



MINUTES

Brexit: Opportunities and Challenges

Tuesday 16 October 2018

4.00pm – 6.00pm, Committee Room 13, Palace of Westminster

Chair: Catherine McKinnell MP

Speakers: Professor Andrew Westwood, Vice Dean for Social Responsibility at The University of Manchester and Mark Essex, Director of Public Policy at KPMG.

Parliamentarians present: Lord Aberdare, Lord Young of Norwood Green,

Opening the meeting **Professor Andrew Westwood**, a skills policy expert, explained that many of the issues surrounding apprenticeships and skills in the UK were present before Brexit. He added that Brexit can and must be used as a chance to reassess our approach, particularly as much of the reformed system was designed before the UK's decision to leave the EU.

He also warned that there is a lack of joined up thinking behind the goals of the industrial strategy and that as it stood it would fail to address regional disparities in the delivery of apprenticeships and skills.

Additionally, he felt that apprenticeships policy was isolated from FE and HE in a way that was detrimental to progress. He explained there was a need for a more holistic approach, spread across FE and other sections of the sector.

Summarising his opening remarks he stated that apprenticeships should be considered as part of the wider conversation about delivering the needs of the economy.

The meeting next heard from **KPMG's Director of Public Policy, Mark Essex** who outlined that personnel and the supply chain are two of the key issues affected by Brexit.

He warned that there is a systemic risk of a lack of labour particularly in sectors with high numbers of low paid staff. He highlighted that specific sectors such as automotive would be particularly affected.

Additionally, he explained that there will be impacts for British workers resulting from Brexit which many businesses have not considered. He further explained that many of the impacts would not be isolated to low skilled workers.

He also predicted that Brexit impacts would not fall neatly across industry or sector lines and that responses to Brexit concerns would be varied due to the uniqueness of the challenge it presents. For this reason, flexibility in approach to problem solving is key.

Summarising the impact of Brexit on skills in the economy he outlined two key cultural norms that need to be addressed: that readily available and cheap labour has been available for a long time and this is likely to change; and that education is something that takes place at the start of life but will now need to occur continuously throughout our lives and careers.

Turning briefly to the Apprenticeships Levy he accepted that the reforms were required to achieve a significant amount of change. He levelled two key criticisms: that the Levy is not



flexible enough; and that it doesn't work for employers. As a solution to these criticisms he recommended a system which allows for pooling of resources among employers.

Responding to the points raised by the panel, **Co-Chair of the APPG on Apprenticeships, Catherine McKinnell** recommended sector specific apprenticeships schemes, led and part-funded by business.

She also echoed calls for flexibility within the Apprenticeships Levy.

Specifically addressing what government needs to do to mitigate the challenges of Brexit, **Mark Essex** reiterated the need for flexibility as a way of dealing with uncertainty.

Setting out some of the positive effects of Brexit he indicated that the UK's decision to leave the EU was driving innovation in productivity.

Also speaking to the role of government, **Andy Westwood** warned that the political promise of 3m apprenticeships starts by 2020 had trumped the need for productivity. He added that if productivity gains were the aim of apprenticeships policy then level 4 and 5 apprenticeships should be targeted for improvement.

Lord Young of Norwood Green argued that quality is crucial. He agreed that flexibility was important but stated that there are some skills that we can be certain of needing, such as in nursing and construction. Additionally, he raised concerns about the quality and suitability of training providers and end point assessments.

Vice-Chair of the APPG, Lord Aberdare asked the panellists to consider if the current system was fit for purpose and called for recommendations towards keeping it relevant to the needs of the present economic situation.

Responding, **Andy Westwood** praised the wisdom of letting policy "bed in" and argued that long-termism is important. Additionally, he added that that policy should be more focused on outcomes and not volume.

Concluding the meeting **Mark Essex** re-stated his call for flexibility in the system but argued that making a cultural change was crucial and that this would require a long-term approach.