Department or regulators such as Ofqual or the Office for Students.

12.45 pm

Ofqual is an independent expert regulator of qualifications and assessments for England and makes judgments about the quality of qualifications, be they technical or academic. Ofqual already provides some regulatory oversight of technical qualifications to secure

the standards of all qualifications, and it will play a key role in reviewing assessment materials ahead of approval. We are introducing the possibility that Ofqual can accredit technical qualifications in the same way as it is able to do for academic qualifications.

No redundancies are planned for IfATE staff. Trade unions have been fully consulted on the processes to ensure a smooth transition of staff out of IfATE, and will continue to be engaged. IfATE occupies sites in London and Coventry, and is co-located with the Department for Education at several sites around the country on a fair-use basis. We expect IfATE's property licences to be transferred to the Department for Education at the point it is abolished. Decisions on precisely where Skills England staff will be located will be taken in line with the wider Government estates strategy and Places for Growth principles. Across all its offices, Skills England will forge close relationships with partners up and down the country.

Detailed transition planning has already taken place to ensure that the functions moving into Skills England from IfATE will transfer smoothly, with no breaks in service. We have an agreed approach to the continued delivery of technical qualifications and apprenticeships, and the implications for contracts, assets and liabilities have all been worked through. We are attempting to make this as seamless as possible.

The planned continuity in staffing and team structures will ensure that occupational standards, apprenticeships and wider technical qualifications will continue to be approved and T-level contracts will continue to be delivered, supported and monitored. This approach will also ensure that Skills England retains the vital links with employers and other partners that IfATE teams have previously established. Those insights will continue to inform the apprenticeships and technical qualifications that are needed, now and in the future. That work will be significantly enhanced by the closer links that will be created to the analytical and regional functions of the new organisation.

I urge the Committee to support clauses 1 to 3 and schedules 1 to 3.

Neil O'Brien: We have mysteries wrapped in mysteries here. As well as the lack of clarity about the future caused by the Bill, even in this debate on one group of clauses, we have had an extraordinary statement by the Minister. Businesses would like to know how, in just a few months' time—next year—they will be able to spend a couple of billion pounds of their own money. This is employers' money. Labour have oscillated between, "We will let 50% of this go on other things", "No, we will not" and, since being in government, "We are reviewing this. This is not our policy any more." On the Floor of the House, the Secretary of State has been saying, "No, it is absolutely our policy—50%. That is the number." That is what she has told the House. Now we have another position—a fifth—on the spending of this money: "No, that is not the number any more."

Employers will be jaw-to-the-floor agog at what is going on in the DFE. What is the policy? This is billions of pounds of employers' money, in a difficult economic situation, being spent imminently, and yet the DFE cannot say—the Minister literally would not take a further question on it—what the policy is. What an extraordinary situation. What a shameful situation. Unbelievable.

We have been saying that, down the line, there might be some things to worry about in this transfer of power away from an employer-led and independent system towards the tender mercies of the DFE, but employers have got something to worry about right now. The Government do not seem to know what their own policies are. On that basis, I really do want to press clause 1 to a vote, and we will vote against it.

Janet Daby: We have been listening to businesses and employers, and they are absolutely telling us that they want greater flexibility in our apprenticeship systems and in how employers can spend their levy funds. We are reforming apprenticeships to deliver greater flexibility for learners and employers, including through shorter and foundation apprenticeships. I have attempted to answer the shadow Minister's questions, but he is not satisfied. I have also offered to ensure that we get some more information. I want to make one more point: we are not putting a target or limit on flexibility; this will be led by what employers need.

Neil O'Brien: I am not asking for a target; that is a complete mischaracterisation. I am asking for clarity on the Government's own policy. The Government said that that they would allow employers to take up to 50% of the money and spend it on things that were not apprenticeships. Either that is still the policy or it is no longer the policy. Which of those two things is the truth?

Janet Daby: I will get back to the hon. Gentleman. I will make sure there is a written response.

Neil O'Brien: Absolutely unreal.

Question put, That the clause stand part of the Bill.

The Committee divided: Ayes 11, Noes 4.

Division No. 1]

AYES

Cox, Pam	Ingham, Leigh
Daby, Janet	Onn, Melanie
Dean, Josh	Strickland, Alan
Edwards, Lauren	Swallow, Peter
Foxcroft, Vicky	Turner, Laurence
Gelder, Anna	

NOES

Hinds, rh Damian	Paul, Rebecca
O'Brien, Neil	Sollom, Ian

Question accordingly agreed to.

Clause 1 ordered to stand part of the Bill.

Schedule 1 agreed to.

Clause 2 ordered to stand part of the Bill.

Schedule 2 agreed to.

Clause 3 ordered to stand part of the Bill.

Schedule 3 agreed to.

Ordered, That further consideration be now adjourned.
—(Vicky Foxcroft.)

12.53 pm

Adjourned till this day at Two o'clock.

