

Ambition skills: toward a lifelong learning century

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Summary of recommendations

1. **Aim for world-class learning and skills.** Benchmarked as upper quartile in the OECD with 75% of adults qualified to level 3+. This would require doubling literacy, numeracy and tripling level 2 and 3 attainment, back to 2010 levels. Unlocking a £22 billion boost to the economy for a £2.2 billion annual investment for ten years.
2. **Test new community-based ways to increase participation in learning.** Bring together local employers, community groups, learning providers, social housing providers, online learning platforms, and local government to increase the visibility and availability of learning and designing evaluation from the start to learn lessons.
3. **More support with the costs of learning, including new Learner Accounts.** Widen the Lifelong Learning Entitlement, including maintenance loans and support for those on benefits to learn up to level 3 in priority areas. Open a Learning Account for every adult with an initial £5,000, targeted top ups and allowing people and employers to contribute.
4. **Make lifelong learning a golden thread across all public services.** Expand social prescribing for learning in health services, ensure all employment programme participants are offered help with literacy and numeracy, publish workforce and skills plans as part of major government plans such as clean energy.
5. **Encourage employers to invest in and use skills.** Give employers flex in the Growth and Skills Levy to fund training outside apprenticeships if they invest more in apprenticeships for young people. Introduce a Skills Tax Credit to incentivise employers to invest in literacy, numeracy and learning up to level 5. Make sure skills assessments are built into business support, like Growth Hubs.
6. **Improve support for career change.** Helping people manage the costs of career change including the £3,700 average annual pay penalty by allowing people on benefits to train for up to one year as part of a career plan and strengthening the right to request time off to train to include retraining, and regular Career MOTs.
7. **Take an open data, evidence-based approach.** The DWP's Employment Data Lab should be expanded to include skills and data published on contextualised employment and pay outcomes by course and providers, as in the US. This should be part of a wider plan to tackle evidence gaps and spread best practice.
8. **Expand devolution and work together to simplify.** Expand integrated settlements to more areas and include a focus on increasing employer investment in skills. Merge Local Skills Improvement Plans, Get Britain Working Plans and other plans where possible, and shift to longer-term funding in a simplified system.

Executive summary

Achieving world-class skills and lifelong learning could boost the economy by £22 billion and save taxpayers £8 billion per year. It would need ten years of effort, returning adult skills attainment to 2010 levels with an extra £2.2 billion per year from people, employers and the Government. To get there we need to rewire our learning and skills system, focusing more on outcomes, encouraging employers to invest more, and harnessing the digital learning revolution.

Learning and skills matter for life, work and society: helping our economy to grow; living standards to rise; people to be fulfilled; health to improve; and community engagement to increase. More adults taking part in learning since the pandemic, much of it self-directed and online, shows people's inherent interest in learning.

The importance of lifelong learning and skills is growing. Longer working lives along with economic change mean people will need to change career and update their skills more often. An ageing population with more long-term health conditions puts a premium on the health and wellbeing benefits of learning. Government priorities, from housebuilding to clean energy and net zero, require new skills and a trained workforce.

Yet the UK compares poorly to other countries in essential and intermediate skills, and inequalities between areas are larger than many European countries. We have expanded higher education but made little progress for intermediate or technical skills. The Government is spending £1 billion (20%) less on adult skills in England than in 2010 and employers investing 36% less on training per employee than in 2005. Reductions in the proportion of people with low qualifications have halved since 2010.

This has to change. The UK should aim to be upper quartile in the OECD for all skill levels. This would take a ten-year effort, roughly doubling adult attainment of literacy and numeracy and level 2 and 3 qualifications with an additional investment from people, employers and the Government of £2.2 billion per year. The Government's aim to improve skills for young people are welcome, but 80% of our 2035 workforce has left compulsory education so we need a greater focus on adult skills too.

This would only take attainment back to, or even below, 2010 levels and come with a large economic prize: a £22 billion boost to the economy, equivalent to £500 per working age person, and £8 billion per year saving to the taxpayer once delivered.

Making learning an everyday choice

People need as many opportunities to take part in learning as possible, and those opportunities must be visible and easy to access.

To achieve this, people should be able to access information on learning options through a digital platform. This would include details of an expanded Lifelong Learning

Entitlement giving extra help with the costs of learning, including maintenance loans for learning at level 3 in priority areas and allowing training up to one year while on Universal Credit. It would also include a new Learning Account, with the Government providing everyone with an initial £5,000 toward course fees, targeted top ups for career changers and others, and people and employers able to top up their accounts.

Learning should be promoted through public services like health and housing and community groups, piloting an approach to engaging whole communities based on successful US social housing employment programme Jobs Plus. Employers should also encourage their employees to engage in non-work learning, which could include in the workplace. Local businesses and online learning companies could also offer discounts and promote take-up in areas of low participation in learning.

Increasing learning for work

To increase employer investment in and utilisation of skills we need a strong economy and stable policy environment. Beyond that, we need to get the incentives right. The Growth and Skills Levy should take a 'flex and match' approach, matching the amount of flexibility employers get to invest in training outside apprenticeships to the amount they spend on apprenticeships for young people. We should also introduce a Skills Tax Credit, rewarding employers who invest in accredited learning particularly in literacy, numeracy and digital. Training and skills should be built into business support.

To better support career changers, who face an average £3,700 per year pay penalty today, the expanded Lifelong Learning Entitlement (including the ability to undertake longer courses while on Universal Credit) should be paired with a strengthened Right to Request Time Off to Train so people can come back to their current job should they decide while training that they did not want to switch careers. Employers also need to think about how they recruit and how they value skills gained in other roles or sectors.

Learning and skills ecosystems

We need a locally delivered, evidence-driven, people- and employer-led system that delivers for all. We should extend integrated settlements so more areas have a single pot of funding underpinned by outcome agreements and flexibility with how to deliver those outcomes. These should include aims to increase apprenticeships and employer investment in training, where appropriate replacing Local Skills Improvement Plans.

People and employers should have access to up-to-date information on the learning options available and the social and career outcomes previous learners achieved. A new data lab and what works centre should help to build and disseminate evidence and best practice. We need to simplify and streamline the system for everyone.

Making this a lifelong learning century is an economic and social imperative. It requires people, employers, communities and national and local government to commit to this and take practical action. But the prize is great. Time to step up.

Introduction

Learning and skills are crucial for people and the economy in a century of change. Yet the UK continues to lag behind comparator countries, particularly for intermediate skills. A revolution in online and self-directed learning is underway, but participation unequal and formal routes held back by Government and employer funding cuts. This final Ambition Skills report sets out the case for a lifelong learning century and a plan to achieve it.

Learning and skills are crucial for life, work and society: helping our economy to grow; living standards to rise; people to be fulfilled; health and wellbeing to improve; and community engagement to increase.

For many of the main challenges of the 21st century, learning and skills will be crucial. They are an engine of growth and driver of social justice.

It is useful to start with a few definitions:

- **Competence** is the ability to integrate and apply contextually-appropriate knowledge, skills and psychosocial factors (e.g., beliefs, attitudes, values and motivations) to consistently perform successfully within a specified domain¹
- **Human capital** is 'the knowledge, information, skills, and health of people'² or 'the knowledge, skills, competencies and attributes embodied in individuals that facilitate the creation of personal, social and economic wellbeing'
- **Learning** is 'the acquisition of knowledge or skills through study, experience, or being taught'³
- **Skills** are 'the ability and capacity to carry out processes and use the existing knowledge to achieve results'.⁴

Skills, competence and human capital are often measured by qualifications. However, not all learning does or needs to lead to a qualification. In addition, surveys can get people's and employers' views on skills, and the OECD's Adult Skills Survey tests people's essential literacy and numeracy skills but only runs infrequently, often once per decade. Qualifications are imperfect measures that don't capture everything, but they do allow comparability and analysis. Just as Churchill said about democracy, qualifications are perhaps the worst measure of skills apart from all the others.

This is the final report of Learning and Work Institute's (L&W) Ambition Skills programme, supported by City and Guilds and NOCN. Previous reports have shown

¹ What is competence? A shared interpretation of competence to support teaching, learning and assessment, Cambridge University Press, 2021.

² Human capital: a theoretical and empirical analysis with special reference to education, Becker, 1993.

³ Collins English dictionary, 2025.

⁴ European Council recommendations on key competences for lifelong learning, EC, 2018.

the UK is on track to remain behind other countries, particularly up to intermediate skills. They have shown that this is linked to strong and persistent inequalities in skills levels between geographic areas and demographic groups. And they have highlighted the chop and change nature of policy, skills policy in England being one of the few areas where it seems true that the pace of change is ever increasing. Yet despite the constant churn, policy remains very narrow, focused most on changes to public funding and vocational qualifications, and too little on employer demand for and utilisation of skills.

This final report looks at what we can do to change this. It sets out a vision of a lifelong learning century, where more people take part in learning of all kinds and throughout their lives. It shows the economic and social benefits this would bring, and how demographic, economic and social change makes this a necessity. And it identifies actions we can take to turn this vision into reality.

Getting there will take ten years of concerted action, with increased investment from the Government, employers and individuals. But the economic and social prize is great. And doing nothing means the UK risks staying stuck in the economic growth slow lane, with opportunity still too dependent on background, and growing pressures on public services from an aging population.

The case for a lifelong learning century

Lifelong learning is vital for economic growth and change, responding to demographic shifts, and promoting social inclusion. This importance is increasing due to tectonic shifts like an aging population, longer working lives and advances in technology. A lifelong learning century is a necessity with a huge prize: a £22 billion boost to the economy and almost £8 billion saving to the taxpayer each year.

Long-term trends are increasing the importance of lifelong learning

Lifelong learning is of increasing importance to a range of public policy goals and to supporting the transition to an older population, health and wellbeing, self-actualisation and social mobility, economic growth and change, and so much more. It should be a golden thread running through our approaches to most of the major challenges ahead. We need to make the 21st century a lifelong learning century.

Learning and skills for economic growth and change

Slow growth since 2008 means average earnings are some £12,000 per year below where they would have been on pre-financial crisis trends.⁵ This slowdown has also contributed to public finances challenges – to fund rising demand for public services like health requires further tax rises on a population whose living standards are not rising much if at all, or cuts in services.

Low growth makes things increasingly a zero sum game – more resources for one area need to come from reduced resources for another area. Increasing economic growth can change this. There has been a global slowdown in growth since the financial crisis. But the gap in productivity – the amount each worker produces per hour worked – between the UK and leading countries is large and has grown. The UK can improve its growth prospects by narrowing this gap.

Learning and skills are one of the reasons the UK has lower productivity than other leading nations. In addition, much technological change in recent decades has been skills-biased; to make the most of it has required a higher level of skills, raising the bar for finding work and for productivity.⁶

Around one third of UK productivity growth 2001-19 was due to skills improvements.⁷ In the second half of that time period (the 2010s) there was less improvement in the skills of the workforce and rather a greater increase in hours worked by people with higher qualifications. Throughout this time, improvements were mostly about the expansion of higher education, rather than below this level (see next chapter).

⁵ Labour market analysis July 2025, L&W, 2025.

⁶ Implications of skills-biased technical change: international evidence, Bermin, Bound and Machin, 1998.

⁷ Skills and UK productivity: estimating the contribution of educational attainment to productivity growth, Department for Education, 2023.

There is limited evidence on the contribution of skills to the UK's productivity gap with other countries. Research in the early 2000s suggested around one fifth of the gap with the US, France and Germany was due to skills, but more recent research suggests skills are less of a factor today (primarily because of the increase in the number of graduates, of course increasing skills at other levels could mean that skills reduce the productivity gaps with other countries).⁸ Other things matter too, like innovation, adoption of leading management and production methods, capital investment, infrastructure, regulation and planning rules and so on. But learning and skills can also help to enable these.

Economic change also requires learning and skills too. The Government's aims of building more homes, transitioning to clean energy, increasing spending on defence (and ensuring that benefits the UK economy), and moving to net zero by 2050 require the right skills. The construction industry estimates it needs an extra 239,300 workers over the next five years to deliver the Government's aim to build 1.5 million homes by 2029.⁹ Based on a range of external reviews, the Climate Change Committee estimate 135,000-750,000 jobs could be created in low carbon sectors (other jobs will change, and other jobs will be destroyed), with the largest growth in low carbon energy and energy efficiency.¹⁰

Similar changes in the jobs available and skills needed are likely to come through technological change, including Artificial Intelligence, and changing global patterns of trade (including as a result of increased and changing trade barriers and the Government's desire to ensure the UK retains production capability in what it deems strategically important sectors like steel making, defence and car production).

These workers can come from a mix of migration (though the Government aims to reduce net migration), young people entering these sectors (though they will likely still need training), greater retention of existing staff (though they will still need skills updating), and recruiting people who are out of work or people changing career (though they will need retraining). Greater use of technology or other ways to improve productivity may mitigate the demand for labour somewhat, though these changes usually take time to implement and also require a skilled workforce.

Learning and skills can boost economic growth and are needed to adapt to economic change and achieve the Government's wider objectives.

⁸ Skills and UK productivity: estimating the contribution of educational attainment to productivity growth, Department for Education, 2023; Cracking the productivity code: an international comparison of UK productivity, LSE, 2024.

⁹ Construction workforce outlook: labour market intelligence report 2025-29, CITB, 2025.

¹⁰ Assessment of the clean energy skills challenge, DESNZ, 2025.

Learning and skills for demographic change

The UK population is aging and working lives lengthening, with 50-year careers likely to be the norm for many young people. During the 2010s there were 3.5 people of working age for every person above state pension age; by the 2040s this will have dropped to 2.3.¹¹ This is the product both of people living longer (a good thing) and a reduced number of young people.

This has several implications. First, economic change is going to be driven more by people changing jobs, sectors and occupations than in the past (when more structural change came from older people retiring from declining industries and young people entering growing ones).¹² With 80% of our 2035 workforce having already left compulsory education, more economic change is going to need to come from the existing workforce adapting by switching sectors and updating skills.

Second, people are likely to need to work for longer and employers will need to adapt how they structure work to reflect an older workforce who are more likely to have long-term health conditions (the prevalence of which rises with age) and possibly caring responsibilities for children and/or older relatives.

Third, an aging population will increase demand for health and social care. Both employment and the proportion of national income spent on these services will rise (through a combination of general taxation and payments by individuals). Adult learning can improve health and wellbeing, and many health services use social prescribing – referring people to adult learning and other services. Lifelong learning is associated with health-related behaviours (e.g. taking part in screening programmes) and with better health.¹³

The Government's aim for two thirds of people in England to have higher education qualifications by age 25, expanding technical and apprenticeship routes, is welcome and will support skills improvements. But demographic trends mean we can only meet our skills needs and match other countries by investing in adults too.

An aging population will mean an increased need for career change and updating skills, and lifelong learning can play a role in promoting health and wellbeing too.

Learning and skills for social inclusion

Most people have good levels of wellbeing and are satisfied with their lives. However, 5% of adults in the UK say they have low satisfaction with their lives, little changed over the last decade, and 8% rated their happiness the previous day as low, down a little

¹¹ Missing workers: understanding trends in economic inactivity, Evans, Clayton and Vaid, L&W, 2023.

¹² Changing jobs? Change in the UK labour market and the role of labour mobility, Resolution Foundation 2022.

¹³ What are the wider benefits of learning across the life course? Government office for science, 2017.

since 2012-13.¹⁴ Some 7% of adults (3.1 million people) in England say they feel lonely often or always, up from 5% in 2013-14.¹⁵ This is interlinked with poor mental health and can have a range of negative impacts on people's lives.

Similarly, most people feel well connected in their community (with 69% of people saying they chat to their neighbours at least once a month for example), but this is unequal between groups and a sizable minority do not (for example, participation in volunteering has halved since 2013-14 and one in three people say they do not get to meet people in their local community in places like parks, pubs, leisure centres etc).¹⁶

Having good social connections, a decent standard of living, and (where people can work) a good-quality job are all good for wellbeing. Community connection, strength and cohesion has a range of benefits to individuals, communities and society too. For example, L&W's evaluation of a Randomised Control Trial found that community-based English language provision boosted social interaction, trust in others, forming friendships among people from different backgrounds, and confidence accessing public services.¹⁷

In the UK your life chances are closely linked to your parent's jobs and income.¹⁸ Access to education is part of this; educational outcomes are strongly linked to parental attainment. But it is also partly about the structure of the labour market, with some suggesting that part of a seeming slowdown in social mobility in recent decades is due to a slowdown of growth in higher occupations. Low social mobility is unfair for individuals but also holds back our economy, meaning talent is going untapped purely because of background. Better educational outcomes and access to learning throughout life can help people to get better outcomes, but also their children too.

Taken together: the rising tide of learning and skills demand and needs

These are big, long-term shifts: an aging population, longer working lives, changing technology and shifting patterns of global trade. All of them together are having and will have profound effects on our society and economy. Technological change, including Artificial Intelligence, will create new jobs, change existing jobs and destroy others. Demographic change means increasing demand for health and social care.

The exact impacts and skills needed are impossible to accurately predict: the future is unknowable. However, we do know that learning and skills will be increasingly important. The skills bar for finding a job and building a career is rising, and both the jobs available and the skills required in them will change. Public services increasingly

¹⁴ Annual population survey, ONS, 2025.

¹⁵ Community life survey 2023-24: loneliness and support networks, DCMS, 2024.

¹⁶ The state of us: community strength and cohesion in the UK, British Future, 2025.

¹⁷ Measuring the impact of community-based English language provision: findings from a randomised control trial, L&W, MHCLG, 2018.

¹⁸ Social mobility: past, present and future, Sutton Trust, 2022.

require digital access. Technology brings new ways for people to connect, but risks increasing isolation and creating social silos.

Learning and skills are part of the answer to these trends. People will need to change careers and update their skills more often as part of longer working lives, and this will be an increasingly important part of how the economy adapts to change. A solid foundation of skills will help people to adapt. Learning can help to improve people's health and wellbeing, access public services, and build connections and communities.

Taking advantage of the opportunities brought by shifting tectonic plates in our economy and society requires us to build a lifelong learning nation.

The prize of a lifelong learning nation

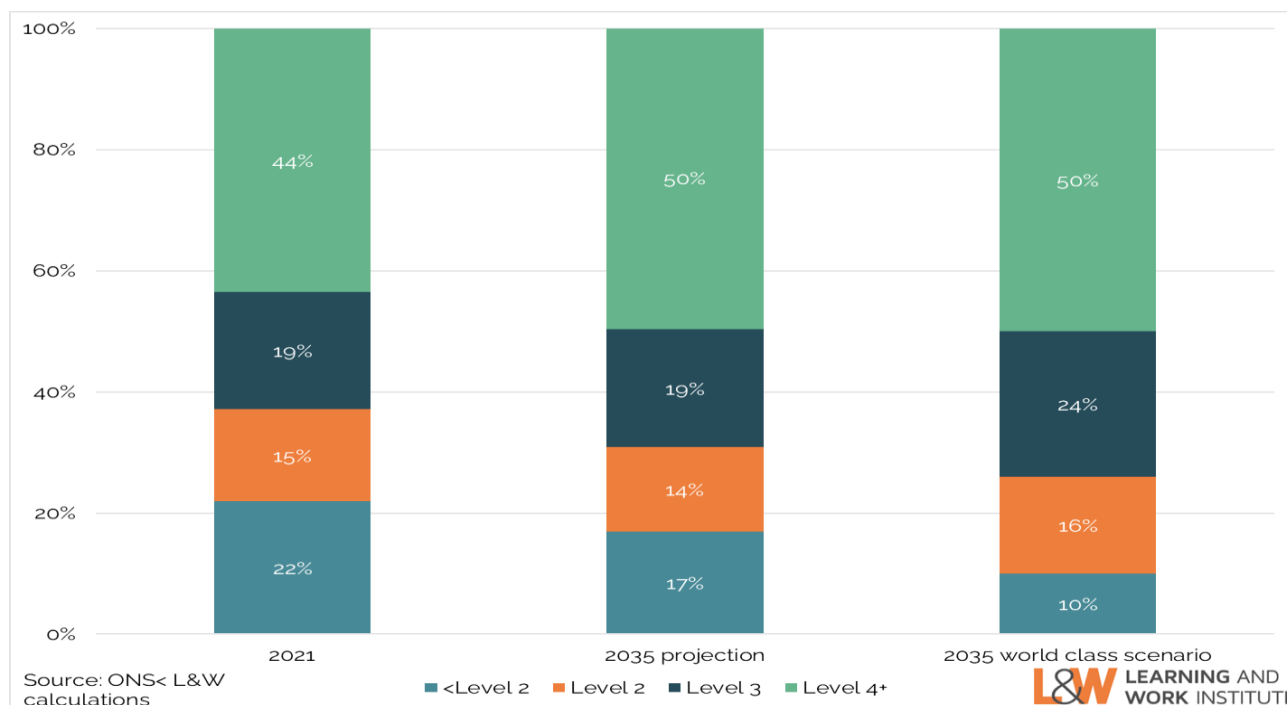
The UK and each of its constituent nations should explicitly aim to be a lifelong learning nation, where everyone has opportunities to learn throughout life and learning delivers for our economy, society and people. Getting there will take some time, likely around ten years of sustained effort, and requires action from and support of learning providers, public services, employers and communities. Later chapters set out how we can do that.

The UK should aim for a world-class skills base, aiming to achieve by 2035:

- Higher proportions of people are taking part in learning on a broad definition and narrower gaps between groups and areas, as measured by L&W's Adult Participation in Learning Survey and other surveys
- At least nine in ten adults having essential skills like functional literacy, numeracy and digital, measured by the OECD's regular Survey of Adult Skills. This would require an extra 3.5 million people gaining these skills by 2035 compared to today of whom over 3 million would be in England
- Nine in ten adults being qualified to at least level 2 (compared to 83% on current trends), with at least three quarters qualified to level 3+ (compared to 69% on current trends), significantly boosting intermediate skills. This would require an extra three million people (2.7 million in England) than projected to gain level 2 and 3 qualifications, with a focus on progression to level 3, by 2035.
- Continuing progress expanding the proportion of adults with higher education qualifications, with the UK on track to be 10th in the OECD by 2035, focusing on expanding vocational and apprenticeship routes for people throughout life. The Government's aim for two thirds of 25 year olds to have higher education qualifications is welcome and in line with international best practice. It is important that adults throughout life have opportunities to access higher education through a range of academic and vocational routes, moving beyond the primary focus of full-time level 6 provision for 18 year olds.

These benchmarks would mean the UK was upper quartile in the OECD. Of course, the content of learning, how it is delivered, and how people use it in their life and work are at least as important as how many people gain different qualification levels. And learning outside of qualifications is important too. Later chapters address this.

Figure 1: Qualification profiles for 16-64 year olds, projections and scenario



This ambition could not be achieved solely through improvements in education for young people: 80% of the 2035 workforce have already left compulsory education. It would require a step change in learning and skills attainment among adults. Literacy and numeracy skills achievements would need to double to 600,000 per year for a decade, with full level 2 and 3 achievements trebling to 430,000 per year.

This would be a step change in learning and skills participation. But would only take literacy and numeracy attainment in England back to 2010 levels, and level 2 and 3 attainment combined to half their 2010 levels. This is clearly not unachievable.

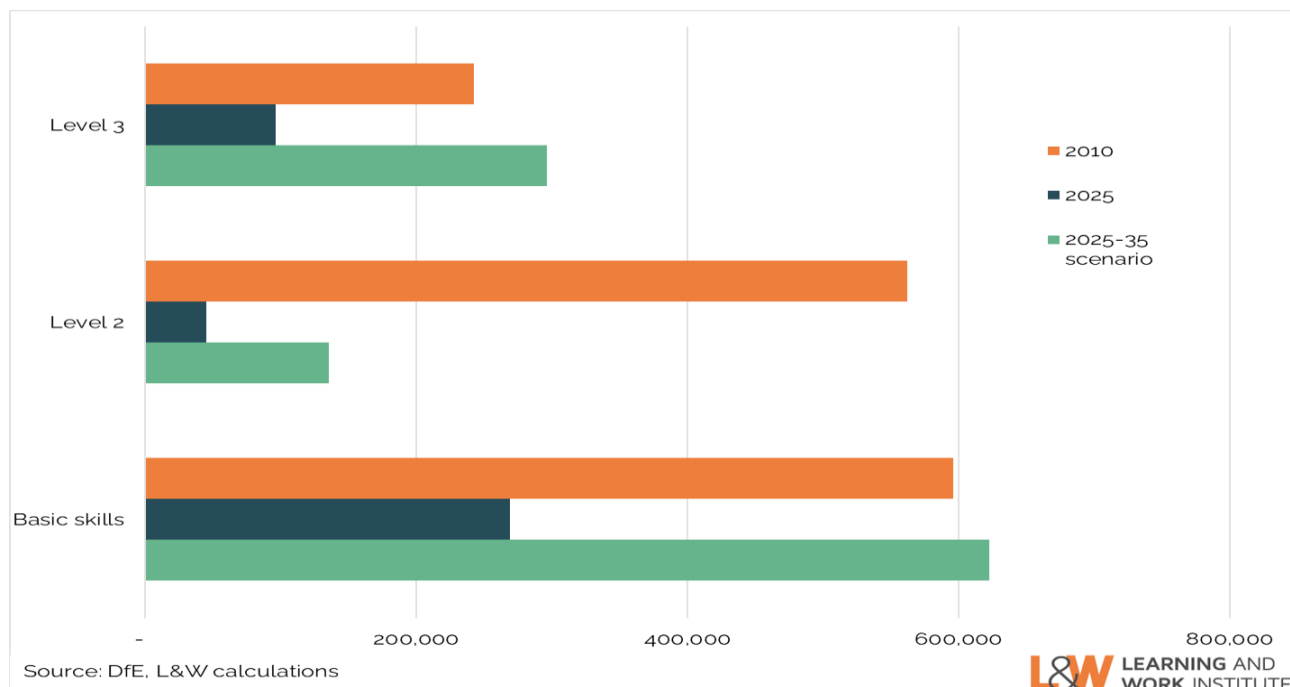
We estimate this would cost £2.2 billion extra per year from a mix of the Government, employers and individuals, £800 million of which is for essential skills like literacy, numeracy and digital, and £1.4 billion for level 2 and 3 qualifications.¹⁹

Part of the public funding element could involve reprioritising existing funds. For example, reprioritising spend on level 7 apprenticeships and already highly qualified people on Skills Bootcamps could give £140 million to focus on essential skills and

¹⁹ Assuming a unit cost of £1,800 per essential skills qualification and £5,000 for each level 2 and 3 qualification.

supporting people up to level 3.²⁰ The Government has already pledged to spend the revenue generated by the planned increase in the Immigration Skills Charge on skills, this could give a further £60 million per year.

Figure 2: Annual qualification attainment by level



On employers, our research suggests a targeted Skills Tax Credit for employers that invest in learning up to and including level 5 could increase employer investment in training by £1 billion.²¹ Further changes could encourage greater focus by levy paying employers on apprenticeships at lower levels and for younger people. For example, reducing spending on apprentices aged over 25 (more likely to have been in their job for over a year and be doing a higher apprenticeship) by 10% would free up £100 million.²²

All told we estimate £300 million could be freed up by reprioritising existing spend.²³ Incentives like a Skills Tax Credit could raise employer investment by £1 billion, of which at least £200 million perhaps contributing to the benchmarks (the remainder being training outside of full qualifications or at different levels). This leaves an ask of additional public spending of £1.7 billion per year for ten years. For context, the next

²⁰ [Skills Bootcamp results missing in action: Level 7 apprenticeships face the axe in levy reform.](#)

²¹ Raising the bar: increasing employer investment in training, L&W, 2022.

²² Flex and match: a new Skills Levy for growth and opportunity, L&W, 2024; [Level 2 apprenticeship spending down by £200m since the levy](#)

²³ £100 million from current plans to limit levy spend on level 7 apprenticeships, £40 million by reprioritising Skills Bootcamp spend currently going on already highly qualified people, £100 million from further reprioritising current apprenticeship levy spend going on older and more highly qualified people, and £60 million from the rise in the Immigration Skills Charge.

chapter shows public adult skills funding in England is £1.6 billion lower on a per capita basis compared to 2010.

This is a significant cost, particularly in the current economic and fiscal context, returning learning and skills investment in England to 2010 levels. But it comes with significant benefits to the economy, Exchequer (more people in work and paying taxes), and public services (including through improved health and wellbeing).

To estimate the potential economic benefits, we use the same methodology as our previous Time for Action report.²⁴ This suggests a boost to the economy of £22 billion per year, equivalent to £500 per 16-64 year old. There would be 170,000 more people in work, and £7.8 billion savings annually to the taxpayer per year once delivered.

This would boost human capital (measured by increases in earnings and employment) by £485 billion by 2035, assuming adults who improve their skills have an average of 25 years working lives left on top of increases that would already occur due to already projected increases in qualifications profiles during this period. The total stock of human capital (which stands at £25.5 trillion) would rise by 2% over ten years.²⁵

That may not sound like a lot, but it would take annual growth of human capital back to rates seen 2004-16. It equates to a 0.1% increase in GDP; again this sounds small, but is half the Office for Budget Responsibility's assessment of the impacts of the Government's planning reforms.²⁶ In the context of the whole UK economy and total human capital, small percentages equate to large numbers.

Delivering this requires up-front investment, £22 billion over ten years from a mix of people, employers and the Government. But it pays off with an economic benefit ultimately of £2.63 for every £1 spent. And contributes 10% of the employment growth needed (two million) to reach the Government's 80% employment rate ambition.

These are likely to be underestimates. The analysis looks purely at employment and earnings impacts. It doesn't include potential spillover impacts of a more highly skilled workforce on innovation, investment and the productivity of other workers, or social outcomes like health, or impacts of learning that don't result in full qualifications.

Lifelong learning can help turn changes in demography, technology and society shifts from a gathering storm to a time of opportunity. That will take a ten-year concerted effort from people, employers, community organisations and governments. The prize from this is great, the cost of inaction large.

²⁴ Time for action: skills for economic growth and social justice, Evans and Egglestone, L&W, 2019.

²⁵ Human capital stock estimates in the UK: 2004-22, ONS, 2024.

²⁶ Economic and fiscal outlook March 2025, OBR, 2025.

Where we stand today

A technology-led revolution in lifelong learning means people have more informal ways to learn than ever. But participation remains unequal and reduced investment by employers and the Government which increasingly misses those with the lowest qualifications means the UK continues to lag other countries particularly up to intermediate skills. The ladder of opportunity is broken and fragmented, leaving one in four adults dissatisfied with their skills and education.

Technology has unleashed new learning opportunities

Since the pandemic, L&W's Adult Participation in Learning Survey has shown a record high one in two people are taking part in learning or have in the last three years, up from a record low of 33% in 2019.²⁷ The rise has been partly driven by a doubling of the proportion of adults who say their learning took place independently, up to 30% in 2024 from an average of 17% during the 2010s.

Growth in use of informal online learning platforms and opportunities, from YouTube to language learning apps like Duolingo, is a key factor. Almost two thirds (63%) of learners say at least some of their learning took place online, compared to 47% in 2019. Many of these platforms existed and had been growing before 2020, but the pandemic led to a step change in their use which has been sustained thereafter.

This shift has been relatively uniform across social classes; roughly the same proportion in each class say their learning was independent. It is more prevalent among older age groups; over half of learners over 55 say their learning took place independently compared to one quarter of learners aged under 44.

However, overall gaps in learning participation by age, social class and previous education are little changed. The likelihood of taking part in learning falls by 4% with each year of age. People in the highest social class groups are 50% more likely to take part in learning than those in the lowest, with the participation gap of 21 percentage points almost as large as in 2003 and little changed over time.

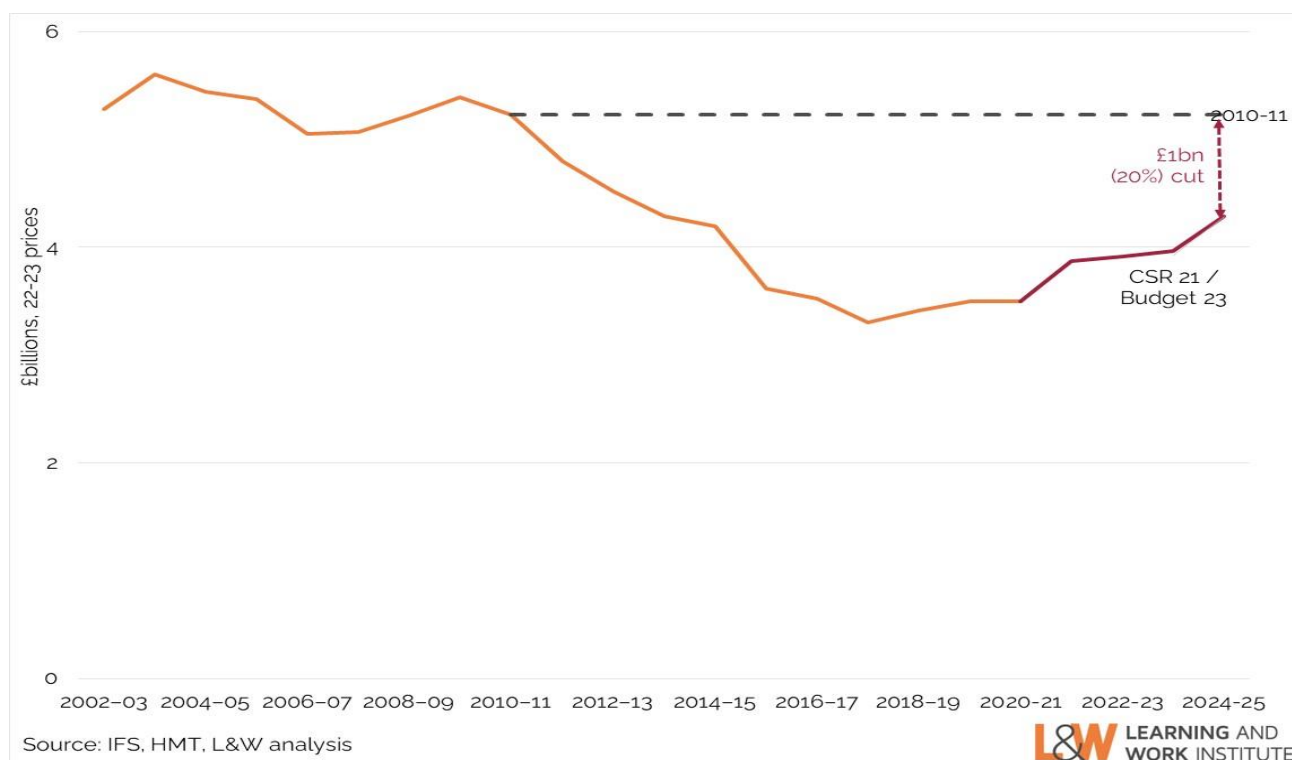
New forms of online and independent learning haven't widened inequalities, but nor have they narrowed them.

Public and employer investment in learning has fallen and is unequal

New forms of independent learning may have taken off, but employers and the Government have cut and narrowed their investment. The Government is spending £1 billion (20%) less on adult skills (excluding most forms of higher education) in England in 2025 than in 2010. The proportion of learners who say their learning took place in school, further or higher education in our survey fell from 40% in 2014 to 24% in 2024.

²⁷ Adult Participation in Learning Survey 2024, L&W, 2024.

Figure 3: Government investment in adult skills in England



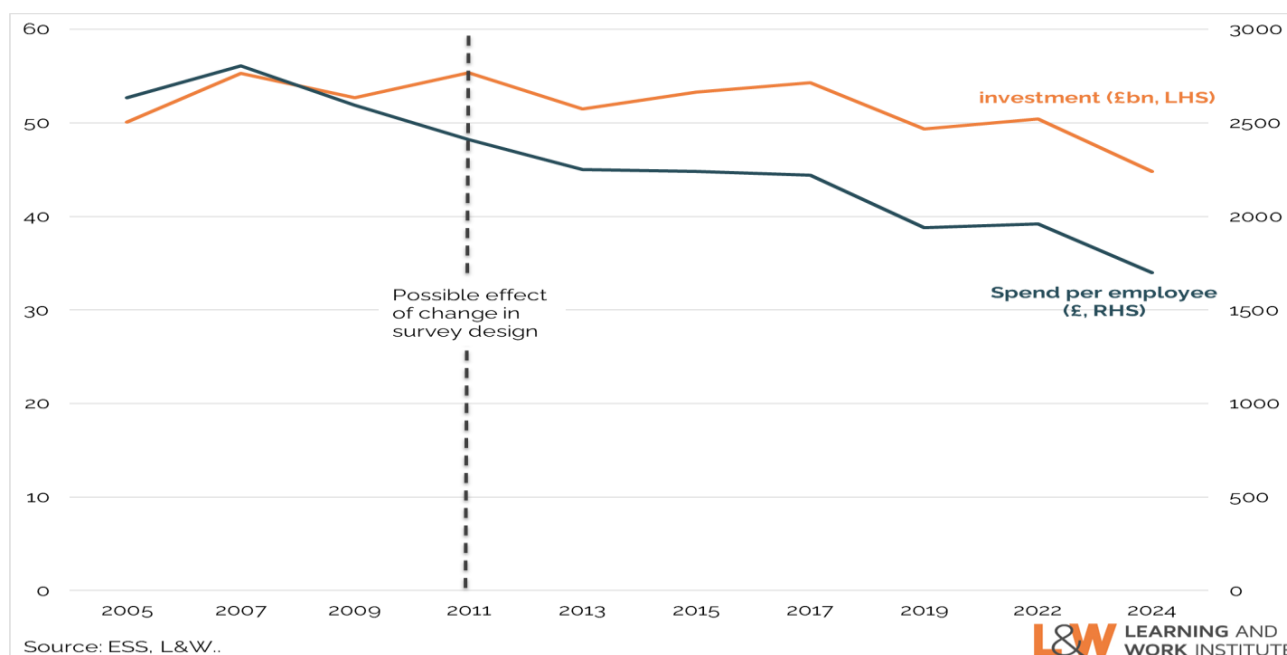
Population growth means this reduced government investment is stretched across a larger population, with a 22% fall in real terms spend per 16-64-year-old since 2010-11, from £154 each year to £120. Reversing this fall would mean an extra £1.6 billion per year. The result is that the proportion of adults in formal further and adult education is now at its lowest in England and Wales since World War 2.²⁸

Employers are investing 36% less in training per employee than they were in 2005, and half the EU average, with falls in almost every sector.²⁹ Employer demand for skills depends on their business strategies and opportunities. So low economic growth and high policy uncertainty over the last 15 years will be a partial explanation for this fall, along with skills policy shortfalls discussed in later chapters.

²⁸ Learning the lessons: understanding the history of adult learning and skills, L&W, 2025.

²⁹ Raising the bar: increasing employer investment in training, L&W, 2022; Employer Skills Survey, Department for Education, 2025.

Figure 4: Employer investment in training



Both the Government and employers are focusing their reduced investment on people who already have higher qualifications. People with graduate-level qualifications are three times as likely to get training at work than anyone else. Participation in publicly funded English and maths provision in England is down 63% in a decade, while two thirds of Skills Bootcamp participants already have at least an A level or equivalent. Policy increasingly means reduced investment misses those who need the most help.

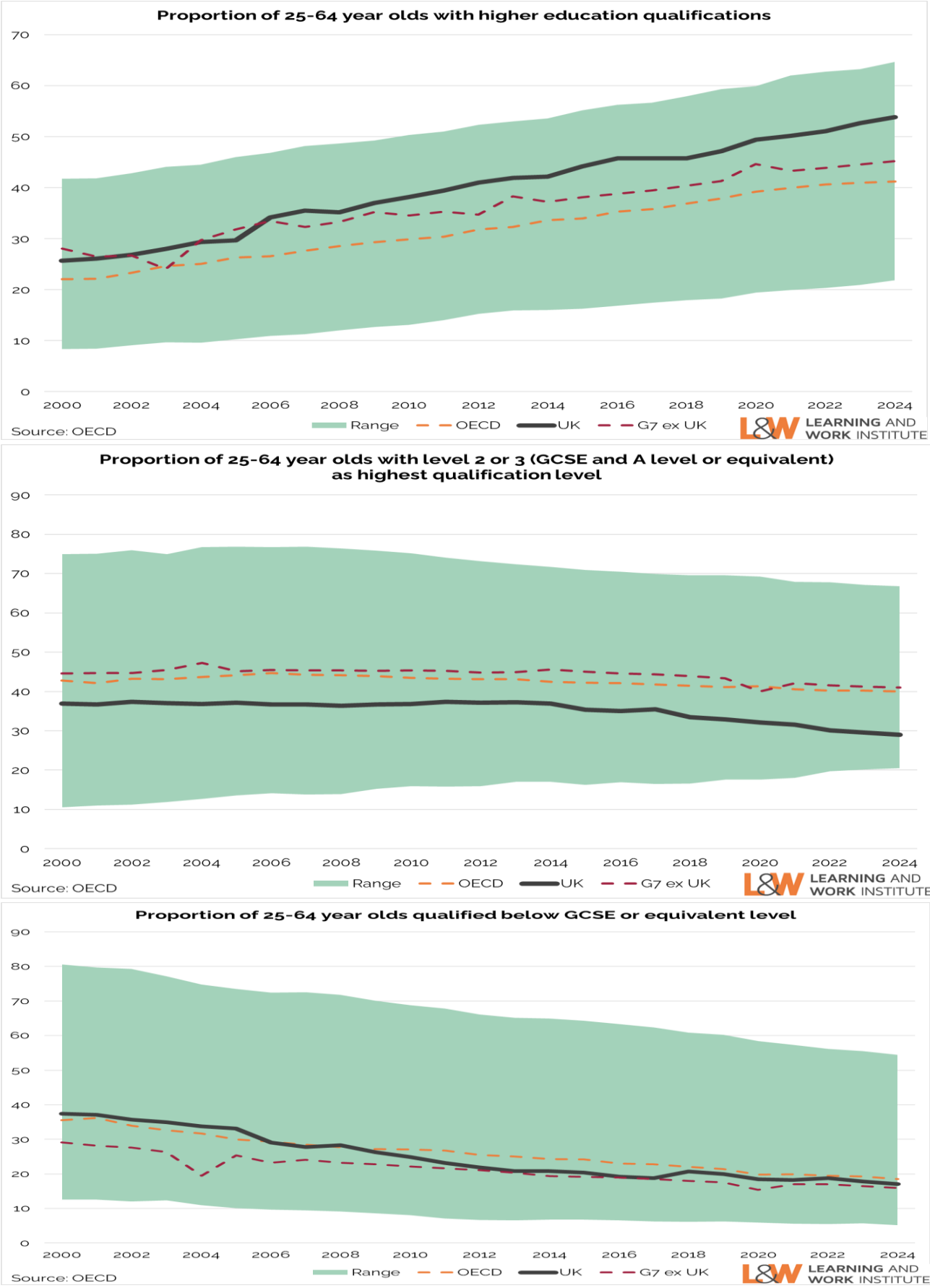
The UK continues to lag other countries

As a result, the UK continues to lag other countries, particularly up to intermediate (A level or equivalent) level. Across advanced economies, qualification profiles have improved over time. Since 2000 the proportion of 25-64 year olds with higher education qualifications has doubled in the UK, from 26% to 53%. This has been a faster rate of growth than many other countries, leaving the UK above the G7 average but still behind other countries like Canada and South Korea.

For low qualifications (below GCSE or equivalents), the proportion has halved from 37% to 18%. But this is in line with the OECD average, and still above the G7 average. The result of faster growth in higher education and average improvement in low qualifications is a poorer performance in medium (A level or equivalent) qualifications, the UK falling from 37% qualified at this level to 29% where the OECD and G7 averages stayed around 40%.

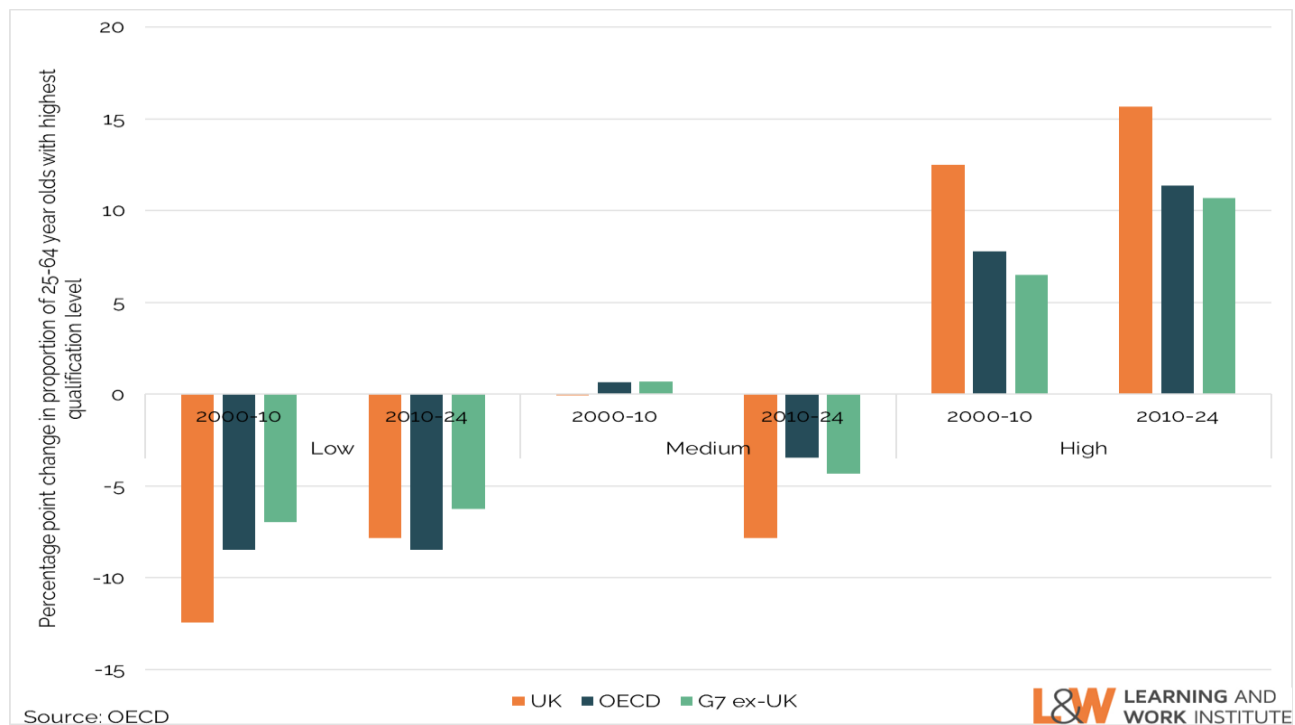
In other words, many other countries balanced growth in higher education with reductions in the proportion of people qualified to low levels. Whereas the UK had faster growth in higher education and lower improvements in low and medium qualifications. This is a tale of growing inequality.

Figure 5: Proportion of 25–64-year-olds with different qualification levels, 2000-24



To illustrate this another way, during the 2000s the UK increased the proportion of people with high qualifications and reduced the proportion of people with low qualifications faster than the OECD average. During the 2010s growth in the proportion with high qualifications continued to be faster than in other countries. But falls in the proportion with low qualifications slowed to the international average.

Figure 6: Percentage point change in qualification level by time period



The average annual fall in the proportion of people with low qualifications halved from 1.2 percentage points in 2000-10 to 0.6 percentage points in 2010-24 – a great slowdown in skills improvements. But the proportion of people with high qualifications continued to rise by 1.2 percentage points per year.

The result was a strong international position in high qualifications and an average position in low qualifications. People's opportunities are too often dependent on whether someone followed the well-defined path from A level or equivalent to higher education, or the more broken path to intermediate and higher technical education, with too few chance to improve skills during adulthood.

The UK is on track to remain middle of the pack

If recent trends continue, there would still be 13.6 million adults qualified below A level or equivalent level by 2035.³⁰ The UK would stay stuck mid table in international rankings: 12th of 38 OECD countries for low qualifications (down from 11th in 2021), 29th for medium qualifications (unchanged), and 10th for high qualifications (down from 6th).

Figure 7: Projected number of people qualified at each level, 2021-35

	2021	2035	Change
No qualifications	2,789,300	2,241,419	-547,881
Below level 2	6,256,900	5,226,221	-1,030,679
Level 2	6,290,800	6,169,507	-121,293
Level 3	7,968,200	8,610,364	642,164
Level 4+	17,958,300	21,947,515	3,989,215

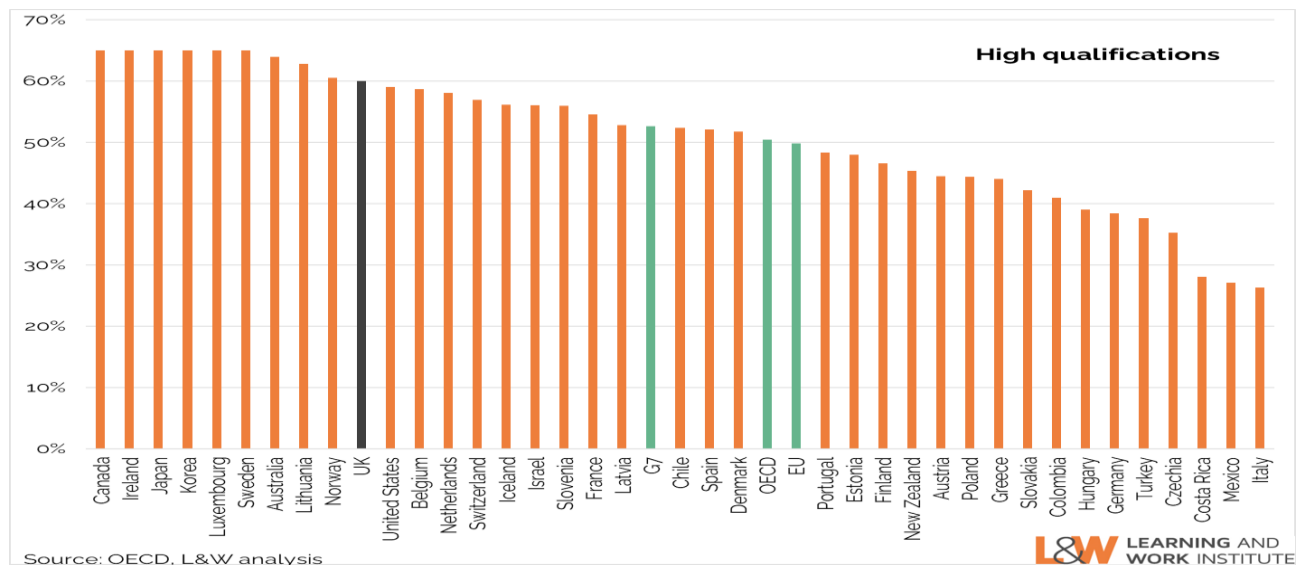
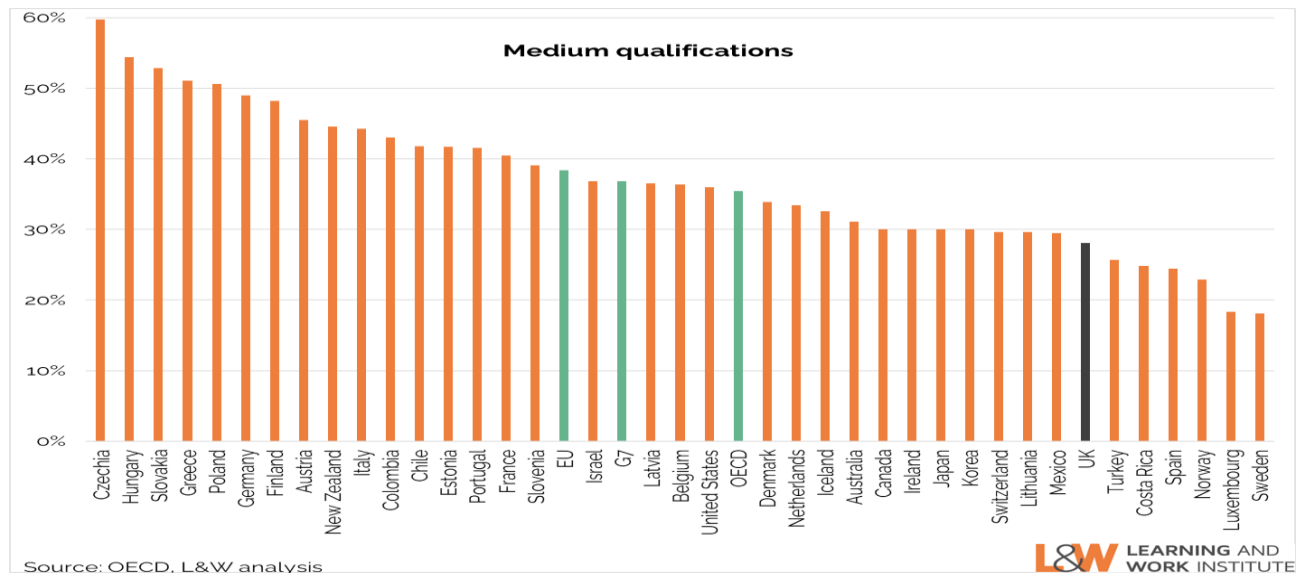
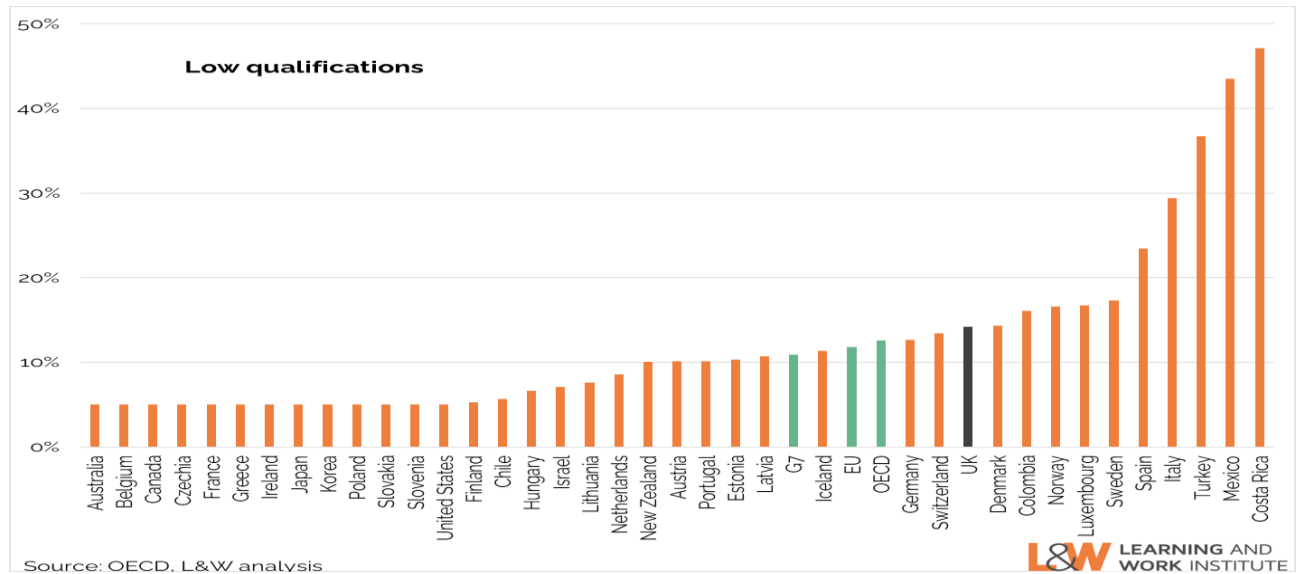
England³¹ similarly lags other countries on essential skills like literacy and numeracy. Around one in five 16-64 year olds, nine million people, have low literacy or numeracy, and millions more have low digital skills.³² There has been little change in these proportions over the last decade, with some improvements in numeracy. These skills are increasingly fundamental to life and work.

³⁰ The great skills divide: how learning inequalities risk holding the UK back, L&W, 2024.

³¹ This data is from an OECD survey which England took part of, but other UK nations did not in the most recent round.

³² Survey of adult skills 2023 (PIAAC): national report for England, Department for Education, 2024.

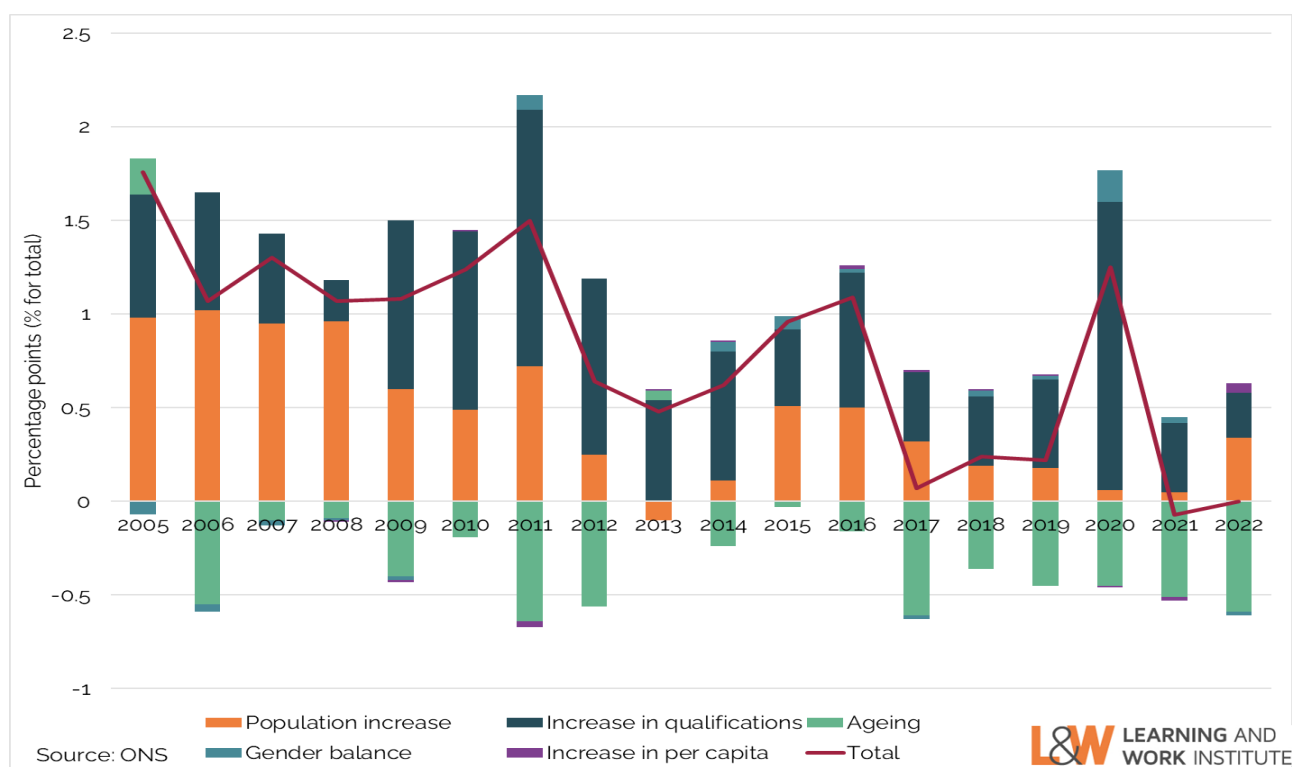
Figure 8: Proportion of 25–64-year-olds with different qualification levels, 2035



Human capital growth has slowed

The ONS estimates the UK has £25.5 trillion worth of human capital, measured as the total expected lifetime earnings of 16-64 year olds.³³ However, growth has largely stalled since 2017, having grown at 1-2% per year previously. This has been driven by an aging population (on average, people have fewer years of working life left and so their remaining lifetime earnings are lower) and slowing improvements in the population's qualification profile (the contribution of qualification improvements to total human capital growth is down two thirds compared to 2005-16).

Figure 9: Annual growth in UK human capital, contribution by component



Learning inequalities are large and entrenched

Skills and qualification attainment are unequal across both demographic groups and geographic areas. Partly as a result, one in four adults says they are not satisfied with their education or skills.³⁴

Inequalities in participation in self-directed learning by age, social class and educational attainment are mirrored in more formal learning. Falls in further and adult education learning have been concentrated in the poorest areas: a 37% fall in the 20% most deprived areas compared to little fall in the least deprived areas.³⁵ The largest falls in apprenticeship starts since 2017 have been in poorer areas like Tees Valley and

³³ Human capital stock estimates in the UK: 2004-22, ONS, 2024.

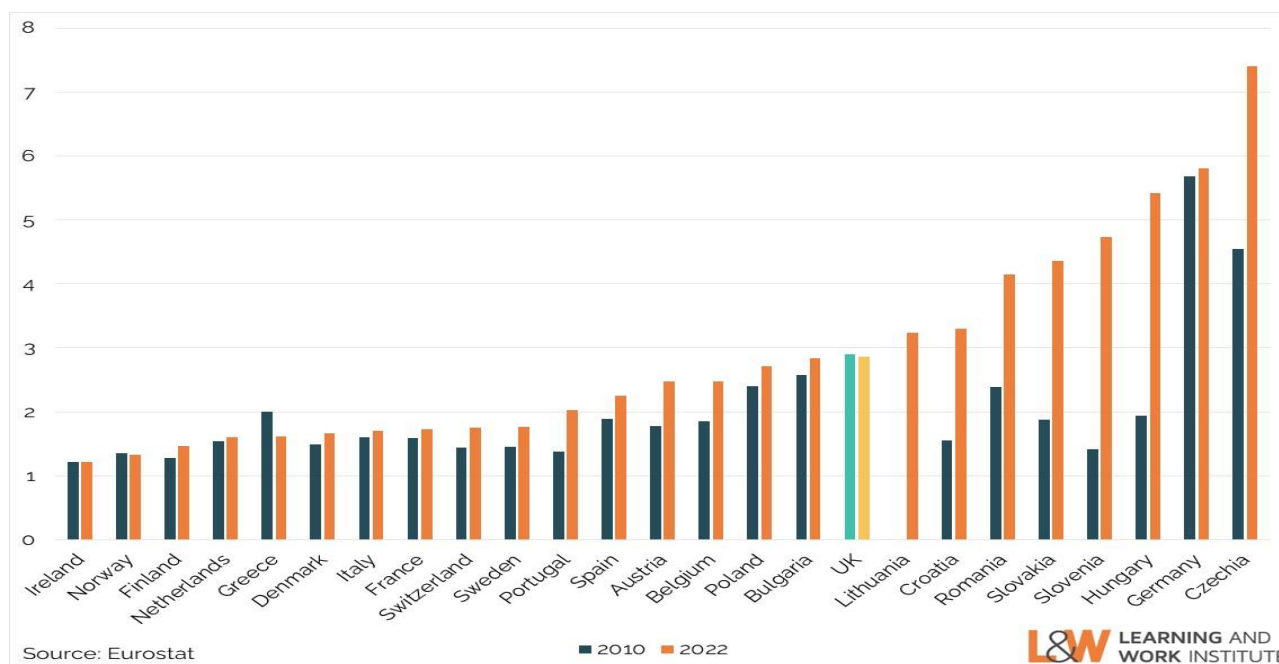
³⁴ Opinions and lifestyle survey, ONS, 2025.

³⁵ The great skills divide: how learning inequalities risk holding the UK back, L&W, 2024.

Liverpool City Region.³⁶ People in the most deprived areas are now as likely to be an apprentice as those in the least deprived, having been twice as likely in 2017.

Geographic inequalities in qualification attainment are starkest in the proportions qualified at or below GCSE or equivalent level, defined here as low qualifications. The proportion of people with low qualifications in the UK is three times higher in the highest region (27%, West Midlands) than in the lowest (9% in Inner London – West).³⁷

Figure 10: Ratio of area with highest proportion of low qualifications to the lowest



This ratio has barely changed since 2010 and is relatively large by European standards.³⁸ If the UK had the inequality of Denmark, Italy, France or Sweden, then 8% (290,000) fewer adults in the West Midlands would have low qualifications.³⁹ That is equivalent to more than the working-age population of Coventry (226,000) that would have at least GCSE-equivalent qualifications where they don't now.

Of course, these inequalities are not just about the attainment of people living in particular regions. They are also about migration within the UK – the likelihood of people who gain higher qualifications then moving elsewhere. Our previous analysis showed this is a significant factor, with larger cities with more opportunities being a

³⁶ Flex and match: a new Skills Levy for growth and opportunity, L&W, 2024.

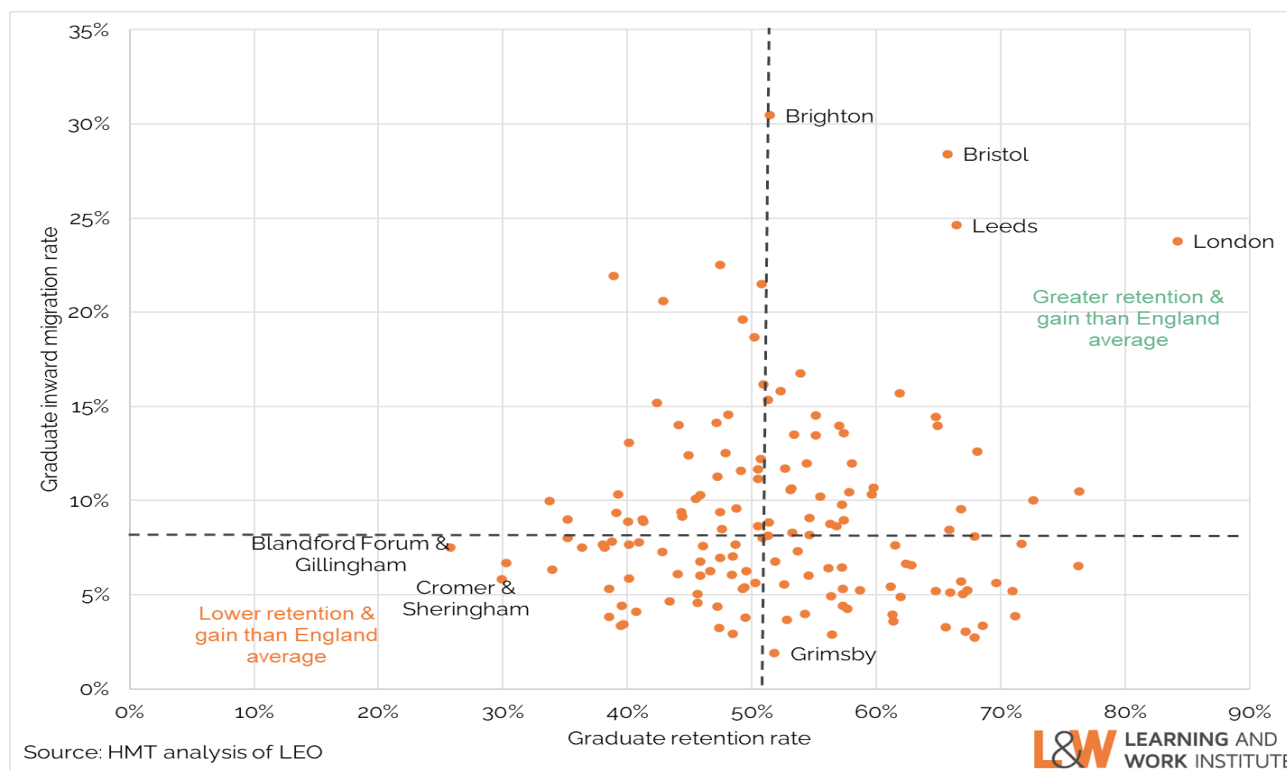
³⁷ Worlds apart: skills and learning inequalities in the UK, L&W, 2025.

³⁸ Germany is a perhaps surprising outlier with high inequality in low qualifications. This partly relates to population in Germany over this time period, the ongoing work to reduce inequalities after reunification, and also the difficulties of international qualification comparisons.

³⁹ Assuming the qualification profile of the best qualified area remained the same, so inequality was reduced by improving the performance of the least qualified area.

draw for graduates.⁴⁰ This highlights the importance of creating opportunities and high-skilled jobs across the country, as well as improving qualification attainment – the two need to go together, promoting skills acquisition, skills demand, and skills utilisation.

Figure 11: Graduate retention and inward migration rates by TTWA



Learning and skills systems are undervalued and over reformed

Learning and skills policy has been subject to almost constant chop and change for many decades, with institutions coming and going, and policy resembling a merry-go-round as approaches come in and out of fashion.⁴¹ It has veered between planning (based on labour market projections or sectoral or national partnerships between the state, trades unions and employers) and being more market based (or 'employer led'). Vocational qualification reforms have come and gone, each aiming to involve employers and match their needs, contributing to an unclear landscape for people and employers. Mechanisms for the learner voice have also come and gone, with concern about whether choices were informed and linked to labour market or national need.

But even if a perfect set of learning and skills policies existed, they would not be enough on their own. The value of qualifications is determined by employers and the structure of the labour market, as well as the quality and content of the qualification. Employer demand for and utilisation of skills matter as much if not more than

⁴⁰ The great skills divide: how learning inequalities risk holding the UK back, L&W, 2024.

⁴¹ Learning the lessons: understanding the history of adult learning and skills, L&W, 2025.

Government funding. Participation in learning and skills is made easier if poverty is lower and promotion and participation in learning is built into other public services.

Learning and skills are part of a broader ecosystem; changes to providers, funding or qualifications can only take us so far. We need a bigger, broader, more joined-up plan.

People are finding new ways to learn, but participation is unequal and formal opportunities limited by cuts in Government and employer investment. The result is the UK lags many countries which risks limiting growth and opportunity.

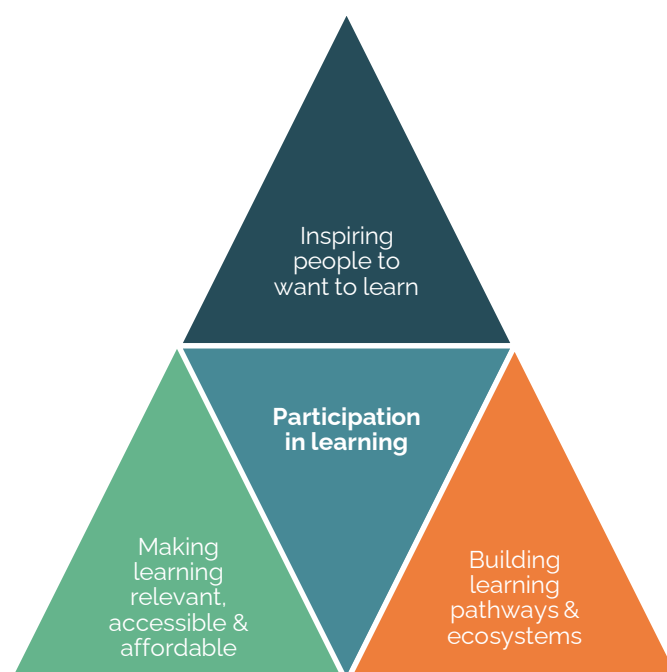
Making learning an everyday choice

New ways to access learning, including online, have sparked growth in the proportion of adults taking part in learning. But we need to widen access and ensure formal learning opportunities are also available. Place-based pilots should test ways to boost learning take-up and lifelong learning should be a golden thread built into public services. Every adult should have a Learning Account underpinned by a digital platform to explore the learning options available.

People's interest in learning is innate, driven by health, career, interest, making friends and connections, and much more. In recent years, technology has created new ways for people to learn informally. This has led to a rise in the proportion of adults taking part in learning. But as previous chapters showed, this rise has been unequal and opportunities to progress to more formal adult and further education more limited.

That needs to change. We need to harness new ways of learning and people's innate interest in learning to raise participation in learning, reduce gaps between demographic groups, and ensure learning pathways for people to progress. To do that, we need to test new ways of engaging communities in learning, make learning as accessible and affordable as possible, and make it a key tool in all our public services.

Figure 12: Components of increasing participation in learning



Promoting engagement in learning

We need to make sure everyone is aware of their lifelong learning options and the reasons they should consider learning, tailoring this according to their personal circumstances. To do this, we need to understand why people do and don't take part in learning, what might persuade them, and who might influence them.

L&W's Adult Participation in Learning Survey provides insights into why people do, and don't, participate in learning. Work-related reasons (56%, covered in the next chapter) followed by personal and leisure reasons (44%) are most cited (the latter increasing with age), with developing as a person and interest in the subject key factors too.⁴²

Among non-learners, the main reasons for not taking part in learning are work and time pressures (cited by 23% of people from a multiple choice list), cost (18%), followed by a mix of practical barriers (like transport and childcare) and attitudinal barriers (like confidence and feeling too old). But the largest proportion of people, 29%, said there was no barrier to them taking part in learning.

This highlights the importance of helping people with both seeing how learning can be for them and of benefit to them, and also how they can overcome any practical barriers (including by ensuring learning is accessible, see below). This is backed up by evidence from the survey on what people see as the benefits of learning: two thirds of learners (65%) said they had experienced at least one work-related benefit (like improved skills to do the job); almost half (47%) cited health and wellbeing benefits; and personal benefits like increased enjoyment of learning (30%) and self-confidence (26%) were cited too.

This was backed up by qualitative research too, which found that adults qualified below level 2 were less likely to actively seek out learning opportunities, pointing to the need to actively promote them.⁴³ They were most likely to be persuaded by practical information (e.g. the course is free or their employer says it will benefit their career), and be motivated by changes of circumstances (such as children starting school). People and organisations such as friends and family, role models ('people like me'), employers, community organisations often influence people's decision-making process.⁴⁴ In this way, a range of factors and people influence individual's knowledge and assessment of the costs and benefits associated with learning.

Based on this, we need broad-based approaches to increase learning participation and narrow gaps between groups. We need to take learning to people. That includes encouraging employers, housing associations, and public services, who are often already in touch with and trusted by people, to promote lifelong learning (see below).

⁴² Adult Participation in Learning Survey, L&W, 2024.

⁴³ Decision making of adult learners below level 2, L&W, 2021.

⁴⁴ Decision making of adult learners, L&W, 2018.

To do that they will need good information on the learning available, data on the difference it can make to people, a range of high quality and accessible learning opportunities for people to take up, and convincing case studies and learning ambassadors to inspire people. Learning providers and local and national governments need to develop and share this information.

We should also trial place-based approaches to increasing learning participation. These could mirror the JobsPlus approach L&W is currently piloting with housing associations to help people out-of-work to find jobs.⁴⁵ They take a 'saturation approach' aiming to widely promote access to employment support including through community groups, social media and training local residents as community champions. The pilots are being evaluated and their US equivalents, on which the UK pilots are based, showed positive earnings impacts for participants, even 20 years later.⁴⁶

Both approaches – promoting lifelong learning via a range of interactions people have with public services and other organisations, and testing place-based approaches to raising participation – should also involve, and in some cases be led by, those offering new forms of learning that have taken off in recent years. For example, online learning platforms could fund measures to promote take-up in areas where learning participation is low, working with local government and others. This could include working to widen access to broadband and mobile data such as the discount schemes many providers have for those out of work or on low incomes, and covering the costs of subscriptions to learning services where these exist. Local businesses could also get involved, both in promoting learning and perhaps offering incentives for people who engage and progress in learning.

This sort of approach to building evidence and sharing best practice needs to be a bigger part of England's learning and skills system, particularly as devolution progresses, something explored in later chapters.

Lifelong learning pathways

It is no use promoting lifelong learning if there aren't sufficient suitable local (or digital) learning opportunities that meet people's needs and are accessible and affordable. Accessible means in terms of locations, but also timing (for example, so learning can fit around home life and work) and content and format (ensuring this is engaging and relevant to people). Affordable means the cost of the course, but also any additional materials, travel, and any lost earnings if it involves stopping or reducing work.

Previous chapters argue for employers, individuals and the Government to invest an additional £2.2 billion per year to expand learning opportunities. This needs to include

⁴⁵ [JobsPlus](#)

⁴⁶ Long-term effects from the original Jobs Plus demonstration: employment and earnings for public housing residents after 20 years, MDRC, 2021.

community learning and adult education, as well as skills and apprenticeships, both because of the benefits they bring and because they can be pathways to other learning.

As part of this, providers and community organisations should think about how to build and communicate lifelong learning pathways – working collaboratively to set out a clear view of the provision on offer and how this can link to people's preferred destination (where they have one). Employers can also think about how to offer lifelong learning opportunities (outside of learning for work, covered in the next chapter), which can be a tool for employee engagement and retention.

We have previously argued for an expanded Lifelong Learning Entitlement in England (with the same principles mirrored elsewhere in the UK), providing:⁴⁷

- **Digital platform** so people can explore their learning options, with information on their attainment to date and support entitlements
- **Help with course and living costs** including a strengthened Right to Request Time to Train, extending the Train and Progress rule so people on benefits can study up to 12 months where this is part of a plan to find work, and maintenance loans for those not on benefits and studying a first level 3 in a priority area
- **Learning Account** with a universal entitlement of £5,000 per adult public funding toward approved learning, targeted top ups, and co-investment by employers and individuals.

These proposals are not just about providing flexible learning options and financial support to take them up. They are also about putting people in the driving seat and supporting them to make informed choices. Taken together, this should all help ensure there are more learning opportunities for people, they know where to find them and what they might lead to, and they are able to take them up because they are local, fit around work and home life, and there is targeted help with course and living costs.

Lifelong learning as a golden thread

Earlier chapters showed the benefits that lifelong learning can bring to health, wellbeing, inclusion and so much more. L&W's previous Citizens' Curriculum community learning pilots highlighted some of these benefits and potential savings to public services, such as through increased take-up of preventative health services meaning fewer calls on emergency healthcare.⁴⁸

There are already a range of examples of lifelong learning being incorporated into other public services. For example, there is growing use of social prescribing (health professionals referring people to non-clinical services), including of adult learning, in

⁴⁷ Time to learn: increasing participation in learning, Evans, L&W, 2023.

⁴⁸ Citizens' Curriculum phase 2 project report, L&W, 2016.

health services.⁴⁹ Jobcentre Plus and employment services refer people to training where they think it will improve people's chances of finding work.

However, we can go further – both to help public services to meet their objectives and to increase awareness of and engagement in lifelong learning. Local government should consider how to include and promote lifelong learning in its services. For example, raising awareness of local lifelong learning options with people who engage with its housing services, encouraging schools and other education institutions to consider expanding use of family learning (including partnering with the local authority-led adult education service where appropriate), and encouraging social care providers to incorporate lifelong learning given its health and wellbeing benefits.

A similar principle should apply to national governments, housing associations and other community organisations. Lifelong learning can play a role in many of their services and objectives. The challenge is to do this in a practical, rather than box ticking and bureaucratic, way. At local level this is perhaps easier to do (though not easy in practice). At national policy level, the Department for Education and its executive agencies have an important role to play in engaging with other departments to discuss the role lifelong learning can play in delivering wider objectives and the practical ways in which this can happen.

Many departments already have their own focus on and investment in skills and learning. For example, the Home Office have invested in English language provision for resettled refugees, the Department for Culture, Media and Sport have a focus on digital skills, and the Department for Energy Security and Net Zero have green skills pilots. The lifelong learning and skills sectors therefore need to engage with key departments directly to see how learning can be further built into their approaches, based on a clear case for why this will be of benefit.

There needs to be a clear use case for each public service and an emphasis on how lifelong learning can be practically included and incorporated. This could build on approaches to integrating employment support and health. These have included co-locating employment support workers in GP surgeries and other health settings, and thinking (for example, through the WorkWell service) about how to build conversations about work and employment support into health services where appropriate.⁵⁰

To make lifelong learning an everyday choice for people we need to show the difference it can make, make it easy to find learning that suits you, and ensure sufficient support with the costs. In doing so, we need to put people in charge and get public and private funding and provision working together.

⁴⁹ Social prescribing and adult education in London, L&W, 2022.

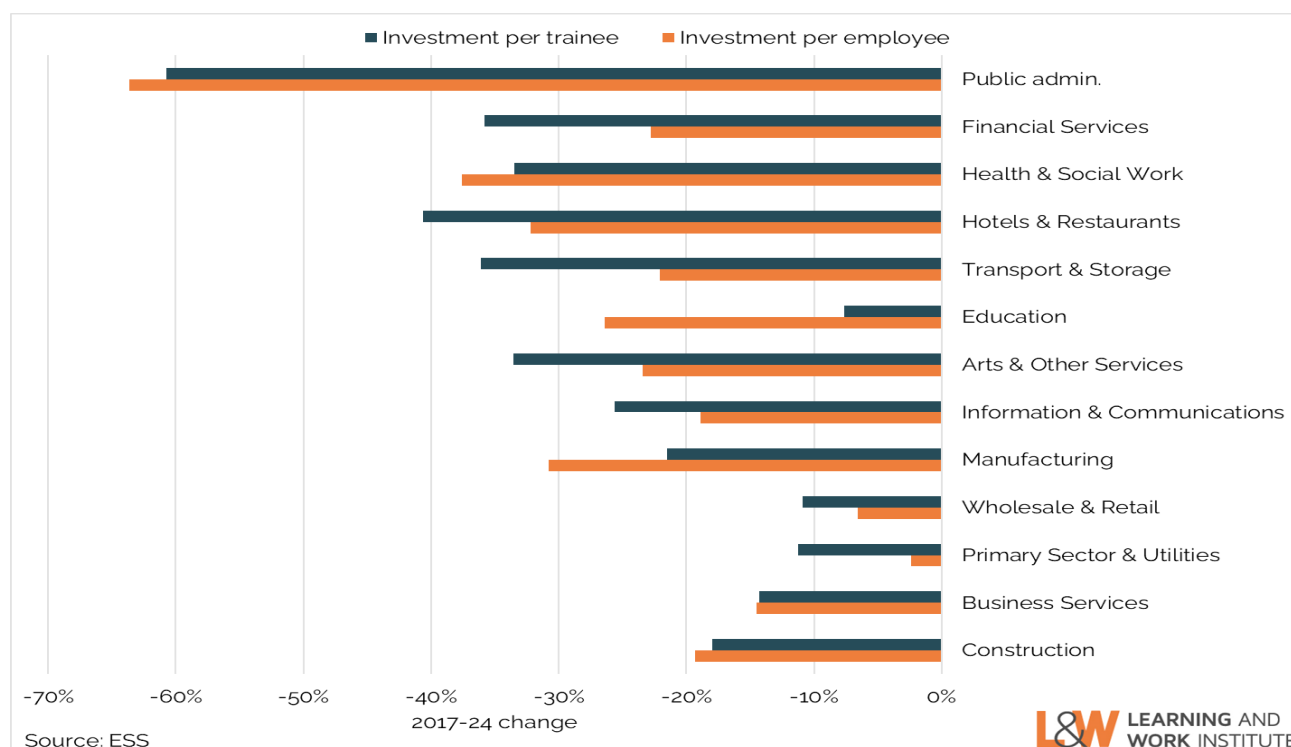
⁵⁰ WorkWell prospectus: guidance for local system partnerships, UK Government, 2024.

Increasing learning for work

To increase employer investment in training and narrow current inequalities in learning at work, we need a reformed Growth and Skills Levy, new Skills Tax Credit, and to encourage sector and regional skills agreements. We also need to better support career changers by offering regular Career MOTs, tailored retraining programmes, improved financial support through the benefit system and a strengthened Right to Request Time Off to Train.

Earlier chapters showed that employer investment in training (on and off the job) per employee has fallen 36% since 2005, and is half the EU average.⁵¹ As a result, there were 3.5 million fewer training days in the UK in 2024 compared to 2017. This fall has been broadly spread across sectors, with the largest falls since 2017 in public administration, health and social work, hotels and restaurants, and manufacturing.⁵²

Figure 13: Changes in employer investment in training per employee by sector



Training is also thinly and unevenly spread. The proportion of employees getting training each year has stayed at around 60%, but the number of training days per trainee has fallen 11% since 2017, from 6.4 to 5.7. The proportion of employers offering any sort of training is down from 66% to 59% in the same time period, driven by falls in

⁵¹ There has been a rise in use of online training, which can reduce unit costs and time for some forms of training. But this fall not be the case for some forms of more in depth training or explain international differences.

⁵² Employer Skills Survey, Department for Education, 2025.

off-the-job training. Graduates are three times more likely to get training at work than non-graduates.⁵³

Increasing skills and training at work

For employers, skills are a derived demand – employers want skills to meet a business need. Employers can meet their skills needs in a number of ways: training existing staff; recruiting; or buying in skills, for example from another company. Their choice between these modes will depend on whether they think they will need the skills being considered for the long-term, the ease of finding the skills they need through recruitment, and their assessment of the risk that staff they invest in training will subsequently leave.

Low economic growth since 2008 and policy uncertainty (for example, post the EU referendum about the UK's trading relationships) will therefore have limited employers' demand for skills; fewer opportunities for growing the business or profits, and greater uncertainty about whether international opportunities would still be viable.

Similarly, the UK has lower capital investment than many comparator countries, with one study suggesting our capital stock would need to be £2 trillion higher to raise capital per worker to levels seen in high productivity countries like US, Germany, France and the Netherlands.⁵⁴

Given that much technological change has been skills biased – it has required higher skills to make the most of it and so increased demand for skills – low capital investment may also be holding back employer investment in skills. The causation can run both ways. The UK's lower skills base (particularly at intermediate levels and below) may make some capital investment unviable, particularly when the cost of gaining those skills (and risks of training someone who then leaves) are added.

These macroeconomic factors – low growth, high uncertainty, low capital investment – will all have held back employer investment in skills. This risks creating a self-reinforcing cycle. Low growth reduces the case for employers to invest in skills, low capital stock reduces demand for skills too, a lower skills base holds back growth and the viability of some capital investment. This idea of a low skills equilibrium can apply at national level but also to local economies and sectors.⁵⁵

The UK needs to escape these low-skill traps; moving from a vicious cycle to a virtuous circle. That is easier said than done. But it highlights the importance of the Government's efforts to promote economic growth, provide policy stability, and incentivise capital investment. It also highlights that creating a high skill base,

⁵³ Raising the bar: increasing employer investment in skills, Evans, L&W, 2022.

⁵⁴ The UK's capital gap: a shortfall in the trillions of pounds that will take decades to bridge, The Productivity Institute, 2025.

⁵⁵ Low skills traps in sectors and geographies: underlying factors and means of escape, IER, 2016.

particularly where the UK lags other countries such as essential and intermediate skills, can help us break out of this trap.

Beyond this, there is more we can do to encourage greater investment in and use of skills by employers. Our research has shown policy is often passively following employer's training decisions rather than actively influencing them.⁵⁶ It is no surprise, therefore, that previous patterns of lower investment in some sectors and more investment going to those already highly qualified have continued.

To change this, encouraging higher skills investment particularly for those that too often miss out, we argue for:

- **Growth and Skills Levy** to prioritise investment in young people and at intermediate levels, including through a flex and match approach that gives employers greater flexibility to invest part of their levy in approved non-apprenticeship learning if they invest more in apprenticeships for young people⁵⁷
- **Skills Tax Credit** allowing deduction of over 100% of the costs of training in priority areas (which could include essential skills like literacy, numeracy and digital plus training in key sectors or skills shortage areas). We estimated this could cost £0-500 million per year depending on its design and any changes to the current disregard for training expenditure in Corporation Tax.⁵⁸

There is also scope for more sectors and local areas to agree collective action to improve skills, including through additional levies. These could include giving sector bodies greater control over public skills funding, such as a dedicated pot of money drawn from the Adult Skills Fund, Skills Bootcamps etc, in return for agreeing to increase funding through a levy or other mechanism.

For example, in construction there is an industry-wide levy that is managed through the Construction Industry Training Board (CITB). The levy and approach must be agreed regularly by a majority of employers in the sector. To give another example, the Government will develop a Fair Pay Agreement for adult social care, which could (if desired) include further commitments on training and skills investment.⁵⁹

Similarly, Mayoral Strategic Authorities in England could get extra responsibility, for example over non-levy apprenticeship funding, where they agree to allocate further funding from their own budgets for skills. This could come from their overall pots, increased Mayoral precepts, or sector or authority wide skills levies where employers agree. For example, this could build on the model in Greater Manchester where accommodation providers have formed a Business Improvement District to raise funds

⁵⁶ Raising the bar: increasing employer investment in skills, Evans, L&W, 2022.

⁵⁷ Flex and match: a new Skills Levy for growth and opportunity, Evans, L&W, 2024.

⁵⁸ Raising the bar: increasing employer investment in skills, Evans, L&W, 2022.

⁵⁹ Factsheet: social care negotiating bodies and fair pay agreements, UK Government, 2024.

equivalent to a tax per night stay to help improve the area and visitor experience. Could employers in a particular area (or particular sector in that area) agree a similar levy but focused on skills and training?

The Government could also consider requiring large companies to report their annual spend on training and the proportion of employees receiving more than one day training. It is important to balance the benefits of transparency and the greater impetus to focus on training this might give versus additional business burdens. Employers could also report this information voluntarily.

Together these changes should incentivise employers to invest more in training, and for that increase to come predominantly from increased training for people with low current qualifications.

Focusing on skills utilisation

These changes aim to increase employer demand for and use of skills, and ensure that employers collectively and individually are investing to help meet their own demand.

Improving macroeconomic conditions and capital investment will help with this. Improving incentives to invest in skills will help too. But neither will be enough on their own. We also need the skills available to be used effectively at work.

The extent to which this is happening today is difficult to estimate. The OECD estimated that 37% of people in the UK might be overqualified for their job, higher than in other countries.⁶⁰ However, this relies on people's opinion about whether their job would require their level of qualification if advertised today. It may also have been affected by changes in methodology. For example, the Skills and Employment Survey estimates on a similar approach that overqualification is lower (though still high) at 25% in 2017 and has fallen from 30% in 2006.⁶¹

This is important because high reported levels of overqualification have led some to argue that higher education has expanded too far, while another way to look at it would be that employers are not making full use of the skills they have available. Another way to look at the value attached to different qualification levels is the higher wages and increased employment opportunities for people that hold them. There are still significant earnings and employment returns to most qualification levels, though these do vary by subject, region and, at higher education level, institution (for example, the higher education premium is substantial despite some recent falls, but there has been a big increase in the spread of potential returns).⁶²

⁶⁰ Survey of adult skills, OECD, 2024.

⁶¹ Skills and employment survey, University of Cardiff, 2024.

⁶² Time for action: skills for economic growth and social justice, Evans and Egglestone, L&W, 2019.

Building skills into business support

We need skills support and advice to be an intrinsic part of business support from either public services or the private sector more generally. For example, the British Business Bank could better signpost more businesses to skills and training planning, local authorities could further build skills planning into initiatives such as support for high streets or provision of shared working facilities, and Growth Hubs (which aim to bring together help and advice for businesses) could more actively promote and incorporate skills and training needs analysis into their work.⁶³

Business representative groups, such as chambers of commerce, can help to raise awareness of the need to consider skills investment and utilisation and share case studies and best practice. Larger businesses can also do likewise with their supply chains. Local government can play a role in facilitating and encouraging this too.

Working with employers to build career pathways

The employment and earnings returns to a qualification reflect both the content and quality of the qualification and learning, but also the value an employer attaches to that qualification and the skills and the structure of the labour market. For example, the returns to social care qualifications are limited by the relatively low pay in that sector which in turn is linked to low funding for social care. Similarly, adding significant additional skills into a retail qualification won't lead to higher wage returns to that qualification unless employers restructure work to utilise these extra skills.

As a previous Ambition Skills report noted, most previous policy has focused on qualification and institution reform, including ensuring employers are involved in the design of qualifications.⁶⁴ There has been less focus on thinking about how changes to job design and ways of working could combine with changes in qualifications and training to improve productivity and people's earnings, supporting adaptability.

In other words, while there are always improvements that can be made to qualifications and skills policy, the biggest potential prizes would come from working with employers and joining this up with wider strategies to support businesses and sectors to grow and improve productivity.

The previous section talked about embedding skills analysis and improvements in business support for individual firms. But we need to think about sectoral and regional groupings of employers too to make the step change needed.

There are limited examples of this happening in practice. To some extent, New York City's Career Pathways aimed to do this.⁶⁵ The programme set up industry partnerships

⁶³ The British Business Bank website does contain an [article](#) on how to approach training, but this is relatively general and standalone.

⁶⁴ Learning the lessons: understanding the history of adult learning and skills, L&W, 2025.

⁶⁵ Career pathways: one city working together, NYC, 2016.

in key value added sectors with skills shortages, creating feedback loops between employers and training providers so training could be adapted on an ongoing basis, and building pathways so people could see how to get into and progress in industries with training endorsed by those sectors. This was more focused on ensuring publicly funded training met employer needs in key sectors, rather than changing how those sectors structured work. But it did come alongside measures to increase the minimum wage and accredit employers meeting certain job quality standards.

Other examples have included the creation within healthcare of roles such as Nurse Practitioner.⁶⁶ These support career progression for nurses, giving the opportunity of extra responsibilities. They also help healthcare providers to make sure the right task is done at the right level, particularly giving growing healthcare demand and a limited supply of doctors.

Opportunities to take a more proactive approach are considered further in the next chapter and include:

- **Sector plans** for Industrial Strategy sectors, where the skills focus is mostly on trying to make sure publicly-funded training meets employer need
- **Large infrastructure projects** and expansions of clean energy, which can include requirements for employers to employ apprentices and people previously out-of-work as well as investing more in skills
- **Fair Pay Agreements** in social care and any other sectors, as well as collective bargaining in other areas
- **Migration measures** aiming to link visa availability to employer action to improve skills and training and local recruitment
- **Mayoral Strategic Authorities and Local Skills Improvement Plans**, which could have more focus on what employers are going to invest and working with them to change job design and career pathways to support productivity and skills and labour 'pinch points'.

Supporting career change and upskilling

As set out earlier in this report, more people will need to update their skills and change jobs and careers as they have longer working lives filled with economic change. Previous L&W research has shown that around 5% of adults change sector or occupation each year, and that they face a £3,700 per year pay penalty (though their pay subsequently rises faster than other workers).⁶⁷ This is before the costs (both course costs and any lost earnings) of retraining.

This presents a significant financial barrier for many people, particularly if they have household financial commitments. Other barriers can include knowing what alternative

⁶⁶ The evolution of advanced nursing practice: past, present and future, Nursing Times, 2019.

⁶⁷ All change: understanding and supporting retraining and career change, Evans and Vaid, L&W, 2023.

career options are available, understanding what is needed to move across and what transferable skills you already have, and confidence to make the move (including concern about the risks if it doesn't work out). Employers can also be wary of someone who doesn't have experience in the sector or occupation they are applying for, particularly if they have applications from people who do.

The measures outlined in previous chapters should help with this, including an expanded Lifelong Learning Entitlement and better provision of information on the learning available and the doors this might open. In addition, a strengthened Right to Request Time Off to Train would mean someone could still come back to their current job should they decide while training that they did not want to switch careers.⁶⁸

Beyond this, employers should think individually and collectively about how they recruit and how they value skills gained in other roles or sectors. This should particularly be the case where a sector faces a shortfall of workers or particular skills – what can they do to change that and attract and support new people into the sector?

Sometimes that will be about pay and conditions, sometimes about job design, sometimes about where and how roles are advertised, sometimes it will need joint action to proactively promote the sector to career changers. It could also require thinking about tailored training programmes for career changers. This could build on the principles of Skills Bootcamps (intended to be designed with employers and with a guaranteed job interview on completion) or a core apprenticeship perhaps with a modular approach or taking greater account of previous learning and experience. Wherever possible recruitment should focus on the skills and aptitudes needed, rather than just qualifications gained.

A growing economy and stable policy environment are pre-requisites to get employers investing more in training, but policy can be more effective and targeted than it is. We should also do more to integrate skills advice with business support to ensure people's skills are properly used at work.

⁶⁸ All change: understanding and supporting retraining and career change, Evans and Vaid, L&W, 2023.

Learning and skills ecosystems

We need to support the learning and skills system to deliver, expanding devolution underpinned by outcome agreements, building and spreading evidence including through a new data lab, ensuring people and employers have the information and advice they need, and simplifying where possible to reduce current running costs, which likely top £300 million per year.

A sustained step change in learning and skills requires well-established ecosystems of learning and skills providers, with strong links to community groups, housing associations, other public services etc.

Colleges, universities and independent training providers deliver a wide range of high quality learning. But reduced, short-term and siloed funding has limited their ability to reach those that need the most help and build a culture of learning. Constant chop and change and complex funding rules add to this challenge.

It is easy to call for more and longer-term funding with fewer strings attached. But it is important to reflect on the causes of the current situation. There is no simple answer, but factors include:

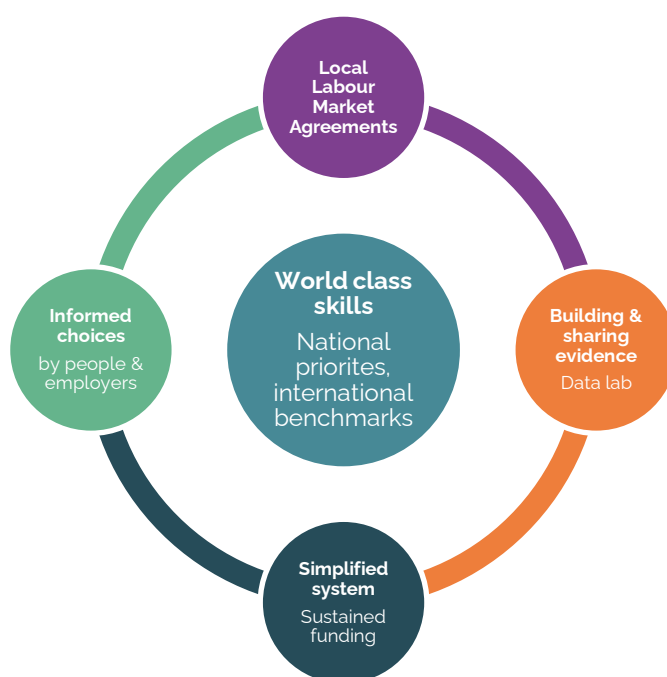
- **Understanding.** Most (though not all) politicians and policymakers have more experience of school and university education, both directly and through peer groups, than of vocational and adult education. This can impact policymaking.
- **Salience.** Linked to this, the political salience of college and adult education has risen in recent years due to work by the sector, but is lower than for other forms of education, or issues like immigration and health. This can mean further and adult education is lower down the political priority list for funding.
- **Evidence.** There is lots of evidence on the impact of further and adult education on productivity, careers and social outcomes. But evidence on causal impacts or impacts of specific programmes, including cost effectiveness, is more limited.⁶⁹ This makes the business case to the Government (is this the most cost effective way to improve health or other outcomes?) more challenging to make.
- **Focus.** There is an over focus on participant numbers and an under focus on both the outcomes of training and employer investment in and use of skills. This leaves policy focussed on just a partial picture, and lacking an effective articulation of effectiveness leaving an overreliance on input measures like the number of people enrolled in programmes.

⁶⁹ Surveys of learners can give an indication but cannot assess impact or cost effectiveness. There is some evidence, for example, L&W's evaluation of a community-based English language RCT showed its impact on both English proficiency and social connections such as making friends outside existing communities. Evaluation of community-based English language provision pilots, L&W, 2018.

- **Join-up.** On a similar point, skills policy is not sufficiently hardwired into other policy areas. This has begun to change and there are practical examples, but doesn't go far enough. For example, only 170,000 people on benefits undertook a literacy, numeracy or ESOL course in 2017/18 (the last year for which data is available).⁷⁰ Around half of the nine million people with low literacy or numeracy are out of work. Depending on what proportion of these claim benefits this means an annual take-up of 5-10%. That means 90%+ of those on benefits with low literacy or numeracy did not take part in a course in 2017/18.
- **Vision.** Recent governments have generally said that they want the skills system that better meets employer needs. But have not set out success measures, meaning that there is too much focus on the number and size of funding pots and how many people are on programmes. This has also risked not giving sufficient weight to the voice of people.

This broader context needs to change, taking action from national and local governments, employers, awarding organisations, and learning providers. This would help to create an environment more likely to lead to longer-term funding and policy. The sections below set out proposals for a locally delivered, evidence-driven, people and employer led system that collectively delivers national priorities.

Figure 14: A framework for world class skills



⁷⁰ Further education for benefit claimants in England: 2017 to 2018, Department for Education, 2019.

A locally led system of labour market agreements underpinned by a national vision and benchmarks of success

The Government should set out a clear vision with international benchmarks (such as those set out in earlier chapters) and outcome measures (such as expected economic benefits, impacts on the prevalence of skills shortages and gaps etc). They should report annually on progress against these benchmarks. It can also helpfully identify national priorities and target funding toward them, as for example it did recently with additional funding for construction training to help ensure the workforce for its housebuilding targets, while ensuring coverage of the whole economy.⁷¹

It should then develop Labour Market Agreements with devolved areas within England, along the lines of the previous Work Local proposals L&W developed with the Local Government Association and in line with the approach taken in Canada.⁷² These agreements would set out the funding and policy areas to be devolved, including the Adult Skills Fund (as now), employment support programmes, and successors to UK Shared Prosperity Fund.

These would form a single pot, building on the integrated settlements agreed with Greater Manchester and the West Midlands.⁷³ They could, if the combined authority wishes and has other ways to include the employer voice, replace Local Skills Improvement Plans (LSIPs) and local Get Britain Working plans. Elsewhere, LSIPs and Get Britain Working plans should be merged.

The agreements would be underpinned by outcomes measures, building on and simplifying those agreed in integrated settlements thus far. For example, including benchmarks for local residents gaining higher pay, take-up and associated pay and job benefits of apprenticeships, particularly at level 3, and increasing employer investment in training.⁷⁴

Progress against these outcome measures should be regularly updated on a data dashboard and (linked to the next section on evidence) best practice and challenges shared across combined authorities. As in Canada, the agreements should be regularly independently evaluated to assess whether they're being met and the difference this is making to local people, employers and the economy.⁷⁵ This will ensure that not just are targets being met, but that this making a difference. There should be a clear

⁷¹ [Government unleashes next generation of construction workers to build 1.5m homes - GOV.UK](#)

⁷² Work local: developing a modern, local, public employment and skills service, L&W, 2017.

⁷³ Integrated settlement: policy document, MHCLG, 2025.

⁷⁴ [Greater Manchester Combined Authority – Integrated Settlement Outcomes Framework 2025 to 2026 - GOV.UK](#)

⁷⁵ Evaluation of the Labour Market Development Agreements: synthesis report, Employment and Social Development Canada, 2017.

pathway to greater devolution where agreements are succeeding, and additional support for areas that are off track.

Devolved administrations in Wales, Scotland and Northern Ireland should consider how a similar approach could apply within their jurisdictions, including working with the UK Government where powers are reserved.

Systems and provision hardwired by evidence

While there is lots of evidence on what works and masses of expertise in the further and adult education sector, we need to go further to hardwire building evidence and spreading best practice. This is perhaps even more important as devolution grows and as the system shifts to a greater focus on outcomes.

The sector and national and local government should develop more controlled trials, such as the Multiply and community-based English language provision RCTs, and test and learn approaches. This should be based on clear assessments of where the evidence gaps are, identifying potential approaches from other areas or different countries, and aim to assess impact, cost effectiveness and what works. It could be brought together in a what works centre for adult education, taking a long-term view.⁷⁶

There also needs to be more active promotion of what does and doesn't work, sharing expertise and knowledge among practitioners, commissioners and policy makers. National government can take a lead in this, including potentially through a what works centre. Another way would be to establish a learning, skills and employment data lab. This would extend the existing employment data lab, which allows providers to submit programme participant data to DWP who then construct a control group from their administrative data and publish the results on whether the scheme has got more people into work than would otherwise have done so.⁷⁷ Local government and providers can take a lead too, building on existing networks and thinking about how findings could translate to different sectors, geographies or demographic groups.

Sector and local agreements

As outlined in the previous chapter, employers in a sector or local area should be offered the opportunity to agree collective approaches to skills funding, helping to overcome the 'free rider' problem (the risk that companies will invest in training only to have staff poached by companies that don't invest).

This already happens in construction and engineering (the last two remaining Industrial Training Boards that provided mechanisms for this to happen) and of course all employers with payrolls above a certain level pay the Apprenticeship Levy. The incentive for employers in a sector or area to go further would be if they face particular

⁷⁶ Investing in 'what works' activity in further education and adult learning, L&W, 2019.

⁷⁷ [Employment Data Lab - GOV.UK](https://www.gov.uk/government/organisations/employment-data-lab)

skills challenges and the nature of the sector (e.g. proportion of SMEs or self-employment) means it is likely that there will be underinvestment without action. Or this could be a response to Government policy, for example a requirement for employers to reduce reliance on migration for particular skills or workforce needs.

The Government can encourage employers to take these collective action measures through, for example, giving employer groups that do this extra public funding (like the recent construction skills announcements) or additional influence over public skills funding (such as deciding which learning might be eligible under the Growth and Skills Levy).

This would be a something-for-something deal with employers – if they agree ways to increase their investment in learning, they will gain additional funding and flexibility to better meet their needs.

People and employers making informed decisions

It is people (in and outside of work) that ultimately take part in and benefit from learning. They, and employers, need support to make informed choices and to utilise learning in work and life. That means ensuring good information on the options available, how they might meet people's needs and the impacts, such as wage and earning returns for economic benefits.

The Learning Account platform recommended in an earlier chapter provides a mechanism for this. It should include data on earnings and outcome by course and by provider wherever possible and contextualised to local economic circumstance as appropriate. This would follow the approach in the US with trainingproviderresults.gov and collegescorecard.ed.gov.⁷⁸

People may also need information, advice and guidance, beyond information on courses available and potential impacts. At present this can come from the National Careers Service in England (though this is relatively small, predominantly focused on Jobcentre Plus customers, and being merged with Jobcentre Plus) or less formally from friends and family, employers, employment programme providers etc.

Most careers advice focused on those who are out of work, but at a time of longer working lives and a changing economy those in work are increasingly likely to need it too. Previous L&W-led trials showed the potential demand.⁷⁹ Employers, pension companies, local government and national government should consider how to offer people Career MOTs at regular and transition points in their life.

⁷⁸ Time to learn: increasing participation in learning, Evans, L&W, 2023.

⁷⁹ Mid life career reviews: pilot project outcomes, L&W, 2015.

A simplified system with sustained funding

Building relationships with other institutions, public services, employers, community groups and people takes time. It also takes time to develop and embed ways of working. Yet much skills funding involves short-term contracts and grants.

One of the challenges of moving away from this is ensuring commissioners are confident they will get the outcomes they want and the ability to adapt to changing circumstances. The changes outlined above should help with this.

The number of short-term funding pots combined with the complexity of rules also adds to the overall costs of running the system and can limit a focus on people and outcomes. To illustrate, in 2024-25 the running costs for central government bodies focused on further and adult education in England totalled £103 million.⁸⁰

On top of this comes the cost to Mayoral Strategic Authorities responsible for the Adult Skills Fund. Over £800 million is devolved in 2024-25.⁸¹ Limited data is available on running costs. In 2021 the GLA spent 1.5% of its adult education budget on management and administration.⁸² The Tees Valley Combined Authority and West of England Combined Authority each reported running costs of 3%. Conservatively assuming average running costs of 2% (the GLA has a much larger budget than some smaller MCAs) would give total running costs of £16 million.⁸³

That gives a national and local government running cost of £119 million per year, or 3% of the combined Adult Education Budget and apprenticeship budget in 2024-25.

Learning providers also incur costs both bidding for funding pots (including applying to be on the apprenticeship provider and assessment register) and reporting on expenditure to the relevant commissioner. No data is available on this, but a slightly arbitrary assumptions might be 5% of the budget (costs would likely be a higher proportion of smaller and shorter programmes, and lower proportions of larger and longer programmes). That would equate to £210 million per year in 2024-25.

This gives a total potential cost of running the system of around £329 million per year, 8% of the total budget.

⁸⁰ £5 million of the Education and Skills Funding Agency's £38 million budget (most of which covers 16-19 education) assumed, £50 million Construction Industry Training Board, £23 million Institute for Apprenticeships and Technical Education, £25 million Department for Education (assuming their staffing bill is proportionately allocated according to spend). Source: Department for Education consolidated accounts 2024-25, DfE, 2025.

⁸¹ S31 revenue grant determination letter for the devolution of the adult education budget 2024-25, DfE, 2025.

⁸² Adult education budget Mayoral Board papers, GLA, 2021.

⁸³ Source: [Tees Valley](#) administration costs of £930,000 (2.7%) on an adult skills fund of £35 million in 2025; [WECA](#) reported £520,000 (3.4%) on a budget of £15.3 million.

In addition, part of the cost of a qualification goes to an awarding body for producing, assessing and accrediting it. The average cost for entry level to level 3 vocational qualifications is £65 each and 868,000 such qualifications attained by adults in 2024-25. An average 11% of apprenticeship costs going to the cost of End Point Assessment (the process of assessing whether the apprentice has met the required standard).⁸⁴

This gives a total of £353 million in 2024-25. Clearly these costs could not be eliminated – qualifications and apprenticeships need to be developed and quality assured – and it worth noting that changes in their costs have broadly tracked inflation in recent years (though funding for providers has often not).

Adding all these costs together gives total running and qualification costs of £682 million (16%) in 2024-25, with the remaining £3.5 billion for learning and teaching.

These are a rough estimate and may be an underestimate (for example, it does not include estimates of the costs of the time employers and others spend developing apprenticeship standards). Not all of this can be eliminated, but it seems unlikely that it would not be possible to reduce this at all. It is important to ensure that all money is being spent effectively.

Much of the proliferation of pots and rules comes from a concern to ensure money is well targeted and properly used. That is, of course, paramount. But a different approach would be to focus more on the outcomes desired and building and spreading evidence on how to achieve these. Accountability is important, but it should be focused on delivering outcomes for people, employers and the economy.

National and local government and learning providers should work together to simplify the rules. This could be through a taskforce and start with an assessment of the costs, building on the above, and also include an open invitation for providers to suggest ways to minimise admin burdens without compromising quality or accountability, taking a transparent, risk-based approach.

In addition, the Government needs to ensure that occupational standards (which set out what someone in a role should be able to do and are used as the building blocks of qualifications and apprenticeships) are fit for purpose. England has hundreds more occupational standards than countries like Germany, and L&W research has shown delays and uncertainty over timelines for reviewing standards.⁸⁵ The Government should agree with sector bodies plans to reduce the number of occupational standards and set out clear timelines for each stage of review.

⁸⁴ Qualification price statistics report, Ofqual, 2025.

⁸⁵ Development and use of occupational standards, L&W, 2025.

Conclusions and implications

A step change in lifelong learning requires sustained action from people, employers, local government, public services, and national government. But doing this brings potential benefits for us all.

The imperative for a step change in lifelong learning and skills is clear: for the economy, for careers, for health and wellbeing and so much more. Yet the UK continues to compare poorly to other countries as it has for more than 100 years, particularly on essential and intermediate skills, and is on track for more of the same.

We need to move from a century of falling behind into a century of lifelong learning. The economic prize is a £22 billion boost to the economy and £8 billion annual savings to the taxpayer. But it will take ten years of concerted effort and an additional £2.2 billion per year from people, employers and the Government. The welcome focus on improving education, including participation in vocational higher education, for young people must be matched by a step change in learning opportunities for adults.

For **employers**, actions could include:

- Increasing their investment in training and large employers voluntarily reporting each year how much they spend and what proportion of their workforce received more than one day training
- Measuring and reducing inequalities in access to training at work, and ensure everyone who needs it is offered literacy, numeracy and digital skills learning
- Working together on local or sectoral collective action with other employers to raise training investment
- Engaging with business support to increase skills utilisation
- Working with local learning providers to promote and open up access to non-work learning for employees and customers.

For **local government**, actions could include:

- Working with local employers, whether through mechanisms like Local Skills Improvement Plans, Growth Plans or business boards or building requirements into public procurement, to increase employer investment in training, particularly for staff less likely to get training
- Facilitating partnerships and discussions between local partners like employers, learning providers, and other public services to build collaboration
- Using devolved powers to promote a focus on joined-up working and outcomes, for example ensuring that people who are out of work get access to learning to improve their essential skills alongside looking for a job and that social prescribing makes full use of adult learning

- Working with other local and combined authorities to spread best practice and enable practitioners to share their experiences and evidence of what works
- Taking an evidence-led approach, building the evidence where it is limited through effective use of test and learn, controlled trials and evaluation, being clear on key outcome measures.

For **national government**, actions could include:

- Setting and reporting on clear international benchmarks of qualifications profiles and skills utilisation
- Expanding the integrated settlement approach to devolution, streamline the number of employment and skills plans, and offer sector deals with greater flexibility and control in the public system for employers that increase their skills investment
- Working with local government and learning providers to simplify the system and provide longer-term funding
- Working with partners to build and disseminate evidence of what works, including through a new joint data lab with DWP
- Ensuring government plans, such as for clean energy and infrastructure, have clear workforce needs assessments and plans to deliver the skills needed.

The need for action is urgent. The prize from doing so, and costs of inaction, are growing. We all have our part to play in building a lifelong learning nation.