

## Opposition policy costing – Skills England – Labour Party

Description of policy
<p><b>‘Labour will establish a new expert body – Skills England – to oversee the English national skills effort’.</b> <i>‘Labour will establish a new expert body – Skills England – to oversee the English national skills effort of the coming decade, ensuring we have the skills we need for the challenges of the future, monitoring skills trends and approving the new training schemes the levy can be spent on’</i> (National Policy Forum, Final Policy Documents, 15 September 2023, p.44, <a href="#">archived</a>).</p> <p><b>Rachel Reeves said Labour would set up ‘Skills England’ to train more people and give ‘more power to regional leaders’.</b> Rachel Reeves: <i>‘Alongside this, we will give more power to regional leaders to ensure the training provided in their area meets their local needs. They will work in coordination with a new expert body, Skills England, to make sure that across our nation we have the skills we need to thrive’</i> (Labour Together, A New Business Model for Britain, 25 May 2023, <a href="#">link</a>).</p>
Additional policy assumptions
<p><b><u>Assumptions from Special Advisers</u></b></p> <ul style="list-style-type: none"><li>• Costing is for the set up and running costs for establishing and running Skills England based on similar costings for other such bodies (such as the Standards and Testing Agency).</li><li>• Skills England comprises new / additional 100 FTE staff. It is an entirely new body and does not absorb the functions of an existing organisation.</li><li>• Skills England’s organisational structure mirrors that of DfE at Director level and below and staff salary and other costs per FTE are the same as the average DfE staff cost per grade.</li><li>• There should be an 8% (as the average cost) uplift to account for staff-related general admin expenditure.</li><li>• The timeframe for the establishment of Skills England and its delivery follows a similar timeframe to the Standards and Testing Agency.</li><li>• The office estate for Skills England could be accommodated within an existing DfE site.</li><li>• Skills England would not require other government funding for its activities.</li></ul>
Additional technical modelling assumptions or judgements required
<p>We have not assumed any operating costs beyond staff, estate and IT costs, based on assumptions from Special Advisers that Skills England would not require government funding for its operational activity.</p> <p><u>Staff costs</u></p> <p>Any existing functions that are moved into Skills England have not been included in the costing as it is assumed that their budgets are transferred from their existing organisation, rather than incurring new spend.</p> <p>This costing includes salary costs, employers pension, and NI costs for staff, as well as general admin expenditure such as travel and L&amp;D.</p> <p>This provides an estimate of £7.6m per annum of staff costs once Skills England is fully operational.</p>

### Estate and IT costs

The Department for Education could accommodate a body of c.100 headcount in its existing offices, subject to capacity at individual sites. The offices are run by an external agency, so Skills England would be charged rent for this.

We used the premises and IT costs of the Institute of Apprenticeships and Technical Education (IfATE) (c.300 employees), at c. £1.3m in FY23-24, and scaled it proportionately (at 33%), to estimate the equivalent cost for Skills England at £440k per annum.

We do not anticipate any AME expenditure.

### Delivery time frame

The Standards and Testing Agency (STA) was provided in the above assumption as a comparable body. The establishment of the STA was announced in May 2010. The STA then became operational in October 2011. Its expenditure ramped up gradually over FY11-12 and FY12-13, before levelling out from FY13-14.

We do not anticipate any additional start-up costs beyond the assumed staff and admin expenditure.

For reference, the ramp up in STA's costs over its first four financial years were as follows::

Year	FY10-11	FY11-12	FY12-13	FY13-14	FY14-15
Assumed capacity	0%	35%	84%	100%	100%

### Inflation assumptions

We have adjusted for inflation using the OBR deflators specified by HMT (Source: GDP deflators at market prices, and money GDP December 2023).

### Territorial extent

This measure would apply to England only. Barnett consequentials have been included to reflect the full cost to the Exchequer. This involved uplifting costs by 18.75%.

### Cost/Revenue to the Exchequer over five years

Please summarise spending impacts over the next five years in Table 1 below:

£m		DEL				
		2024-25	2025-26	2026-27	2027-28	2028-29
Resource	Staff costs	0	2.66	6.38	7.60	7.60
	Estate and IT costs	0	0.44	0.44	0.44	0.44
Capital		0	0	0	0	0
Adjustment for inflation		0	0.05	0.23	0.42	0.57
Barnett consequential (18.75% uplift)		0	0.59	1.32	1.59	1.61
<b>Total</b>		<b>0</b>	<b>3.74</b>	<b>8.38</b>	<b>10.04</b>	<b>10.23</b>

Comparison with current system (if applicable):

Other comments (including other Departments consulted):	
This costing was produced by DfE.	
<i>To be completed by Permanent Secretary's Office</i> Date costing signed off:	04/01/24
<i>[If applicable]</i> Date revised costing signed off:	