



Institute of Directors

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The Clerk of the Education Committee

House of Commons

London

SW1A 0AA

Call for Evidence: Further education and Skills

About the IoD

The IoD is an independent, non-party political organisation representing 20,000 company directors, senior business leaders, and entrepreneurs. It is the UK's longest-running organisation for professional leaders, having been founded in 1903 and incorporated by Royal Charter in 1906. Its aim is to promote good governance and ensure high levels of skills and integrity among directors of organisations. It campaigns on issues of importance to its members and to the wider business community with the aim of fostering a climate favourable to entrepreneurial activity in the UK.

The IoD welcomes the opportunity to respond to the call for evidence on further education and skills. Ensuring that young people leave the education system with the skills and knowledge needed to meet the UK's skills needs is of considerable interest to the IoD and its membership, and we are therefore pleased to present our views.

Curriculum and qualifications in further education

The post-16 curriculum and assessment system

From the employer perspective, the current 16-19 curriculum and qualification pathways deliver generally well-understood – in the case of A Levels, BTECs, and apprenticeships, at least, as T Levels are for obvious reasons less well-known – credentials which serve to signal skills and knowledge to employers.

There is broad agreement among employers that the post-16 curriculum needs reform to better embed employability skills. Beyond a general need for the competencies and knowledge taught in specific qualifications to keep pace with the needs of related industries, employers are primarily looking for the education system to deliver literate and numerate students with key employability skills, including, but not

limited to, digital skills, teamwork, communication, leadership, critical thinking, adaptability, and time management. Any reform to curriculum and assessment should therefore place the development of these skills at its core. A promising means of achieving this aim would be for the national curriculum and qualifications to use the Skills Builder Universal Framework as a common language to describe essential skills and to set clear age-related expectations of learners.

“While arithmetic is a life skill and is important if you want get on in the workplace, we need more focus on making young people workplace ready in all respects.” -- Microbusiness, Information and communication, Yorkshire and the Humber

IoD research on the principles underpinning the previously proposed Advanced British Standard also uncovered considerable business support for the principle of a broader 16-19 curriculum which went beyond the inclusion of literacy and numeracy (Annexe: Figure 1):

“I would welcome a ‘broader’ core subject to be taken which would include, in addition to maths, a basic understanding of economics, statistics, how to use ‘critical thinking’ to understand the truth behind statistics, how the same facts can be distorted to portray completely different things, and dangers of confirmation bias.... Basically, everything to do with how to make an informed decision about just about anything!” – Microbusiness, Manufacturing, Northern Ireland

“Equal emphasis should be given to high art humanities like Politics, Philosophy to enable students to be able to argue complex subjects” – Microbusiness, Construction, London

Furthermore, the pace of economic change is such that many businesses themselves struggle to predict the precise skills which new entrants to the labour market are going to need within the next few years. A successful 16-19 education system is therefore one which not only delivers the key competencies and skills needed at present but also lays the foundations of a cycle of reskilling and upskilling throughout individuals’ careers, at the same time as inculcating the key employability skills – such as communication, teamwork, digital literacy, and leadership – which will always be relevant.

The principles of more frequent, high-quality touchpoints with employers should also be extended across the 16-19 sector. While it would be impracticable for all students to undertake an industry placement of comparable length to T Level students, we would encourage government to explore how a baseline of employer engagement can be secured across the board in 16-19 provision.

Post-16 numeracy and literacy, including GCSE resits.

Employers frequently report that new entrants to the labour market lack the literacy and numeracy skills needed to thrive in the workplace; we would therefore welcome a requirement for students to study some form of literacy and numeracy until age 18.

In January 2023, we polled 947 business leaders on whether studying some form of maths should be compulsory until age 18 (Appendix: Figure 2). A majority of respondents (55%) agreed, while 28% disagreed. The strongest theme in the qualitative responses was that the emphasis of such a policy should be on ensuring that all students leave education with the practical numeracy skills needed in all lines of work, such as financial literacy and basic statistics.

“There should be an emphasis on Functional Numeracy that is much more relevant to people's role in the workplace” – Microbusiness, Education, London

“Some students are often too quick to drop maths - often to the detriment of their career choices later - even in the sciences” – Microbusiness, Professional, scientific and technical activities, Yorkshire and the Humber

“It’s very apparent in the workplace that many employees have not got the basic grasp of numbers, even high achievers” – Large business, Manufacturing, Yorkshire and the Humber

“Numeracy and learning the times tables needs to be a high priority, we are sending our high-tech work abroad due to lack of numeracy skills” – Small business, Information and communication, London

While we are agnostic as to the policy mechanism chosen to deliver literacy and numeracy instruction to age 18 – whether through better integration of those skills into existing qualifications, a range of standalone qualifications, or both – the premise of reform to 16-19 curricula to increase the emphasis on ensuring young people leave education with good literacy and numeracy skills enjoys widespread support in the business community.

Regardless of whether some form of literacy and numeracy is mandated until age 18, it is clear that the English and mathematics 16-19 curricula are in need of reform. The current English and mathematics resit policy is not only ineffective as a means of improving students’ exam performance but also serves to further demotivate many of the students who struggled with English and mathematics pre-16. The use of norm referencing in the allocation of GCSE grades means that the resit policy is fundamentally flawed as a means of improving student outcomes; the system ensures that a consistent proportion of students will fail and the likelihood of their position on the bell curve drastically changing between exam sittings is low. GCSE resits may be suitable for students close to the Level 4 borderline, but for other students the focus should be on pass/fail qualifications which develop – and certify to employers – mastery of the literacy and numeracy skills needed for success in everyday life, particularly in employment.

The strengths and weaknesses of T Levels as the main qualification option for students wishing to pursue a technical route into further education.

The introduction of T Levels as a new technical education pathway has been welcome; their rigour and the central role of industry placements can provide students with an excellent foundation for work. However, we are concerned that the drive for T Levels to become the default 16-19 technical education route may leave behind a section of the student cohort unable to meet the requirements needed to achieve the T Level qualification. A post-16 further education system offering only A Levels, T Levels, and apprenticeships is unlikely to meet student needs.

The aim to simplify the qualifications landscape and raise the profile of technical education is generally welcome but should not come at the expense of meeting the varied needs of a diverse student cohort; the focus of simplification efforts should be more on the number of overlapping qualifications on offer rather than the types of qualifications. Many schools and sixth form colleges have been successful in offering BTECs alongside A Levels; such an approach enables schools and colleges to tailor provision to meet the needs of their students and should be encouraged.

It also remains unclear whether sufficient industry placements can be supplied in order for T Levels to become the default post-16 technical education route. While employers are highly supportive of vocational education and the principle of work experience, the practical reality of resourcing 45-day industry

placements is a difficult ask for employers already dealing with a difficult trading environment and impending increases to the cost and risk of employing staff. IoD research in January 2024 (Appendix: Figure 3) found that only 11% of employers currently offer, or plan to offer, T Level industry placements, and that the main reasons cited for not offering placements were not having the requisite infrastructure (35%), a belief that T Levels are not relevant to their organisation (33%), and a lack of knowledge about T Levels (32%). These barriers would need to be addressed before T Levels could be scaled up to be the default post-16 technical education offer.

A frequent refrain from employers with regards to the skills system is the pace of change in skills policy. T Levels remain a new qualification: more time is needed for them to embed and their impact to be properly assessed before final decisions are made about their suitability as the main qualification option for students pursuing technical routes into further education.

Skills and apprenticeships

How to resolve the skills shortage and narrow the gap between the skills that employers want and the skills that employees have.

The persistent skills shortages which blight the UK economy should be understood in the context of declining investment in adult skills by both employers and government since 2009, the flawed implementation of the Apprenticeship Levy, and weaknesses in the curricula on offer in schools and colleges. Addressing these issues will require reform of the Apprenticeship Levy based on employer feedback, alongside government support for employers investing in training in skills shortage areas and reform to 16-19 curricula to better embed employability skills.

The role of Skills England in meeting the Government's industrial strategy and boosting economic growth.

The establishment of Skills England is a welcome step in addressing the UK's fractured training landscape, but questions remain about whether its emerging form will enable it to effectively address the UK's skills shortages.

The missing piece of the policy armoury in tackling skills shortages has long been an independent mechanism for determining where there are skills shortages at present and where there are likely to be shortages in future. Once that is understood then government can target its resources across the economy to fill the gaps, particularly in targeting tax relief for employers investing in training in shortage skill areas. Not only would this ensure the best possible use of taxpayers' money by minimising deadweight loss but is also, by definition, most likely to effectively address skills shortages. Skills England could be well-placed to fulfil this role, but it would best meet these aims by being arms-length from government and with one statutory duty: to produce the best analytical and technocratic forecast of current and future skills shortages in the UK. We therefore have concerns about the independence and influence that Skills England is likely to have under its planned form and, therefore, its ability to effectively tackle skills shortages.

Current challenges for apprenticeships, including employer engagement, funding issues, and apprentice pay.

The fact that apprenticeship starts in England have fallen by almost a third since the introduction of the Apprenticeship Levy in 2017 should itself be taken as a strong indication of policy failure. The government's

commitment to expand the uses to which Levy payers can put their Levy funds – while ringfencing apprenticeship funding for SMEs – is welcome. However, the move to remove Levy funding from Level 7 apprenticeships is counterproductive; the principle underpinning Levy reform should be that employers are best placed to understand the types of training which will fill their skills gaps.

The growing chasm between Levy receipts and the apprenticeship budget should also be addressed by gradually bring revenue generated by the Levy in line with the apprenticeship budget. Levy receipts are projected to hit £4 billion in 2024/25, with Treasury set to withhold around £800 million of this amount. Removing Levy funding from Level 7 apprenticeships in the context of an ever-growing disparity between Levy receipts and the budget handed down by Treasury is difficult to justify. Money raised from employers for skills should be wholly spent on skills. Gradually aligning Levy receipts with spending on apprenticeships (and other qualifications approved by Skills England) would support more employers to increase investment in training while protecting SME apprenticeship funding.

IoD research conducted in February 2024 (Appendix: Figure 4) explored which policy interventions would be most effective in encouraging employers who do not currently offer apprenticeships to do so. Financial measures – whether via tax incentives or direct subsidies – were the most popular measures by some distance, followed by a streamlining of bureaucracy and more flexible apprenticeship frameworks. Qualitative feedback from business leaders also identified wider government employment reforms, which are increasing the risk and cost of employing staff, as disincentivising investment in apprenticeship programmes.

Furthermore, feedback from providers suggests that the failure of apprenticeship funding bands to keep pace with inflation is hampering their ability to offer high-quality apprenticeship training, particularly in sectors like manufacturing. Government should therefore increase apprenticeship funding bands in line with inflation, to ensure that employers can continue to access high-quality apprenticeships.

I hope you have found our comments helpful. If you require further information about our views, please do not hesitate to contact us.

With kind regards,



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Appendix

FIGURE 1: IOD MEMBER SURVEY RESULTS: NOVEMBER 2023 (420 RESPONDENTS)

The government has announced plans to replace A Levels and T Levels with a new baccalaureate-style qualification for 16–19-year-olds, the Advanced British Standard. Students would typically choose five subjects from both academic and vocational options and would be required to study some form of English and maths. To what extent do you agree that this policy would be an improvement on the current system?	
Row Labels	
Strongly agree	14.3%
Agree	31.2%
Neither agree nor disagree	26.0%
Disagree	13.8%
Strongly disagree	9.5%
Don't know	5.2%
Grand Total	100.0%

FIGURE 2: IOD MEMBER SURVEY RESULTS: JANUARY 2023 (947 RESPONDENTS)

The Prime Minister has proposed that students should study some form of maths to age 18. To what extent do you agree with this policy?	
Row Labels	
Strongly agree	23%
Agree	32%
Neither agree nor disagree	16%
Disagree	19%
Strongly disagree	9%
Don't know	1%
Grand Total	100.0%

FIGURE 3: IOD MEMBER SURVEY RESULTS: JANUARY 2024 (667 RESPONSES)

Row Labels	Does your organisation offer T Level placements?
Don't know	11.0%
N/A	12.9%
No, and we are unsure about whether to host T Level placements in future	26.9%
No, and we have no intention of hosting T Level placements in future	37.8%
No, but we intend to host T Level placements in future	8.0%
Yes, we are currently hosting T Level placements and/or have done so in the past	3.3%
Grand Total	100.0%

(For those who said their organisation does not currently offer T Level placements)

Row Labels	Why does your organisation not currently offer T level placements?
We don't have the infrastructure needed to host placements	34.5%
T Levels are not relevant to our organisation	32.7%
We don't know enough about what is involved	31.9%
Other business pressures (e.g. cost pressures, Brexit) make engagement difficult	13.2%
We prefer to focus on other forms of engagements with schools and colleges	10.9%
There is too much bureaucracy involved in setting up the placements	10.9%

The relevant T Levels have not yet been rolled out	5.7%
Grand Total	100.0%

FIGURE 4: IOD MEMBER SURVEY RESULTS: FEBRUARY 2025 (687 RESPONSES)

Row Labels	Does your organisation offer apprenticeships?
Don't know	1.5%
No	65.8%
Yes	32.8%
Grand Total	100.0%

(For those respondents who selected 'no')

Row Labels	Which of the following policies would be most likely to encourage your organisation to offer apprenticeships? Please select up to three.
Government grants or subsidies to offset the costs of hiring and training apprentices	35.8%
Tax incentives for businesses that hire and train apprentices	34.7%
Reduced bureaucracy and streamlined processes for setting up and managing apprenticeships	26.8%
More flexible apprenticeship frameworks that can be tailored to your specific business needs	19.3%
Flexibility to use Apprenticeship Levy funds to cover apprentice wages	14.8%
Apprenticeships tailored to the specific needs of your industry	13.7%
Support in identifying and recruiting high-quality apprenticeship candidates	11.3%
Access to mentorship programmes or advisory services to help you design and implement apprenticeships	6.9%
Grand Total	100.0%