

Transport Committee

Engine for growth: securing skills for transport manufacturing

Fifth Report of Session 2024–26

HC 1223

Transport Committee

The Transport Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Transport and its associated public bodies.

Current membership

[Ruth Cadbury](#) (Labour; Brentford and Isleworth) (Chair)

[Steff Aquarone](#) (Liberal Democrat; North Norfolk)

[Dr Scott Arthur](#) (Labour; Edinburgh South West)

[Mrs Elsie Blundell](#) (Labour; Heywood and Middleton North)

[Jacob Collier](#) (Labour; Burton and Uttoxeter)

[Olly Glover](#) (Liberal Democrat; Didcot and Wantage)

[Katie Lam](#) (Conservative; Weald of Kent)

[Alex Mayer](#) (Labour; Dunstable and Leighton Buzzard)

[Baggy Shanker](#) (Labour; Derby South)

[Rebecca Smith](#) (Conservative; South West Devon)

[Laurence Turner](#) (Labour; Birmingham Northfield)

Catherine Atkinson (Labour; Derby North) was also a member of the Committee during this inquiry.

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No. 152. These are available on the internet via www.parliament.uk.

Publication

This Report, together with formal minutes relating to the Report, was Ordered by the House of Commons, on 21 January 2026, to be printed. It was published on 28 January 2026 by authority of the House of Commons.

© Parliamentary Copyright House of Commons 2026.

This publication may be reproduced under the terms of the Open Parliament Licence, which is published at www.parliament.uk/copyright.

Committee Reports are published on the Committee's website at www.parliament.uk/transcom and in print by Order of the House.

Contacts

All correspondence should be addressed to the Clerk of the Transport Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 2226; the Committee's email address is transcom@parliament.uk. You can follow the Committee on X (formerly Twitter) using [@TransportCttee](https://twitter.com/TransportCttee).

Contents

	Summary	1
1	Transport manufacturing and the skills landscape	3
	Our inquiry	5
	The challenges for skills in transport manufacturing	5
	Government oversight of skills for transport manufacturing and strategic approach	8
2	Apprenticeships: fit for the future?	13
	Apprenticeship funding reforms	14
	Inflexibility in levy spending	15
	Prioritisation of younger workers	17
	Relevance of apprenticeship standards and other technical education standards	20
3	Attracting, developing, and retaining a diverse workforce	23
	Perceptions of the manufacturing sector	23
	Initiatives to attract entrants	24
	Reforms to further and higher education	25
	The Lifelong Learning Entitlement	25
	Youth Guarantee Scheme	26
	The value of transferable skills	26
	Diversity of the workforce	28
	Conclusions and recommendations	32
	Formal minutes	36
	Witnesses	37

Published written evidence	38
List of Reports from the Committee during the current Parliament	40

Summary

Manufacturing of motor vehicles, buses, aeroplanes, trains, and ships has deep roots in the UK. Transport manufacturing, including the supply chains that support it, provides high quality, well-paid work which sustains many communities and provides a significant contribution to the UK economy as well as to its transport services.

The UK has the talent to develop and deliver market-leading products for both domestic transport services and for export abroad. In the light of the Government's transport legislative agenda and its Modern Industrial Strategy, there is a once-in-a-generation opportunity to ramp up production and support the procurement of products for the public bus and rail services markets and to supply new growth areas, such as for the transition to electric vehicles and development of alternative fuels, especially in aviation.

However, the transport manufacturing sector faces major challenges that are common across the advanced manufacturing sector. Skills shortages are high across aerospace, automotive, maritime and rail manufacturing: not enough people are entering these industries and there is a significant retirement cliff-edge looming over the next decade. Meanwhile, the skills mix needed is ever-evolving, with rising demand for advanced knowledge at every level of occupation driven by increased emphasis on automation and AI technologies, digitalisation and the technology demands of transitioning to net zero.

Delivering on the opportunities for growth in production will require the Secretary of State for Transport to work with counterparts in the Departments for Business and Trade, Work and Pensions, Energy Security and Net Zero, and the Cabinet Office, as well as Skills England. Where regional mayors exist, they should also be engaged.

The apprenticeships system is being fundamentally restructured with a new Growth and Skills Levy replacing the existing apprenticeship levy. There is broad support for the levy system among transport manufacturers, but concerns about constraints on how levy funding can be spent. Flexibility over how to use levy funding should be increased to ensure that it can be spent effectively, including by supporting apprenticeships throughout transport supply chains.

Apprenticeship standards and other technical education standards can be outdated and do not always meet the skills requirements of employers. Skills England should work with transport manufacturers to ensure that technological changes, current skill shortages and requirements specific to certain transport sectors are continuously reflected in the standards.

There is a significant and complex challenge to be overcome in increasing entry to and diversity in the transport manufacturing sector; younger people often have poor perceptions of manufacturing as a career option and there is an insufficient pipeline from education to industry. The Department of Transport should gather information from transport manufacturers on how well the UK's vocational training system is meeting their skills needs, and share this across Government to inform improvements in vocational training pathways.

Existing workers can find it challenging to move between roles within the sector, despite the value of transferrable skills to employers. Skills England should consult on the benefits of a 'competency passport' to make it easier for workers to move between roles. The Government's removal of funding for level 7 apprenticeships for people aged 22 and older risks jeopardising the supply of experienced and highly skilled workers for the transport manufacturing sector: such funding should be re-introduced within the eight growth-driving sectors in the Modern Industrial Strategy.

Skills England must also undertake a review to ensure that it supports a range of modular or part-time apprenticeships, or other training options, making these accessible to people with caring responsibilities or returning from career breaks. Manufacturers in receipt of levy funding or apprenticeship support should be required to report annually to Skills England on the uptake of these options. The Government should also consider whether further release of levy funding should be made contingent on employer's delivery against their own diversity targets. The Department for Transport should report on progress within transport manufacturing towards achieving the Government's target to increase women's representation in the advanced manufacturing sector to 35 per cent of the workforce by 2035.

1 Transport manufacturing and the skills landscape

1. The UK has a long and proud history of manufacturing motor vehicles, buses, aeroplanes, trains, ships, and their component parts.¹ The manufacture of transport equipment contributed approximately £30.9 billion gross value added to the economy in 2024.² The total value of UK manufacturing output reached £155.8 billion in the second quarter of 2025, up 1.5 per cent from the same period in 2024, driven primarily by a 5.8 per cent increase in the value of output from the automotive, aerospace and transport equipment sector.³
2. Manufacturing facilities for transport vehicles and equipment support economic growth in communities across the country, providing jobs and opportunities, fostering innovation and enabling high-quality transport services at home and abroad. In 2023, more than 350,000 people were directly employed in the automotive, aerospace, shipbuilding and rail sectors combined, with many more jobs supported by these industries.⁴ The workforce encompasses a wide range of specific roles and skill levels, such as assemblers, production workers, technicians, welders, engineers, researchers and scientists, as well as more generic skills such as digital skills, project management skills and others.⁵

1 Department for Transport ([STM0020](#))

2 Office for National Statistics, [GDP output approach, low level aggregates, UK, Quarter 2 \(Apr to Jun\) 2025](#), 14 August 2025, Worksheet 1, cells BL41

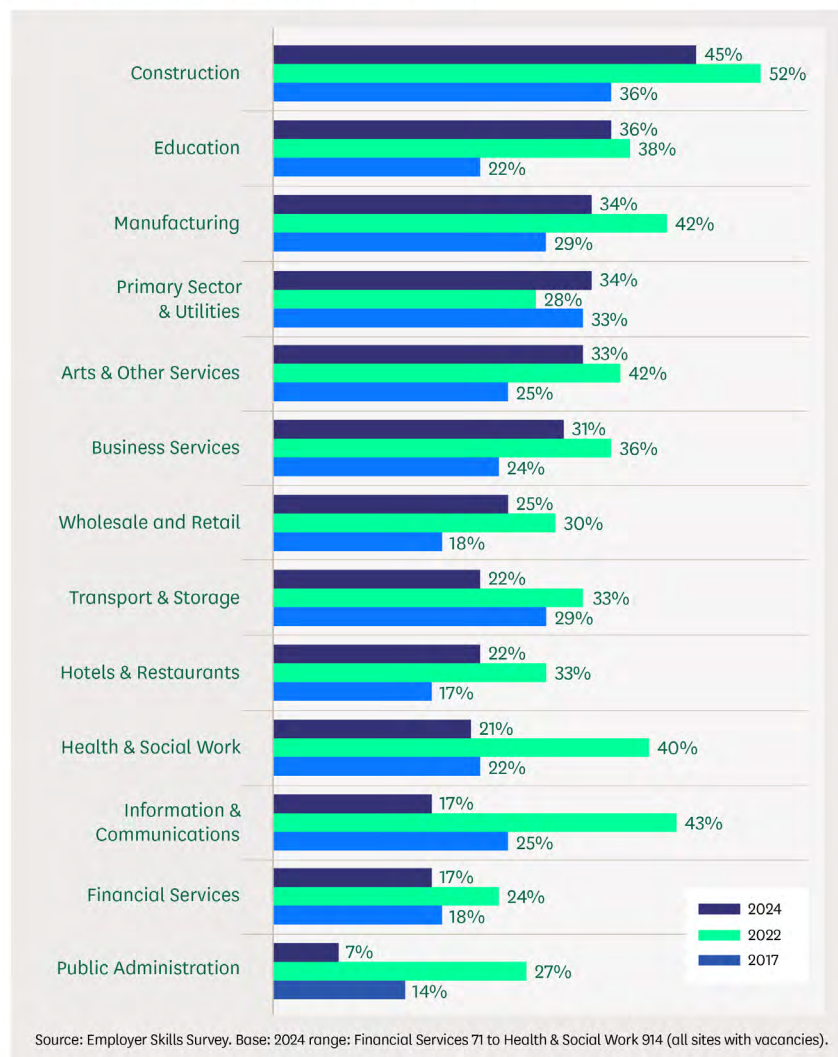
3 Analysis of ONS data by FourJaw Manufacturing Analytics as reported by The Manufacturer, [£2bn aerospace boost drives 1.5% increase in UK manufacturing output](#), posted on 19 August 2025

4 Employment statistics for the respective industries are sourced from: The Society of Motor Manufacturers & Traders Limited ([STM0023](#)) [automotive industry (183,000 people)]; ADS Group, [ADS Aerospace Sector UK Outlook 2024](#), posted on 26 June 2024 [aerospace industry (104,000 people)]; House of Commons Library, [Role of shipyards in economic growth](#), Debate Pack CDP 2025/0062, 17 March 2025 [shipbuilding industry (38,650 people)]; and Railway Industry Association, [The UK Rolling Stock Industry: Making 2023 the year of opportunity not crisis](#), 21 July 2023 [railway rolling stock industry (30,000 people)]

5 Department for Education, [Skills England: Sector skills needs assessments—Advanced Manufacturing](#), June 2025, p 3

3. The sector is being affected, however, by high levels of skills shortages and other challenges, which are to some extent common across the manufacturing sector. Manufacturing was the sector reporting the third highest ‘skill-shortage vacancy density’ in each of the last three years of the Employer Skills Survey; this captures the proportion of all vacancies which are attributed by employers to a lack of skills, qualifications or experience among applicants.⁶ Jamie Cater, Senior Policy Manager of the manufacturers’ organisation Make UK, told us there were nearly 50,000 unfilled vacancies in the UK manufacturing sector, with around three quarters of manufacturers who had attempted to recruit struggling to do so because of a lack of the right technical skills in the workforce. He estimated the economic impact of those unfilled vacancies to be “around £5 billion in lost output.”⁷

Density of skill-shortage vacancies (SSVs as a proportion of all vacancies) by sector (2017–2024)



6 Department for Education and Skills England, [Calendar Year 2024: Employer Skills Survey](#), 24 July 2025, Figure 3–6 Density of skill-shortage vacancies (SSVs as a proportion of all vacancies) by sector (2017–2024)

7 [Q5](#)

Our inquiry

4. We decided to hold this inquiry to explore how the Government could help industry nurture and grow the skills needed to help the transport manufacturing sector thrive and fulfil its considerable economic potential. We launched the inquiry in July 2025. We received 30 pieces of written evidence, including from academics, professional bodies, manufacturers, and trade associations. We also took oral evidence from academics, representatives of the aerospace, maritime and motor vehicle manufacturing industries, trade union leaders, officials from government departments and Skills England, and the Minister for Local Transport, Lilian Greenwood MP. In a separate inquiry on rail investment pipelines we also heard in more detail from the rail manufacturing sector.⁸ We were joined for part of our oral evidence by guests from the Business and Trade Committee and Work and Pensions Committee, Antonia Bance MP and Amanda Hack MP, respectively.
5. We are grateful to all the witnesses who gave their time and energy to contribute to our inquiry. In the remainder of this Chapter, we set out the specific challenges for skills in transport manufacturing, as identified in evidence, and consider the Government's overall oversight and strategic approach. In Chapter 2, we examine the role of apprenticeships and the potential impact of current reforms. Finally in Chapter 3, we look at other ways in which the Government is trying to support the transport industry in attracting, developing, and retaining a diverse workforce.

The challenges for skills in transport manufacturing

6. Evidence to our inquiry highlighted specific skills shortages across the aerospace, automotive, maritime and rail sectors.⁹ ADS Group, a trade association for the aerospace and defence industries, gave an overview of the overlapping challenges the industry is facing:

First, there is a volume gap, that is to say not enough people are entering the sector. Second, there is a proficiency gap with rising demand for advanced knowledge at every level of occupation. For example, where once the sector may have needed manual workers, it now needs people able to operate advanced machinery, understand automation and data analytics, make decisions and prompt machines

8 Transport Committee, [Rail investment pipelines: Ending boom and bust](#), opened 17 December 2024

9 Notably, ADS Group ([STM0016](#)); The Society of Motor Manufacturers & Traders Limited ([STM0023](#)); Society of Maritime Industries (SMI) ([STM0013](#)); and Rail Forum ([STM0010](#))

in real time. That means a transformation is occurring across the aerospace sector, affecting not just the skills requirements expected of those entering the sector, but also in relation to reskilling and upskilling the existing workforce too. This is compounded by a significant retirement cliff-edge, with 29 per cent of the global aerospace and space workforce over the age of 55, according to PwC. This risks a significant loss in tacit knowledge, experience and technical leadership over the next decade.¹⁰

7. ADS Group's conclusions were shared by other transport sectors. The National Skills Academy for Rail (NSAR) commented on projected workforce shortfalls "driven by high retirement and attrition rates" and potential skills gaps in the face of emerging technology and net zero challenges.¹¹ In the bus and coach sector, Wrightbus referenced shortages in skilled trades such as welders, electricians, joiners, fitters, plumbers and coachbuilders.¹² In the shipbuilding sector, Maritime UK noted that "the pipeline of talent does not yet deliver the number of recruits required to fill the skills gap".¹³ The UK motor trade association, SMMT, explained that when original equipment manufacturers plug their own skills gaps, it can exacerbate shortages elsewhere in the supply chain.¹⁴
8. Three core trends have been identified as driving future skills demand in the manufacturing sector: automation, digitalisation and environmental sustainability.¹⁵ Warwick Manufacturing Group said that "key emerging technologies" including batteries, electrification and artificial intelligence, alongside the need to meet net zero targets and productivity goals, were likely to drive a need for "a changing skillset" in transport manufacturing specifically.¹⁶ SMMT told us that the "journey to net zero has fundamentally transformed the skills required across the automotive and wider transport manufacturing industries."¹⁷ The NSAR said there was growing demand for "cross-cutting digital skills" across transport sectors.¹⁸ Warwick Manufacturing Group explained the effect on the levels of skills required of more widespread introduction of automated processes:

10 ADS Group ([STM0016](#))

11 National Skills Academy for Rail ([STM0006](#))

12 Wrightbus ([STM0015](#))

13 Maritime UK ([STM0027](#))

14 The Society of Motor Manufacturers & Traders Limited ([STM0023](#))

15 Department for Education, [Skills England: Sector skills needs assessments—Advanced Manufacturing](#), June 2025, p 3

16 Warwick Manufacturing Group, University of Warwick ([STM0021](#))

17 The Society of Motor Manufacturers & Traders Limited ([STM0023](#))

18 National Skills Academy for Rail ([STM0006](#))

A number of traditionally low skills roles have been replaced by automated systems and we have seen a need for an increased level of skill to effectively engage with, maintain, and manage these systems. As such, there is a growing need for both the upskilling and reskilling of the current workforce to accommodate new demands of automation, and suitable preparation of the emerging workforce.¹⁹

9. Meanwhile, Skills England’s June 2025 sector skills needs assessments for advanced manufacturing showed challenges facing advanced manufacturing both in initial recruitment—only seven per cent of total science graduates entered the manufacturing workforce in academic year 2021–22—and in providing sufficient training to reskill existing staff—only 54 per cent of manufacturing employers provided any training in 2022.²⁰
10. There are overlapping skills requirements across the transport manufacturing sector and in the wider manufacturing sector, as explained by Dr Benjamin Silverstone, Head of Skills Policy and Strategy, University of Warwick: “If you can make biscuits, you can make batteries. [...] The core of manufacturing skills is the same whatever sector you are applying them in.”²¹ NSAR told us that skills such as leadership and management, commercial expertise, procurement, and project management were required across all modes. The Institute for Advanced Automotive Propulsion Systems (IAAPS) and the Institute of Coding (IoC) at the University of Bath highlighted “the growing need for associative thinking”, concluding that “success in transport manufacturing depends not just on technical expertise, but on the ability to think and work across disciplines.”²² On the other hand, NSAR cautioned that: “while there is and always will be some convergence, it is important to recognise that each transport mode has specific requirements for skills and training.”²³

19 Warwick Manufacturing Group, University of Warwick ([STM0021](#))

20 Department for Transport ([STM0020](#)); and Department for Education, [Skills England: Sector skills needs assessments: Advanced Manufacturing](#), June 2025, p 3 and p 6

21 [Q33](#)

22 University of Bath (IAAPS + Institute of Coding) ([STM0008](#))

23 National Skills Academy for Rail ([STM0006](#))

Government oversight of skills for transport manufacturing and strategic approach

11. Skills policy is a devolved matter.²⁴ This inquiry therefore focuses on skills policy in England. Oversight of skills for transport manufacturing involves input from multiple Government departments co-ordinating across intersecting policy areas:
- The Department for Work and Pensions is responsible for overall skills policy, supported by the Department for Education.
 - The Department for Business and Trade is responsible for industrial strategy and specific business sectors, including advanced manufacturing (and, within that, automotive, aerospace and rail manufacturing).
 - The Ministry of Defence is responsible for shipbuilding policy.
 - In addition, the responsibilities of the Ministry of Housing, Communities and Local Government for English devolution, and of the Department for Energy Security and Net Zero for net zero policy are also relevant to skills.²⁵
12. The Government announced in September 2025 that, with immediate effect, apprenticeships, adult further education, skills, training and careers, and Skills England would sit under the remit of the Department for Work and Pensions (DWP), moving from the Department for Education. Responsibility for higher education, further education, skills, training, and careers for those aged 19 years and under would remain with the Department for Education. The Minister for Skills would work across the two departments.²⁶ The Department for Transport told us that this change would “streamline and strengthen the government’s approach to adult employment and training by uniting skills development and employment support under one department.”²⁷
13. Skills England was established in shadow form in 2024 and in full in June 2025 as an executive agency, now under DWP. The Department for Transport told us that Skills England was “the single authoritative voice on the country’s current and future skills needs” and that it informed Government

24 House of Commons Library, [Skills Policy in England](#), Research Briefing 10365, 15 October 2025, p 21

25 Department for Transport ([STM0020](#))

26 [Machinery of Government—Skills](#) HCWS930, 16 September 2025

27 Department for Transport ([STM0020](#))

decisions on labour market policy and on sectoral and regional priorities.²⁸ Skills England works with employers and other partners to identify what skills they require, and with education and training providers to ensure that they provide the education and training products needed to fulfil employers' requirements.²⁹

14. We welcomed the close collaboration by the Department for Transport with other Government departments and with Skills England in preparing its written evidence to our inquiry. We also valued the participation of officials from the Department for Work and Pensions, the Department for Business and Trade, and Skills England, together with the Minister for Local Transport, at our final oral evidence session.³⁰ We were pleased to see the cross-government nature of the policy challenges being recognised in this way, and hope to see this approach replicated in the response to this report.

15. Lilian Greenwood MP, Minister for Local Transport, told us:

this inquiry into skills for transport manufacturing comes at a really pivotal moment, in terms of the Government's ambitions for our advanced manufacturing sector [...] Ensuring businesses have a diverse workforce with the right skills is absolutely pivotal to delivering the Government's ambition to drive economic growth, productivity and innovation. Nowhere is that more clear than in transport manufacturing, where [...] the pace of technological change and the demands of a green transition require a workforce that are agile, skilled and ready for the future.³¹

The Minister also noted that "We want to support British manufacturers to be competitive in the global marketplace. This is not just about serving our domestic market, it is, of course, serving the huge potential there is for export growth."³²

16. The Government made 'Advanced Manufacturing'—including different types of transport manufacturing industries—a key priority area when it published its Modern Industrial Strategy in June 2025. The Strategy sets out plans to increase collaboration and coordination between the Government departments involved, as well as working with Mayoral Strategic Authorities and local authorities to support regional 'clusters' which will be areas of excellence for certain transport manufacturing sectors, such as automotive or aerospace.³³

28 Department for Transport ([STM0020](#))

29 Skills England, [About us](#), gov.uk, (accessed 24 November 2025)

30 [Q78](#)

31 [Q79](#)

32 [Q79](#)

33 Department for Business and Trade, [The UK's Modern Industrial Strategy](#), CP 1337, June 2025

17. As part of the Strategy, the Government published an Advanced Manufacturing Sector Plan. Its overarching aim is for the UK to be recognised, by 2035, as “the best place in the world to start, grow, and invest in Advanced Manufacturing”.³⁴ Of the priority six “frontier” industries identified in the Government’s plan that will “shape the future of manufacturing in the UK”, four relate to transport manufacturing, namely:

Automotive, building the next generation of Zero Emission and Connected Automated Vehicles.

Batteries, powering the transition to net zero, backed by landmark investments such as Agratas’ multibillion pound gigafactory project which will create up to 4,000 new jobs.

Aerospace, pioneering technologies such as Rolls-Royce’s UltraFan™ engines and for Airbus’ new narrow body aircraft and supporting defence activities.

Advanced materials, with UK manufacturers leading the charge in next-generation components and sustainability.³⁵

18. The Department for Transport has sponsored key pieces of legislation in this parliamentary session relating to the provision of bus services, rail services and sustainable aviation fuel.³⁶ All of these may have implications for skills and manufacturing and offer opportunities to support the sector. Eddie Dempsey, General Secretary of the National Union of Rail, Maritime and Transport Workers (RMT) told us that the establishment of Great British Railways, for example, was a “once-in-a-generation opportunity to think strategically about the long-term skills needed in the transport sector.”³⁷ He called for a national apprenticeship scheme in rail that could act as a single point of entry into the railway industry and also equip people with transferable skills for other high-tech manufacturing roles.³⁸
19. New powers for local authorities over bus services in their area has also been on the Government’s legislative agenda. Wrightbus, a bus manufacturer based in Northern Ireland, advocated for the Government to prevent local authorities buying buses made outside of the UK with public funding to support economic growth and job creation.³⁹ This could

34 Department for Business and Trade, [The UK’s Modern Industrial Strategy: Advanced Manufacturing: Sector Plan](#), 23 June 2025

35 Department for Business and Trade, [The UK’s Modern Industrial Strategy: Advanced Manufacturing: Sector Plan](#), 23 June 2025, p 5

36 [Bus Services Act 2025](#); [Passenger Railway Services \(Public Ownership\) Act 2024](#); [Railways Bill](#) [as introduced], Bill 325; [Sustainable Aviation Fuel Bill](#) [as introduced], Bill 240

37 [Q61](#) [Eddie Dempsey]

38 [Q66](#)

39 Wrightbus ([STM0015](#))

require changes to public procurement rules. The Minister stated that the Government was “not agnostic” on the question of whether British-built transport was preferred for the UK’s roads and services, and that “backing British business is absolutely central to our plan for change”. Nonetheless, the Government was “bound by rules and regulations”.⁴⁰ She remarked that:

Absolutely, we can use [...] procurement rules [...] so that when mayors are doing procurements, they can think about the wider impacts in terms of social value. All of us who have been knocking around transport for a while have seen that in other countries they seem to manage to buy things domestically, even though they are bound by exactly the same international rules and regulations. We want to make sure we are in the strongest possible position to be ensuring that our UK manufacturing can compete.⁴¹

20. Rebecca Shapira, Deputy Director for Advanced Manufacturing, Department for Business and Trade, told us that:

We definitely agree that public procurement is a critical growth lever to bolster domestic competitiveness [...] The Procurement Act 2023 came into force only in February [2025]. The “National Procurement Policy Statement” really emphasises that it can be a tool to look at how we can drive domestic competitiveness, while being really cognisant of the international trading rules landscape that we are bound by on procurement policy.⁴²

Ms Schapira also noted that a consultation was underway “on how we can potentially go further in this space”.⁴³

21. **CONCLUSION**

Manufacturing of motor vehicles, buses, aeroplanes, trains, and ships has deep roots in the UK, supported by rich ecosystems of associated businesses and supply chains. Transport manufacturing provides high quality, well-paid work which sustains many communities across the country and makes a significant contribution to the UK economy as well as to its transport services.

40 [Q79](#)

41 [Q82](#)

42 [Q80](#)

43 [Q80](#); [Q83](#); and Cabinet Office, [Public Procurement: Growing British industry, jobs and skills - consultation on further reforms to public procurement](#), 26 June 2025

22.

CONCLUSION

The Government's legislation on the provision of bus and rail services, and policies promoting transition to EVs and fuel innovation in aerospace, provide once-in-a-generation opportunities for production and employment. Delivering on these opportunities will require the Department of Transport to mobilise the essential contributions of other Government departments and to capitalise on the Government's industrial strategy. The UK has the talent to develop and deliver what is needed for the internal market and for export abroad, but the Government must be intentional about nurturing, supporting and further cultivating that talent, not least to meet the rising challenges of transitioning to cleaner technologies.

23.

RECOMMENDATION

The Secretary of State for Transport should meet regularly with her counterparts in the Departments for Business and Trade, Education and Skills, Work and Pensions, Energy Security and Net Zero, and the Cabinet Office with a focus on how the British transport manufacturing sector can be best placed to make the most of the opportunities presented by the Government's legislation and policies on buses, rail and decarbonisation of transport, and on the Advanced Manufacturing Sector Plan. Where regional mayors exist, they should also be engaged. Both domestic procurement and global export opportunities should be on the agenda. We urge the Government to bring forward its response to the consultation on public procurement speedily and to go as far as possible towards supporting public procurement from British manufacturers.

2 Apprenticeships: fit for the future?

24. The Department for Transport’s submission to us highlighted a range of actions that the Government is taking to reform the skills system, including a fundamental restructuring of the apprenticeship system to include a “new growth and skills offer” which aims to give more learning opportunities for shorter courses rather than full apprenticeships.⁴⁴
25. Apprenticeships are available to people over the age of 16 who work in England. They are paid jobs, incorporate on and off the job training and take up to six years to complete. As of October 2025, over 900 different apprenticeships were available.⁴⁵ Shorter-duration apprenticeships (including ‘foundation’ apprenticeships) have been available since August 2025 to young people aged 16 to 21, or people aged 22 to 24 who have an Education, Health and Care plan, have previously been in care, or are a prisoner or prison leaver.⁴⁶

Table 1: Apprenticeships can be studied at different levels, which each have an equivalent educational level:

Name	Level	Equivalent educational level
Intermediate	2	5 GCSE passes
Advanced	3	2 A level passes
Higher	4, 5, 6 and 7	Foundation degree and above
Degree	6 and 7	Bachelor’s or master’s degree

Source: House of Commons Library, [Skills Policy in England](#), Research Briefing 10365, 15 October 2025, p 24

44 Department for Transport ([STM0020](#))

45 House of Commons Library, [Skills Policy in England](#), Research Briefing 10365, 15 October 2025, p 24

46 House of Commons Library, [Skills Policy in England](#), Research Briefing 10365, 15 October 2025, p 6

Apprenticeship funding reforms

26. The Government announced in September 2024 that a new Growth and Skills Levy would replace the existing apprenticeship levy. The apprenticeship levy has been operational since April 2017. All UK employers with an annual pay bill of more than £3 million pay a monthly levy to HMRC, charged at 0.5 per cent of the employer's pay bill, minus an allowance of £15,000 per financial year. The Government then pay these levy funds—adding a 10 per cent top-up—into the employer's registered 'apprenticeship service account' from which monthly payments are made to apprenticeship training providers.⁴⁷ Employers are permitted to transfer a prescribed percentage of their unused apprenticeship funds to other employers.⁴⁸ Apprenticeship levy funding is only allowed to be used on apprenticeship training and assessment costs.⁴⁹
27. In December 2024 the Secretary of State for Education described the apprenticeship levy as “failing”, noting that apprenticeship starts had been falling.⁵⁰ There are differing views on why apprenticeship starts have declined since the levy was introduced in 2017: suggested contributing factors include the levy's complexity and inflexibility; the requirement for non-levy payers to pay a share of apprenticeship costs (initially five per cent, then ten per cent); and a shortage of suitable apprentices and training aligned with employers' needs.⁵¹ There was also an almost three-fold increase in the proportion of apprenticeship starts at higher levels (defined as level 4 and above) between 2017 and 2023–24, rising to 36 per cent.⁵²
28. Introduction of the new Growth and Skills Levy, supported by £725 million funding in the 2025 Budget, is primarily intended to encourage employers to “rebalance” their apprenticeship funding by investing in younger workers.⁵³ It will initially be used to fund new short courses in areas such as digital, artificial intelligence and engineering from April 2026. The Government has said it will work with Skills England to decide which courses will be

47 House of Commons Library, [Apprenticeships Policy in England](#), Research Briefing CBP03052, 3 October 2024, p 15 – 17

48 House of Commons Library, [Apprenticeships Policy in England](#), Research Briefing CBP03052, 3 October 2024, p 18

49 House of Commons Library, [Skills Policy in England](#), Research Briefing 10365, 15 October 2025, p 6

50 HC Deb 9 December 2024, [Skills Training](#), c658

51 House of Commons Library, [Apprenticeships Policy in England](#), Research Briefing CBP03052, 3 October 2024, p 29 – 30

52 House of Commons Library, [Apprenticeships Policy in England](#), Research Briefing CBP03052, 3 October 2024, p 31

53 Department for Education, Prime Minister's Office, [Press Release: Prime Minister overhauls apprenticeships to support opportunity: Reforms to apprenticeship system in England announced, alongside publication of first Skills England report highlighting nationwide skills gaps](#), published 24 September 2024

prioritised.⁵⁴ Further changes to apprenticeships funding were announced at the 2025 Budget designed to “simplify the apprenticeship system”, including a notable shift in policy to fully fund SME apprenticeships for people under 25.⁵⁵

29. The evidence we took was broadly supportive of the levy system and endorsed the replacement of the apprenticeship levy with the Growth and Skills Levy.⁵⁶ ADS Group told us that industry “strongly” welcomed the reform, but sounded a note of caution about flexibility.⁵⁷ Three main factors were identified by contributors to our inquiry as constraining the value of apprenticeship funding. We consider these in turn below.

Inflexibility in levy spending

30. ADS Group told us about issues with levy funds expiring unspent, noting research showing that companies had spent just 55 per cent of their levy funds on average over the last five years. ADS stated that its members had “seen millions of pounds of their levy funds expire owing to the current system’s inflexibility” and said that rectifying this trend was crucial to growing employment in the aerospace sector. They recommended that the expiry window for unspent funds should be extended to three years.⁵⁸ The Government, meanwhile, has announced that it plans to reduce the expiry window for unspent levy funding from the current two years to 12 months.⁵⁹
31. Motor trade association SMMT proposed that the Government should better facilitate levy funds unspent by original equipment manufacturers being passed down the automotive supply chain and to SMEs. SMMT argued that at present “millions of pounds in unspent automotive levy funds are returned to the Treasury, while businesses are left to top up apprenticeship costs out of pocket or double-fund training initiatives”, a situation which disincentivises investment in broader workforce development and makes it harder to compete for talent.⁶⁰ ADS Group suggested introduction of “an industry-led marketplace” to link manufacturers’ surplus levy to SME suppliers. They argued that portability of unspent levy contributions across

54 House of Commons Library, [Skills Policy in England](#), Research Briefing 10365, 15 October 2025, p 6; and [Written questions and answers - Written questions, answers and statements - UK Parliament](#)

55 HM Treasury, [Policy paper: Budget 2025](#), updated 28 November 2025, para 4.4; More details are set out in: Department for Work and Pensions, [Press release: 50,000 more young people to benefit from apprenticeships as Government unveils new skills reforms to get Britain working](#), gov.uk, 7 December 2025

56 [Q48](#)

57 ADS Group ([STM0016](#))

58 ADS Group ([STM0016](#))

59 HM Treasury, [Policy paper: Budget 2025](#), updated 28 November 2025, para 4.4

60 The Society of Motor Manufacturers & Traders Limited ([STM0023](#))

company sites and transfers into the supply chain would also minimise the return of unspent funds to the Treasury.⁶¹ Oriel Petry, Senior Vice President of Airbus UK, told us it was bureaucratic, costly and complicated for a large manufacturer to pass on to supply chain companies either levy funds or apprentices themselves who might be a better fit for another opportunity.⁶²

- 32.** For the first three years after the apprenticeship levy was introduced, the UK Government allocated budgets from the levy to the devolved administrations. Since 2020–21 the amount of revenue collected through the levy and allocated to the devolved administrations has been determined by the Barnett formula.⁶³ The devolved administrations have discretion over how to allocate their funding.⁶⁴ Employers in devolved nations are unable to participate in the England-only ‘apprenticeship service account’ system and have no direct access to levy funds. Oriel Petry raised concerns about constraints on spending levy funding experienced by manufacturers who operate across the UK:

Airbus, when it acquires Spirit in Belfast and Prestwick, will be operating across four home nations [...] but at the moment the levy for skills is calculated on the national number of people, and we can only spend the skills levy in England. [...] We have a difficult situation where we are paying for 12,500 people but only a portion of that is in England [...] for a business it is hugely frustrating because we cannot spend our levy in north Wales, which is where our main wing factory is.⁶⁵

- 33.** Balaji Srimoolanathan, Director of ADS Group, proposed that unspent levy funding should be able to be used for capital expenditure to support the provision of training and skills development.⁶⁶ Make UK also highlighted the difficulties training providers face in sustaining engineering and manufacturing apprenticeship training, citing contributory factors including “inflexible rules on capital expenditure which prevent investment in industry-standard equipment and machinery”.⁶⁷

61 ADS Group ([STM0016](#))

62 [Q38](#)

63 House of Commons Library, [Apprenticeships Policy in England](#), Research Briefing CBPO3052, 3 October 2024, p 36; For an explanation of what the Barnett formula is, and how it works, see: House of Commons Library, [The Barnett formula and fiscal devolution](#), Research Briefing 7386, 24 July 2025

64 [Apprentices: Finance](#) PQ HL923, 19 September 2024

65 [Q37](#)

66 [Q14](#) [Balaji Srimoolanathan]

67 Make UK ([STM0022](#))

34.

CONCLUSION

Substantial amounts of levy funding has expired unspent. Rather than further constraining the opportunities for spending such funding, the Government should increase flexibility. We welcome the Government's Budget 2025 commitment to fully fund apprenticeships for eligible people under 25 at small and medium-sized enterprises (SMEs). However, more should be done to better ensure that levy funds reach SMEs and supply chain manufacturers in the transport manufacturing sector. The current restriction that levy funding can only be directly spent by manufacturers who operate across the UK on their operations in England is throttling opportunities for transport manufacturers which operate UK-wide to directly invest that funding in skills across their wider workforce.

35.

RECOMMENDATION

The Government should:

- extend the expiry window for unspent levy funding to three years;
- consult on allowing levy funding to be used on capital expenditure to support the provision of training and skills development (so long as that is not to the detriment of passing down that levy funding for the benefit of small and medium-sized enterprises in the supply chain);
- set out options for mechanisms for larger companies to use or pass down levy funding for the benefit of the small and medium-sized enterprises in their supply chains; and
- consult on permitting levy funding to be directly spent anywhere in the UK by manufacturers with operations in other UK nations as well as England.

Prioritisation of younger workers

36. Government policy has recently shifted to prioritise skills support for people aged below 22, rather than those already in work with prior learning and qualifications.⁶⁸ In particular, the Government has announced that:

68 [Apprenticeships and Skills Training](#) HCWS672, 2 June 2025

- Levy funding for level 7 apprenticeships (equivalent to a master's degree) will only be available to new apprentices who are aged 16 to 21 when they start the apprenticeship, rather than to apprentices of any age;⁶⁹ and
- Its newly established Foundation Apprenticeships will only be available to young people aged 16 to 21, or people aged 22 to 24 who have an Education, Health and Care plan, have previously been in care, or are a prisoner or prison leaver.⁷⁰

The Minister told us:

we are really concerned about young people. It is quite a shocking statistic that one in seven young people are not in education, employment or training. That is why we are deciding that that is our focus and that is where we want to target this investment. It is not to say that we do not want people to be acquiring the higher-level skills.⁷¹

- 37.** In 2023–24, 11.3 per cent of those starting a level 7 apprenticeship were under the age of 22.⁷² Alan Krikorian, Deputy Director for the Skills and Growth Levy at the Department for Work and Pensions, told us that, prior to the Government taking the decision to remove levy funding for level 7 apprenticeships for people aged 22 and over, Skills England took the lead on considering whether there were “appropriate substitutes or alternatives elsewhere” and concluded that the consensus was that “in most areas there are adequate other opportunities for people to progress at level 7, just not through the Growth and Skills levy or apprenticeship offer, because those courses are very expensive through the levy.”⁷³
- 38.** Matthew Ogg, Head of Policy at SMMT highlighted two such alternative programmes, not in receipt of levy funding, in the automotive sector aimed at bringing people back into the workforce after a career break. The first, STEM returners, was “a 12-week reskilling, upskilling programme” funded through employer partnerships which had successfully enabled a high proportion of women participating to return to the workforce after maternity and other career breaks. The second, ‘Mission Automotive’, was a charitable endeavour helping veterans to transition into civilian roles within the automotive industry.⁷⁴

69 House of Commons Library, [Skills Policy in England](#), Research Briefing 10365, 15 October 2025, p 25

70 House of Commons Library, [Skills Policy in England](#), Research Briefing 10365, 15 October 2025, p 6

71 [Q111](#) [Lilian Greenwood]

72 House of Commons Education Committee, [Further Education and Skills](#), 23 September 2025, p 57

73 [Q110](#) [Alan Krikorian]

74 [Q26](#) [Matthew Ogg]

39. The Institute for Advanced Automotive Propulsion Systems (IAAPS) and the Institute of Coding (IoC) at the University of Bath commented that the increasing focus on younger learners and lower-level qualifications was “often at odds with industry demand for experienced, highly skilled workers, particularly in areas like AI and systems engineering”.⁷⁵ SMMT said that advanced apprenticeships for over-21s were widely used to upskill the existing workforce and support progression into “critical roles such as post-graduate mechanical engineering, finance analytics, artificial intelligence, and senior leadership”.⁷⁶ Matthew Ogg told us:

Ironically, the level 7 apprenticeship for mechanical engineers is the most in demand in our sector, and that is one of the levels that has just been defunded by the Government [...] At this very moment in time we want to grow these sectors—[...] these are advanced technologies, and you need advanced skills to do that. We want the pipeline at level 3 and level 4, but we also need 6 and 7 at master’s level, and that is a real shortage when everyone else globally—and we are global sectors—is competing for the same amount of talent from a very limited talent pool.⁷⁷

Make UK told us that manufacturers had expressed concern over the decision to remove level 7 apprenticeship standards from eligibility for levy funding because this had restricted their ability to invest in apprenticeship training for leadership and management skills.⁷⁸

40. The Education Committee reported in September 2025 that the evidence it received for its Further Education and Skills inquiry was “largely opposed” to the removal of level 7 funding for those aged 22 or older.⁷⁹ That Committee concluded that the defunding of these apprenticeships would “reduce uptake” and “widen existing skills shortages, and limit career progression for many.” It recommended that levy funding should be reintroduced for level 7 apprenticeships for all ages within “the eight growth-driving sectors”.⁸⁰ The Government rejected this recommendation and stated that it encouraged employers to invest in upskilling staff aged over 22.⁸¹

75 University of Bath (IAAPS + Institute of Coding) ([STM0008](#))

76 The Society of Motor Manufacturers & Traders Limited ([STM0023](#))

77 [Q14](#) [Matthew Ogg]

78 Make UK ([STM0022](#))

79 House of Commons Education Committee, Sixth Report of Session 2024–26, [Further Education and Skills](#), HC 666, 23 September 2025, p 57

80 House of Commons Education Committee, Sixth Report of Session 2024–26, [Further Education and Skills](#), HC 666, 23 September 2025, p 59; The “eight growth-driving sectors” (which includes Advanced Manufacturing) are set out in: Department for Business and Trade, [The UK’s Modern Industrial Strategy](#), CP 1337, June 2025

81 House of Commons Education Committee, Sixth Special Report of Session 2024–26, [Further Education and Skills: Government response](#), HC 1555, 9 December 2025, p 30

41.

CONCLUSION

We acknowledge that the Government is seeking to re-balance funding to prioritise people aged below 22. However, the removal of Government funding for level 7 apprenticeships for those aged 22 and older risks jeopardising the supply of experienced and highly skilled workers for the transport manufacturing sector.

42.

RECOMMENDATION

We concur with the Education Committee in its report on Further Education and Skills that the Government should re-introduce levy funding for level 7 apprenticeships for all ages within the eight growth-driving sectors identified in the Government's Modern Industrial Strategy.

Relevance of apprenticeship standards and other technical education standards

43. We also heard concerns about whether the standards in apprenticeships and other qualifications reflected current practice and requirements in industry. Rail Forum told us that qualification standards lagged “significantly” behind industry practice.⁸² Warwick Manufacturing Group expressed concerns about “significant gaps in content” and argued that the mechanism for updating standards was too slow to reflect the impact of emerging technology, noting that the automotive technician apprenticeship was already 10 years out of date with no timeline for a review.⁸³ Dr Benjamin Silverstone reflected on the course content of T-levels:

I was involved in the design of the engineering T-level [...] it has a whole unit on the history of engineering and nothing about the future of it. It has already set off on a journey of being behind the times. The first T-levels were introduced six years ago and have not yet been reviewed for curriculum currency. Six years is a very long time in terms of the way things are going at the moment [...]⁸⁴

44. A lack of specificity for transport manufacturing was also of concern. Siemens Mobility Limited told us that relevant standards were not always available, noting that there was a lack of sector-specific standards and commenting that the withdrawal of the Rail Engineering Technician standard without a ready replacement had “left a vacuum”.⁸⁵ The Society of

82 Rail Forum ([STM0010](#))

83 Warwick Manufacturing Group, University of Warwick ([STM0021](#))

84 [Q48](#) [Dr Benjamin Silverstone]

85 Siemens Mobility Limited ([STM0012](#))

Maritime Industries (SMI) agreed, noting that the lack of maritime-specific occupational standards for autonomy and net zero roles slowed both workforce readiness and cross-sector mobility.⁸⁶

45. The Institute for Apprenticeships and Technical Education (Transfer of Functions etc) Act 2025 removed the requirement for reviews of technical educational qualifications, occupational standards, and apprenticeship assessment plans to be undertaken at “regular intervals”.⁸⁷ During the Bill’s passage, the Minister for Skills explained that the intention was to ensure reviews were “based on need rather than a fixed review point”.⁸⁸
46. As part of the package of reforms to apprenticeships funding announced at the 2025 Budget, the Government made a commitment to work “with employers to streamline the suite of apprenticeship standards available”.⁸⁹ Alan Krikorian, Deputy Director in the Department of Work and Pensions, told us that:

We are quite an outlier when it comes to apprenticeship standards. We have over 700 in England, which is really very high compared to other countries. We are increasingly looking at whether we need to have them all. Some have never even been used. Also, where there is a demand for something new, can an existing standard be adapted, rather than just creating something new and adding to this really big breadth of offer?⁹⁰

47. Skills England was described by its Chief Executive, Sarah Maclean, as “the custodian of occupational standards”. These standards which relate to particular jobs form the “bedrock” for all technical and vocational courses and training.⁹¹ Warwick Manufacturing Group suggested that Skills England should establish “effective communication” with industry, including SMEs, and introduce “efficient mechanisms to deliver change to qualification standards through co-development and collaboration”.⁹² Sarah Maclean explained the importance of the relationship between Skills England and employers in setting the standards:

86 Society of Maritime Industries (SMI) ([STM0013](#))

87 House of Commons Library, [Institute for Apprenticeships and Technical Education \(Transfer of Functions etc\) Bill \[HL\] 2024–25](#), Research Briefing 10199, 20 February 2025, p 38

88 HL Deb, 21 November 2024, [col 118GC](#)

89 HM Treasury, [Policy paper: Budget 2025](#), updated 28 November 2025, para 4.4

90 [Q96](#) [Alan Krikorian]

91 [Q96](#) [Sarah Maclean]

92 Warwick Manufacturing Group, University of Warwick ([STM0021](#))

Having a more common language and a better understanding of [...] key skills and occupational standards across the piece, will help employers to either describe things in those ways or talk to us about why the occupational standards need to be updated, because things have moved on or technology has changed.⁹³

48. CONCLUSION

Apprenticeship standards and other technical education training standards are not consistently being kept up to date and sometimes contain significant gaps or irrelevant content. As a result, the skills provided do not always meet the requirements of employers in the transport manufacturing sector.

49. RECOMMENDATION

Skills England should ensure that, notwithstanding the recent change to remove the requirement to undertake reviews at fixed points, apprenticeship and other technical education training standards are revised and updated at a minimum of every three years. It is essential that transport manufacturers are closely involved in these reviews, to ensure that technological changes, current skills shortages and requirements specific to certain transport sectors are reflected in the standards.

93 [Q96](#) [Sarah Maclean]

3 Attracting, developing, and retaining a diverse workforce

Perceptions of the manufacturing sector

50. Invest in Warwickshire told us that there were “social misconceptions” about apprenticeships. They noted, with reference to Level 4 STEM (science, technology, engineering, and maths) apprenticeships, that “[M]ost businesses operate first class facilities, but many schools and teachers just don’t understand this.”⁹⁴ John McGookin, Acting National Officer for Docks, Rail, Ferries and Waterways at Unite the Union, recalled that when he was working as a young operator at a plant in Swindon a teacher cautioned a misbehaving school child from a visiting school party that “[I]f you don’t behave and apply yourself, you’ll end up working in a place like this”. He commented that working conditions had improved over the years, but that perceptions had not kept up:

Ultimately, we need an image change. It can be dirty, although the days of being covered in oil and muck are long gone. You can go into most of the manufacturing employers that I deal with and it is pristine.⁹⁵

51. The Government’s Advanced Manufacturing Plan includes commitments to address poor perceptions of manufacturing as a career option.⁹⁶ The Department for Transport acknowledged that there were “outdated perceptions” across the transport manufacturing sector, particularly noting that shipbuilding was “often poorly perceived by school leavers, affecting talent attraction.” The Department told us that the Government planned to work with industry to change these perceptions, including by upskilling advisers, and by offering support through DWP’s Jobcentres and the Jobs and Careers Service.⁹⁷

94 Invest in Warwickshire ([STM0028](#))

95 [Q73](#) [John McGookin]

96 Department for Business and Trade, [The UK’s Modern Industrial Strategy: Advanced Manufacturing: Sector Plan](#), 23 June 2025, p 26

97 Department for Transport ([STM0020](#))

52. The Education Committee concluded in September 2025 that the post-16 pathways in the education system were inadequate, with a lack of parity of esteem between academic and vocational routes.⁹⁸ Alstom UK & Ireland, a manufacturer specialising in the rail sector, suggested to our inquiry that the UK might review and learn from how other countries approach this issue. Alstom drew attention to Germany’s dual vocational training system, which, they argued, integrated practical and theoretical learning in a way that ensured skills were directly relevant to industry needs and provided stable career paths. Alstom also described a “model of strong government-industry-academia collaboration” in France.⁹⁹

Initiatives to attract entrants

53. The sector itself is leading some initiatives to help attract entrants to transport manufacturing. Jamie Cater told us about the success of National Manufacturing Day, where Make UK member companies open their doors to groups of school student, teachers, parents, jobseekers and Jobcentre Plus work coaches to “dispel some myths”. He stressed the importance of showcasing “advanced, clean, exciting, innovative workplaces”.¹⁰⁰ Oriel Petry outlined programmes that Airbus UK was running with local schools that were delivering “impressive” results; the We Build It Better programme at Airbus’s Stevenage site had led to 60 per cent of participants electing to take STEM subjects at GCSE.¹⁰¹
54. Skills Bootcamps are available to adults aged 19 or over and are specifically designed around skills in demand by employers. They take up to 16 weeks to complete and successful participants are guaranteed a job interview with an employer.¹⁰² The Minister told us that Nissan runs a Skills Bootcamp focused on electric vehicle component manufacturing which offers a direct route into employment at its Sunderland factory.¹⁰³ Make UK told us that, while availability and outcomes were “mixed”, the provision of Skills Bootcamps showed a positive focus on industry-led options for upskilling and retraining at all levels.¹⁰⁴

98 Education Committee, Sixth Report of Session 2024–26, [Further Education and Skills](#), HC 666, para 75

99 Alstom UK & Ireland ([STM0014](#))

100 [Q21](#)

101 [Q42](#)

102 Department for Education, [Skills for Careers: Skills Bootcamps](#) (accessed 26 November 2025)

103 [Q100](#)

104 Make UK ([STM0022](#))

55. Jamie Cater of Make UK noted the importance of engagement with primary schools and pre-16 education.¹⁰⁵ EngineeringUK told us that the take-up of STEM subjects at GCSE level was “a good barometer of the issues affecting the pipeline of skilled manufacturing workers”. While they noted that some had increased in popularity, others had declined, and entries to design and technology GCSE in particular had halved since 2016.¹⁰⁶ Professor Chris Brace, Professor of Automotive Propulsion and Executive Director, University of Bath (Institute of Advanced Automotive Propulsion Systems (IAAPS) and Institute of Coding), said that much of the potential audience for STEM subjects was lost even before children reached secondary school. He advocated higher-quality STEM provision to inspire and motivate children and wider diversity of learning longer in school careers so that it remained on the table as an option. This would “increase the pool from which we are fishing”.¹⁰⁷

Reforms to further and higher education

56. In October 2025 the Government published a White Paper on its plans to reform further and higher education in England. The stated overarching aims of the plans are to: work with employers to better identify and address skills shortages; improve access to further education, higher education and training; and better align the provision of education and training with employer needs and the skills needs of the economy.¹⁰⁸ It also referenced two key commitments to “ensure everyone can upskill throughout their working life with access to short, modular courses or longer periods of training, funded through a new loan entitlement, the Lifelong Learning Entitlement (LLE), or by their employer through the Growth and Skills Levy.”¹⁰⁹

The Lifelong Learning Entitlement

57. A Lifelong Learning Entitlement (LLE) was announced in the Government’s Modern Industrial Strategy, designed to provide access to tuition fee loans for four years’ worth of education and training. From September

105 [Q22](#)

106 EngineeringUK ([STM0030](#)); and EngineeringUK, [GCSE and Scottish National 5 results 2025](#), 21 August 2025

107 [Q41](#)

108 Department for Education, Department for Work and Pensions and Department for Science Innovation and Technology, [Policy paper: Post-16 education and skills white paper](#), CP 1412, 20 October 2025; including quotations from para 1.2.2.

109 As above

2026, learners will be able to apply for funding to study modules of higher technical qualifications and modules of level 6 qualifications, in subject groups that aim to address priority skills gaps.¹¹⁰

58. Stakeholders were supportive of the introduction of the LLE. The Institute for Advanced Automotive Propulsion Systems (IAAPS) and the Institute of Coding (IoC) at the University of Bath noted the importance of the kind of continuous reskilling it would support given the pace of technological change in transport.¹¹¹ Make UK called it “a welcome step forward” in enabling workers and employers to consider the value of upskilling, and how the employer could support this practically and financially and avoid workers bearing the full responsibility of the equivalent of student loan repayments.¹¹² Green Alliance noted that the LLE could be particularly helpful in supporting the retraining of older workers.¹¹³

Youth Guarantee Scheme

59. Reflecting on international comparators, Alstom UK & Ireland suggested that the Government consider implementing “targeted hiring incentives and support programmes for young people entering the rail sector, similar to Italy’s ‘Youth Guarantee’”.¹¹⁴ In the November 2025 Budget, the Government announced £820 million of funding for a Youth Guarantee; this is intended to offer a guaranteed six-month paid work placement for every eligible 18- to 21 year old who has been on Universal Credit and looking for work for 18 months.¹¹⁵

The value of transferable skills

60. Dr Benjamin Silverstone commented that the skills regime is currently “a system predicated on qualifications and not on capability.” He reflected on industry being overly focussed on the attainment of sector-specific standards, noting, “[I]f I want a battery technician in my factory, I am going to ask for a technician-level qualification in engineering. That is going to put somebody off who might have that ability from another sector but who

110 Department for Education, Department for Work and Pensions and Department for Science Innovation and Technology, [Policy paper: Post-16 education and skills white paper](#), CP 1412, 20 October 2025, para 3.4.2

111 University of Bath (IAAPS + Institute of Coding) ([STM0008](#))

112 Make UK ([STM0022](#))

113 Green Alliance ([STM0011](#))

114 Alstom UK & Ireland ([STM0014](#))

115 HM Treasury, [Policy paper: Budget 2025](#), updated 28 November 2025, para 4.4; More details are set out in: Department for Work and Pensions, [Press release: Almost a million young people to benefit from expanded support, new training, and work experience opportunities](#), gov.uk, 6 December 2025

does not have that qualification.”¹¹⁶ Dr Silverstone stressed the value of transferable skills and finding a mechanism for leveraging their portability across the transport manufacturing sector:

If you are an engineer or a technician, if you are good at software or robotics, then you can work in so many different places. We need to free this up a little. We need to break down these sector barriers and look at skill standards by technology and need not by sector.¹¹⁷

He noted that Skills England was “keen to look at competency passports”, but that it also needed educators and awarding organisations to be able to say, ‘Having done this, this person is now capable of doing these things,’ which we do not do very well at the moment.”¹¹⁸

61. Eddie Dempsey of the RMT urged the Government to provide a means for transferring skills from parts of the industry to others.¹¹⁹ He advocated the idea of an “industry-wide apprenticeship scheme”, citing work being done by Network Rail.¹²⁰ The Network Rail apprenticeships programme provides hands-on experience, structured learning and national recognised qualifications, and has been highly ranked in the Department for Education’s Top 100 Apprenticeship Employers 2025 list.¹²¹ Mr Dempsey suggested that such a scheme “could be a single point of entry into the railway industry giving people both the generic, transferable and specialist skills that allow them to move around the rail industry, but also in other high-tech manufacturing-type roles.”¹²²
62. The Department for Transport noted that it was considering how best to support initiatives that promote transferable skills gained throughout careers, and referenced Make UK’s proposals for an engineering and manufacturing skills passport to “enable lifelong learning and have a record of transferable skills to facilitate moves between sectors and sub-sectors within advanced manufacturing”. The Department also noted proposals for a Defence Skills Passport to facilitate transfer of mid-career professionals between the Armed Forces, the defence industry and into the sector from neighbouring industries, such as maritime.¹²³

116 [Q33](#) [Dr Silverstone]

117 [Q34](#)

118 [Q36](#)

119 [Q65](#) [Eddie Dempsey]

120 [Q63](#)

121 Rail Business Daily, [Network Rail encourages students to give its apprenticeships a try](#), 14 August 2025; the Department for Education’s Top 100 Apprenticeship Employers 2025 list

122 [Q66](#) [Eddie Dempsey]

123 Department for Transport ([STM0020](#))

63. The Minister acknowledged that “a lack of clear pathways for older career changers” was a particular challenge for the sector. She further noted that:

The overlapping skills across transport manufacturing sectors mean that we need a more agile workforce, one that can move more fluidly between industries like automotive, aerospace and rail, to respond to evolving technologies and market demands.¹²⁴

64. **CONCLUSION**

The UK does not have a sufficient pipeline from education to industry. Re-skilling and upskilling are also not adequately supported to better enable people to be retained by existing businesses or move from one business or sector to another.

65. **RECOMMENDATION**

The Department for Transport should on at least an annual basis gather information from British transport manufacturers on how effectively the UK’s vocational training system is delivering a robust pipeline of skills, and report these findings to the Departments for Education and Work and Pensions to inform further development of vocational training pathways.

66. **RECOMMENDATION**

Skilled workers face significant barriers when trying to move across and within areas of transport manufacturing. This is especially frustrating when employers report persistent skills shortages. Skills England should by the end of 2026 consult the transport manufacturing sector on the potential benefits of a ‘competency passport’ approach to improving the ease with which workers can transfer between, and within, all areas of the sector.

Diversity of the workforce

67. Make UK reported that as of 2021, the average manufacturing business was 70 per cent male and was comprised of 82 per cent white employees, and that only two per cent of manufacturers had an average workforce age below 30.¹²⁵ EngineeringUK highlighted the fact, demonstrated by a 2024 Institute for Manufacturing survey, that the workforce tends to become more male-dominated through the age groups.¹²⁶ According to this survey,

124 [Q85](#) [Lilian Greenwood]

125 Make UK, [Manufacturing our recovery through inclusion](#), p 9

126 EngineeringUK ([STM0030](#))

women constitute 28.1 per cent of the manufacturing workforce aged between 16 and 24, but just 18.6 per cent of the manufacturing workforce aged between 50 and 64. Meanwhile, the gender pay gap is greatest for women aged 50 and over.¹²⁷

68. EngineeringUK reported on the relatively low take-up by girls of A-levels in maths (37 per cent of the 2025 cohort) and physics (24 per cent) and engineering and technology related T-levels (12 per cent).¹²⁸ Just 11 per cent of those starting an engineering and manufacturing apprenticeship at level 2 in 2023–24 were female.¹²⁹ Oriel Petry of Airbus UK illustrated the scale of the cultural challenge:

We took two female apprentices to a co-ed school near our site in north Wales three years ago. We entered this room of boys and asked the teacher why there were only boys in the room. The teacher said, “Well, it is engineering so I did not think the girls would be interested.”¹³⁰

69. It is not just about attracting new entrants of school age, however. Professor Chris Brace talked about the need to have mechanisms to retain and allow employees to re-enter the workforce after career breaks, “because, in addition to having a shallower pool of applicants than we would like, we also have a leakier pipeline of people progressing through it, women especially.”¹³¹ Oriel Petry illustrated the multifaceted approach that was necessary to recruit women into, and retain women in, transport manufacturing roles. She reflected on how Airbus UK had set itself the challenge to increase female representation—from one per cent to ten per cent—in the aircraft wing fitters’ cohort in their factory in Broughton. The campaign built engagement reflecting on the historical role of women in aircraft manufacturing during the Second World War. Airbus supplied additional support to young women to undertake apprenticeships and made practical changes such as:

- Making shift systems more flexible;
- Changing workwear to be more size-appropriate and tailored; and
- Revising skills tests which had previously been based on male ergonomics.

127 Institute for Manufacturing, [Women in UK manufacturing 2024: addressing labour shortages and bridging the gender gap](#), 2024

128 EngineeringUK, [A level and Scottish Higher results 2025](#), 15 August 2025

129 EngineeringUK, [Pathways to success: shaping foundation apprenticeships in engineering and technology](#), 2025

130 [Q42](#)

131 [Q47](#) [Professor Chris Brace]

The campaign led to an increase to 18 per cent of women in the aircraft wing fitters' cohort.¹³² We urged witnesses to provide quantifiable evidence, as opposed to anecdotal evidence, on the effectiveness of outreach work in attracting new entrants into transport manufacturing. However, longitudinal outcomes data on this specific sector has not been provided and does not appear to be readily available.¹³³

70. Women in Transport recommended that access to public funding, procurement frameworks and sector deals should be linked to performance in workplace equity. They reasoned that embedding gender equity would “create conditions that benefit other underrepresented groups, including ethnic minorities, disabled workers, and those from lower-income and rural communities.”¹³⁴
71. The Government stated in its Advanced Manufacturing Sector Plan that “greatly improving diversity in the workforce is critical to attracting and retaining talent”. It announced that it would sponsor an ‘Equality Charter’, to be “co-created with industry”, and “a dedicated task force led by Make UK, which would include public reporting of diversity data by firms.” The Government also announced that, in partnership with industry, a target had been created to increase women’s representation in the sector to 35 per cent by 2035 (“35 by 35”).¹³⁵ The Minister told us that:

building an inclusive workforce is not just the right thing to do, it is a bit of a no-brainer really, is it not? You want to bring in the best talent and get people building long-term careers in the manufacturing sector. If you are not fishing from the widest possible pool, you are missing out on lots of that talent. That is why we have set that ambitious target of increasing the number of women in transport manufacturing to 35 per cent.¹³⁶

72. **CONCLUSION**

There is a significant and complex challenge to be overcome in increasing diversity in the transport manufacturing sector. We welcome the Department for Transport’s commitment to work with industry to change outdated perceptions of manufacturing and strongly endorse the Government’s target to increase women’s representation in the advanced manufacturing sector to 35 per cent of the workforce by 2035.

132 [Q46](#)

133 [Q45](#); and University of Bath, [Making an impact: How the University of Bath drives skills, investment, jobs, innovation and growth](#), (accessed 16 December 2025)

134 Women in Transport ([STM0001](#))

135 Department for Business and Trade, [The UK’s Modern Industrial Strategy: Advanced Manufacturing: Sector Plan](#), 23 June 2025, p 26

136 [Q107](#) [Lilian Greenwood]

73.

RECOMMENDATION

Skills England should by the end of 2026 set out an evidence-led plan, commissioning research necessary to fill gaps in knowledge on what has worked best in the manufacturing sector, detailing how it will support the Government's target to increase diversity in the manufacturing sectors. The plan should include commitments to:

- assess the long-term effectiveness of manufacturing sector engagement activities with young people;
- independently assess the outcomes of manufacturing sector recruitment campaigns; and
- monitor bespoke adjustments made by manufacturers designed to increase diversity of entrants, such as introducing inclusive workwear for women.

Skills England should also support small and medium-sized enterprises by providing shared toolkits to help them adopt best practice measures for increasing diversity. We ask that the Department for Transport report to our Committee at least every six months on progress towards achieving this diversity target in transport manufacturing specifically.

74.

RECOMMENDATION

The Department for Transport should work with relevant government departments to strengthen accountability for careers advice and subject choices guidance in schools to ensure that pathways to careers in manufacturing are not disadvantaged.

75.

RECOMMENDATION

Skills England must undertake a review to ensure that it supports a range of modular or part-time apprenticeships, or other training options in the transport manufacturing sector, to help attract candidates with caring responsibilities or those returning to work from career breaks. Manufacturers receiving levy funding or apprenticeship support should be required to report annually to Skills England on the uptake of those training options by candidates with caring responsibilities or those returning to work from career breaks, to ensure the support is reaching that cohort. Where uptake is low, the options should be revised, or future support should be made contingent on increased levels of uptake. The Government should also consider whether release of levy funding should be made contingent on employers' delivery against their own diversity targets.

Conclusions and recommendations

Transport manufacturing and the skills landscape

1. Manufacturing of motor vehicles, buses, aeroplanes, trains, and ships has deep roots in the UK, supported by rich ecosystems of associated businesses and supply chains. Transport manufacturing provides high quality, well-paid work which sustains many communities across the country and makes a significant contribution to the UK economy as well as to its transport services. (Conclusion, Paragraph 21)
2. The Government's legislation on the provision of bus and rail services, and policies promoting transition to EVs and fuel innovation in aerospace, provide once-in-a-generation opportunities for production and employment. Delivering on these opportunities will require the Department of Transport to mobilise the essential contributions of other Government departments and to capitalise on the Government's industrial strategy. The UK has the talent to develop and deliver what is needed for the internal market and for export abroad, but the Government must be intentional about nurturing, supporting and further cultivating that talent, not least to meet the rising challenges of transitioning to cleaner technologies. (Conclusion, Paragraph 22)
3. The Secretary of State for Transport should meet regularly with her counterparts in the Departments for Business and Trade, Education and Skills, Work and Pensions, Energy Security and Net Zero, and the Cabinet Office with a focus on how the British transport manufacturing sector can be best placed to make the most of the opportunities presented by the Government's legislation and policies on buses, rail and decarbonisation of transport, and on the Advanced Manufacturing Sector Plan. Where regional mayors exist, they should also be engaged. Both domestic procurement and global export opportunities should be on the agenda. We urge the Government to bring forward its response to the consultation on public procurement speedily and to go as far as possible towards supporting public procurement from British manufacturers. (Recommendation, Paragraph 23)

Apprenticeships: fit for the future?

4. Substantial amounts of levy funding has expired unspent. Rather than further constraining the opportunities for spending such funding, the Government should increase flexibility. We welcome the Government's Budget 2025 commitment to fully fund apprenticeships for eligible people under 25 at small and medium-sized enterprises (SMEs). However, more should be done to better ensure that levy funds reach SMEs and supply chain manufacturers in the transport manufacturing sector. The current restriction that levy funding can only be directly spent by manufacturers who operate across the UK on their operations in England is throttling opportunities for transport manufacturers which operate UK-wide to directly invest that funding in skills across their wider workforce. (Conclusion, Paragraph 34)
5. The Government should:
 - extend the expiry window for unspent levy funding to three years;
 - consult on allowing levy funding to be used on capital expenditure to support the provision of training and skills development (so long as that is not to the detriment of passing down that levy funding for the benefit of small and medium-sized enterprises in the supply chain);
 - set out options for mechanisms for larger companies to use or pass down levy funding for the benefit of the small and medium-sized enterprises in their supply chains; and
 - consult on permitting levy funding to be directly spent anywhere in the UK by manufacturers with operations in other UK nations as well as England. (Recommendation, Paragraph 35)
6. We acknowledge that the Government is seeking to re-balance funding to prioritise people aged below 22. However, the removal of Government funding for level 7 apprenticeships for those aged 22 and older risks jeopardising the supply of experienced and highly skilled workers for the transport manufacturing sector. (Conclusion, Paragraph 41)
7. We concur with the Education Committee in its report on Further Education and Skills that the Government should re-introduce levy funding for level 7 apprenticeships for all ages within the eight growth-driving sectors identified in the Government's Modern Industrial Strategy. (Recommendation, Paragraph 42)

8. Apprenticeship standards and other technical education training standards are not consistently being kept up to date and sometimes contain significant gaps or irrelevant content. As a result, the skills provided do not always meet the requirements of employers in the transport manufacturing sector. (Conclusion, Paragraph 48)
9. Skills England should ensure that, notwithstanding the recent change to remove the requirement to undertake reviews at fixed points, apprenticeship and other technical education training standards are revised and updated at a minimum of every three years. It is essential that transport manufacturers are closely involved in these reviews, to ensure that technological changes, current skills shortages and requirements specific to certain transport sectors are reflected in the standards. (Recommendation, Paragraph 49)

Attracting, developing, and retaining a diverse workforce

10. The UK does not have a sufficient pipeline from education to industry. Re-skilling and upskilling are also not adequately supported to better enable people to be retained by existing businesses or move from one business or sector to another. (Conclusion, Paragraph 64)
11. The Department for Transport should on at least an annual basis gather information from British transport manufacturers on how effectively the UK's vocational training system is delivering a robust pipeline of skills, and report these findings to the Departments for Education and Work and Pensions to inform further development of vocational training pathways. (Recommendation, Paragraph 65)
12. Skilled workers face significant barriers when trying to move across and within areas of transport manufacturing. This is especially frustrating when employers report persistent skills shortages. Skills England should by the end of 2026 consult the transport manufacturing sector on the potential benefits of a 'competency passport' approach to improving the ease with which workers can transfer between, and within, all areas of the sector. (Recommendation, Paragraph 66)
13. There is a significant and complex challenge to be overcome in increasing diversity in the transport manufacturing sector. We welcome the Department for Transport's commitment to work with industry to change outdated perceptions of manufacturing and strongly endorse the Government's target to increase women's representation in the advanced manufacturing sector to 35 per cent of the workforce by 2035. (Conclusion, Paragraph 72)

14. Skills England should by the end of 2026 set out an evidence-led plan, commissioning research necessary to fill gaps in knowledge on what has worked best in the manufacturing sector, detailing how it will support the Government's target to increase diversity in the manufacturing sectors. The plan should include commitments to:

- assess the long-term effectiveness of manufacturing sector engagement activities with young people;
- independently assess the outcomes of manufacturing sector recruitment campaigns; and
- monitor bespoke adjustments made by manufacturers designed to increase diversity of entrants, such as introducing inclusive workwear for women.

Skills England should also support small and medium-sized enterprises by providing shared toolkits to help them adopt best practice measures for increasing diversity. We ask that the Department for Transport report to our Committee at least every six months on progress towards achieving this diversity target in transport manufacturing specifically. (Recommendation, Paragraph 73)

15. The Department for Transport should work with relevant government departments to strengthen accountability for careers advice and subject choices guidance in schools to ensure that pathways to careers in manufacturing are not disadvantaged. (Recommendation, Paragraph 74)

16. Skills England must undertake a review to ensure that it supports a range of modular or part-time apprenticeships, or other training options in the transport manufacturing sector, to help attract candidates with caring responsibilities or those returning to work from career breaks. Manufacturers receiving levy funding or apprenticeship support should be required to report annually to Skills England on the uptake of those training options by candidates with caring responsibilities or those returning to work from career breaks, to ensure the support is reaching that cohort. Where uptake is low, the options should be revised, or future support should be made contingent on increased levels of uptake. The Government should also consider whether release of levy funding should be made contingent on employers' delivery against their own diversity targets. (Recommendation, Paragraph 75)

Formal minutes

Wednesday 21 January 2026

Members present:

Ruth Cadbury, in the Chair

Steff Aquarone

Dr Scott Arthur

Mrs Elsie Blundell

Jacob Collier

Olly Glover

Alex Mayer

Baggy Shanker

Rebecca Smith

Laurence Turner

Engine for growth: securing skills for transport manufacturing

Draft Report (*Engine for growth: securing skills for transport manufacturing*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 75 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Fifth Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Adjournment

Adjourned till Tuesday 27 January 2026 at 4.00 pm

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Wednesday 22 October 2025

Matthew Ogg, Head of Policy, Society of Motor Manufacturers (SMMT); **Balaji Srimoolanathan**, Director, ADS Group Ltd; **Tom Chant MBE**, Chief Executive, Society of Maritime Industries (SMI); **Jamie Cater**, Senior Policy Manager, Make UK [Q1-30](#)

Professor Chris Brace, Professor of Automotive Propulsion and Executive Director, University of Bath (IAAPS + Institute of Coding); **Dr Benjamin Silverstone**, Associate Professor and Head of Skills Policy and Strategy, University of Warwick; **Oriel Petry**, Senior Vice President, Airbus [Q31-58](#)

Wednesday 5 November 2025

Eddie Dempsey, General Secretary, National Union of Rail, Maritime & Transport Workers (RMT); **Mr John McGookin**, Acting National Officer, Docks, Rail, Ferries and Waterways, Unite the Union [Q59-77](#)

Lilian Greenwood MP, Minister for Local Transport, Department for Transport; **Sarah Maclean CBE**, Chief Executive, Skills England; **Alan Krikorian**, Deputy Director for Skills and Growth Levy, Department of Work and Pensions; **Rebecca Schapira**, Deputy Director for Advanced Manufacturing, Department for Business and Trade [Q78-118](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

STM numbers are generated by the evidence processing system and so may not be complete.

1	ADS Group	STM0016
2	Airbus UK	STM0017
3	Aldridge, Mr Barry	STM0002
4	Alstom UK & Ireland	STM0014
5	Angel Trains	STM0005
6	Careers and Enterprise Company	STM0007
7	Chartered Management Institute	STM0003
8	Department for Transport	STM0020
9	EngineeringUK	STM0030
10	Green Alliance	STM0011
11	Invest in Warwickshire	STM0028
12	Logistics UK	STM0009
13	Make UK	STM0022
14	Maritime UK	STM0027
15	Metz, Dr David (Honorary Professor, University College London)	STM0004
16	National Skills Academy for Rail	STM0006
17	RMT Union	STM0032
18	Rail Forum	STM0010
19	Railway Industry Association	STM0019
20	Siemens Mobility Limited	STM0012
21	Society of Maritime Industries (SMI)	STM0013
22	Stagecoach Group	STM0018
23	The Chartered Institute of Logistics and Transport (UK)	STM0024

24	The Society of Motor Manufacturers & Traders Limited	<u>STM0023</u>
25	Transport UK Group	<u>STM0026</u>
26	Transport for London	<u>STM0025</u>
27	University of Bath (IAAPS + Institute of Coding)	<u>STM0008</u>
28	Warwick Manufacturing Group, University of Warwick	<u>STM0021</u>
29	Women in Transport	<u>STM0001</u>
30	Wrightbus	<u>STM0015</u>

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

Session 2024–26

Number	Title	Reference
4th	National Policy Statement for Ports	HC 1028
3rd	Buses connecting communities	HC 494
2nd	Managing the impact of street works	HC 522
1st	Access denied: rights versus reality in disabled people's access to transport	HC 770
3rd Special	Buses connecting communities: Government Response	HC 1419
2nd Special	Managing the impact of street works: Government Response	HC 1318
1st Special	Access denied: rights versus reality in disabled people's access to transport: Government Response	HC 931