



In focus: the vision, strategy and implications of the Labour Government's Post-16 Education & Skills White Paper

This paper examines the much-anticipated [White Paper on Post-16 Education and Skills](#) published on 20th October 2025, assessing the vision, policy approaches, and potentially disruptive implications of the new strategy for the 16-18 and adult education & skills landscape.

High level overview of the White Paper's key elements



Vision

The White Paper states that skills strategy is a key pillar at the heart of the 'defining mission' of the government: Growth.

Labour sees skills as being crucial to productivity, career success, and the prospect of a good life. The central vision is to aid growth and national renewal by building a 'world-leading' skills system that is more navigable and joined-up, data-driven, flexible, and employer-focussed in nature.



Aims

- An 80% national employment rate in England. Major focus on re-engaging NEETs and intervening earlier to prevent NEET status.
- A target for two-thirds of young people, by age 25, to participate in higher-level learning via academic, technical or apprenticeship routes.
- A sub-target of 10% of young people going into level 4 or 5 study, including via apprenticeships, by 2040.
- Upskilling 7.5 million UK workers with essential AI skills by 2030.
- Greater numbers of individuals starting 'priority courses' mapped to the [8 growth-driving sectors](#) established in the [Modern Industrial Strategy](#).
- Higher quality HE provision, greater efficiency, and more joined-up funding and regulatory models to incentivise FE and HE collaborations.



Frames

- A joined-up approach that seeks to make qualifications and training pathways more appealing and navigable to learners.
- Labour has a nuanced view of individual learning choice, noting it can be a double-edged sword if too complex. It focuses on 'informed choices' and puts less onus on a student/learner demand-led model of HE and skills funding than the Conservative Government did.
- A more data-driven and employer-focussed system with a strong emphasis on partnership and flexible, modularised provision.
- A keen focus on the quality and prestige of further education with focused investment to enhance FE workforce capability and retention.
- A more specialised and collaborative future for a consolidated and financially sustainable university sector in terms of how institutions deliver higher education, undertake research, and contribute to growth.



Key policies

Cross-cutting skills system developments

- A key role for existing and emerging Strategic Authorities in England (e.g. the West Midlands Combined Authority) in driving adult skills budgets.
- DWP and DfE will merge JobCentrePlus and the National Careers Service to create The Jobs & Careers Service with a more interventionist role.
- Confirmation the Lifelong Learning Entitlement will go ahead in 2026/27.
- A wider range of short courses will be eligible for funding through the Growth & Skills Levy on employers (formerly the Apprenticeships Levy).
- A pilot 'skills passport' initiative to aid skills portability across sectors.
- 19 new Technical Excellence Colleges, on top of the 10 TECS already announced, linked to priority sectors in the Modern Industrial Strategy.
- Tailored £180m+ 'skills packages' for priority industrial strategy sectors.
- Proposed V Level qualifications at Level 3 in areas such as Finance & Accounting will replace 900 present non-A Level vocational pathways in schools and colleges. They will be mixable with A Levels. T Levels to stay.
- New 'Foundation Apprenticeships' offer at level 2 and 3 for 16–21-year-olds and a Youth Guarantee of an FE place to reduce NEET risks.
- £1.2 billion in overall additional FE sector funding to support 16-19 skills per year by 2028-29. Includes £100 million for an FE teacher CPD fund.

Higher education



- A guaranteed increase to the home undergraduate tuition fee cap in line with forecast inflation for the next 2 years, with a commitment to legislate for subsequent automatic inflation-indexed increases but only for HE providers that meet quality thresholds determined by the OfS.
- Labour will also legislate to give the OfS stronger powers to tackle misuse of public money and low-quality provision.
- New OfS national reviews of its approach to degree awarding powers, franchising and how "effective or otherwise" quality assurance in HE is.
- New 'Progress 8-style' measures in the works for HE student progress.
- New consultation forthcoming on an idea to include formalised Level 4/5 qualification break points in degree programmes to promote flexibility.
- New market monitoring function to create a single picture of higher education demand and supply to tackle skills needs and HE cold spots.



Research and knowledge exchange

- Reprioritisation: More UKRI funding, including HEIF, will be re-focused to help support the national missions and modern industrial strategy.
- A shift from volume to sustainability: Various audits, reviews and reforms by DSIT and UKRI to improve research efficiency and cost recovery.
- REF reform: Confirmation of the 2029 timetable with more policy work ahead on weightings, burden reduction and specialisation incentives.



Delving in: Key themes and policy approaches in the white paper

A more active role for government

A key and unsurprising takeaway from the white paper is that the Labour Government sees a much more active role for both central government and the emergent web of multi-area Mayoral 'Strategic Authorities' in shaping the development of skills, training and employment related support services going forward.

It is also a more 'directive' role. The white paper certainly isn't an invitation for creative imaginations to run wild or for the blooming of a thousand flowers across the skills system. It is very much about re-alignment of education, skills and careers activity to explicitly support the national missions. Providers are expected to lean in and, if needed, adapt their provision.

It was notable that the ministerial foreword was co-authored by the Secretaries of State for Education, Work & Pensions, and Science, Innovation & Technology and we're already seeing a growing focus, flowing on from the Modern Industrial Strategy White Paper in July, from the likes of Innovate UK on their role [in supporting AI skills](#) and other key skills capabilities. The [Summer 2025 Spending Review](#) put new, sizeable funding on the table for growth-driving sector support and multiple public bodies are looking to tap into these funds.

While there are of course plenty of references made to the importance of empowering and partnering with employers, there is a clear and unmistakable message conveyed that FE, HE and private and voluntary education and skills providers need to focus more on strategic alignment to the UK Government's Modern Industrial Strategy and the key national missions and milestones in its broader [Plan for Change](#).

Take Labour's long cherished goal of restoring HE student maintenance grants abolished by the Coalition Government. It is doing so but on a highly targeted basis whereby only those disadvantaged students enrolled on what is classified as priority subjects, meaning those mapped to the priority growth-driving sectors in the modern industrial strategy, are eligible.

See also the pointed emphasis in the white paper to the government's intent to set 'clearer expectations' through forthcoming statutory guidance to higher education providers on their duty to engage with the development, review and implementation of Local Skills Improvement Plans and work more closely with FE providers on the [Lifelong Learning Entitlement](#). While the white paper at various points acknowledges the autonomy of universities, there's a clear signal given that engagement with LSIPs and local growth plans isn't an optional extra for universities and other HE providers using public money.

Strategic Authorities will have lead responsibility for overseeing devolved adult skills budgets, working closely with employers through [Local Skills Improvement Plans](#) to agree priorities and scale up or commission new provision. Skills England, Labour's recently established executive agency, will partner with these Strategic Authorities to align regional and national policy and delivery on skills, regularly convening Mayors to discuss labour market challenges and regional area skills needs and policy approaches.



A more active role for government (continued)

Skills England will play a central role in the UK Government's new Labour Market Evidence Group in collaboration with the Industrial Strategy Advisory Council and the Home Office's Migration Advisory Committee to inform policy-making on labour markets including skilled visas. The clear goal here is to incrementally rebalance the labour market away from over-reliance on international recruitment, particularly in sectors like health and social care, by improving training, up-skilling and long-term retention of domestic workers.

The newly announced Jobs and Careers Service will work to ensure that employer engagement, careers IAG, and employability support for jobseekers is joined up locally and regionally. This merged body looks to me to go well beyond simply being a rebrand in terms of the scope of ambition being signalled in terms of its remit. Labour intends for it to play a more interventionist role in tackling skills gaps and promoting skills pathways into career fields in the identified growth-driving sectors.

Both Skills England and the Jobs and Careers Service are seen as having a critical role to play in helping the country build a much more data-rich and data-driven approach. Demands for more detail on what HE, FE and private and third sector providers and professional bodies are delivering and how they capture progress will all likely increase. Skills England will also pilot new Skills Passports to provide standardised credentials documenting individual capabilities with the aim that these can be ported across employers and sectors.

Universities in particular will be put under the microscope more intensively when it comes to student progress with a new Progress 8-esque metric aimed at capturing the progress students, particularly from disadvantaged backgrounds, make. This idea previously reared its head under the Conservative Government as 'Learning Gain' during the initial scoping phase of the Teaching Excellence Framework (TEF) in 2016-17. It was ultimately left out of the TEF.

A comprehensive look at the university sector in the round

At a time when many providers across the English and wider UK university sector are financially struggling and looking for clear direction on the future 'rules of the game' in terms of national funding, it is to their credit that the Labour Government took a decision not to narrowly focus just on the educational dimension or mission of universities.

This is, to the best of my knowledge, the first white paper since 2016's *Success as a Knowledge Economy* to comprehensively look at higher education, research and knowledge exchange and innovation issues in the round and set out a comprehensive UK Government vision for the university sector. That 2016 white paper resulted in landmark changes, through the Higher Education & Research Act 2017, such as the creation of UKRI, the OfS, the English HE regulatory framework, and the emergence of the TEF and KEF frameworks.

This new white paper does not propose sweeping changes to the institutional architecture of the national support system – OfS and UKRI look here to stay at present – but the Labour Government is nevertheless signalling a radically different future for the sector itself.



A leaner, more specialist and collaborative university sector

The white paper does not duck the stark reality that a large proportion of universities are now facing acute financial challenges with multi-year operating deficits against a backdrop of slower global and UK economic growth and intense global competition for students.

The commitment to a guaranteed annual inflationary uplift in undergraduate tuition fees and maintenance loans over the next two academic years, with automatic annual indexation to inflation beyond that linked to meeting OfS quality thresholds, is a long overdue change. It will bring a degree of reassurance to universities and their creditors, but is a relatively modest fiscal intervention and not a silver bullet to rescue the most distressed HE providers.

The Labour Government is clearly not in any fiscal position to wave a magic wand and produce a significant bailout package. It continues to emphasise that universities are independent providers with autonomy that must be given space to make their own decisions about mergers or formalised intra-regional collaborations around shared services and provision. The result is the white paper offers no dedicated funding to support sector restructuring and gives no explicit role or administrative budget to either the OfS, Skills England, or any new body to oversee mergers. This does not mean the issue, and the sector's policy asks, will go away, but for now the can has once again been kicked down the road.

Nevertheless, the white paper makes clear Labour wants a leaner, more stratified and regionally collaborative HE and research landscape as this passage on page 49 makes clear:

“Ultimately, we anticipate that, over time there will be fewer broad generalist providers and more specialists. This will include specialists in teaching only, specialists in research, and some institutions who specialise in teaching with applied research in specific disciplines. Providers will more routinely work in partnership together to ensure that the overall breadth of provision and research is sustainable and retained in local areas whilst sharing infrastructure, assets and talent.”

The white paper makes clear that both the OfS and UKRI will be tasked with pro-actively facilitating and incentivising this transition in a variety of ways. There will be a new £500 million UKRI Local Innovation Partnerships Fund to support innovation cluster growth. The white paper makes clear that the OfS and the Competition and Markets Authority will respect Labour's explicit policy direction to encourage intra-sector collaborations, including shared service models, and cross-sector collaborations with FE and other providers. All universities are encouraged to develop civic engagement plans.

The DfE and OfS will agree new high-level objectives for the regulator that strengthen its role in supporting 'beneficial collaboration' within the sector and the Government will clarify the kinds of beneficial collaboration, within the existing legal framework, it wants to encourage HE providers to consider in the coming months. As part of this vision for a more specialised, future, universities will be encouraged to develop new provision for career re-training as AI continues to disrupt labour markets. OfS will also assess AI's benefits and risks to HE quality and integrity to help maintain public confidence in university education.



A new paradigm and operating model for university-based research

As part of this strategic shift to a more consolidated and specialist university sector, significant changes lie ahead for research funding. Just to be clear, DSIT still intends to support curiosity-driven research across a broad spectrum of research areas, and the dual support funding approach and the Research Excellence Framework that informs QR allocations will continue. Yet there's a clear-cut signal in the white paper that the status quo in terms of volume and breadth of provider activity is not sustainable and that a new model approach is on the way.

There's a brief yet deeply significant passage on page 52 where Labour makes clear it wants to prioritise durable quality over volume when it comes to the university-based research picture:

“We will work with the sector and other funders to address the cost recovery of research. This will ensure that institutions can maintain quality and impact over the long term. We recognise that this may result in funding a lower volume of research but at a more sustainable level.”

To borrow a metaphor from JRR Tolkien's character Bilbo Baggins, the days of butter being scraped too thinly over too much bread look set to come to an end in the coming years.

We don't yet have the fine detail on the scale and pace of change envisaged, but many sector analysts, including me, believe UKRI will be directed to ensure a greater proportion of research is concentrated on world-class (mainly large) research universities as part of plans for what the White Paper terms “a more ‘strategic distribution of research activity across the sector.’”

UKRI will implement a variety of changes to improve research system sustainability, particularly in relation to PGR routes and full economic cost recovery. There is an implicit steer on page 68 that Labour intends to push Research England to deliver a lighter touch REF 2029.

Universities are encouraged to avoid knee-jerk, top-down interventions that will only increase precarity for early careers researchers such as expanded use of short-term contracts.

What remains unclear or unsolved?

The white paper unfortunately doesn't include out a clear legislative timeline or indicative milestones for when the major signalled statutory changes would take effect such as new OfS powers, clearer national guidance on sector collaboration, and longer-term automatic inflation indexed tuition fee uplifts for eligible HE providers.

The white paper doesn't include specifics on OfS how will determine which universities will reach what it calls the “higher quality threshold” needed to be eligible to benefit from future automatic uplifts in domestic undergraduate tuition fee caps and maintenance loans. My natural assumption is that silver and gold judgments in future iterations of the TEF would be a key factor but there is emphasis to the OfS looking to review how quality assurance works.

The Government intends for LSIPs in future to be jointly owned by both Strategic Authorities and the existing network of designated Employer Representative Bodies established back in 2023. But what if they disagree on goals and approaches? Will Skills England or DfE be the final arbiter?

Concluding thoughts

- **Genuinely radical:** The white paper puts forward what is in my view the boldest and most comprehensive reform agenda for post-16 education and skills in at least 2 decades.
- **A skilled approach?:** Some skills policy interventions look sound, others less so. There's a good case for V Levels as a consolidated vocational pathway that can be mixed with A Levels. I'm less convinced of the merits of Level 2 Foundation Apprenticeships or the Youth Guarantee policy.
- **Big asks:** The envisaged roles at the heart of the system for Skills England and the Strategic Authorities are compelling. They will need to work hard to nail down long-term budgets to make a real impact and avoid the fate of becoming transient talking shops. Similarly, the Jobs & Careers Service could play a crucial role in re-engaging NEETs as well as supporting skilled worker retraining amidst AI disruption if it can tailor support.
- **Universities supported and challenged:** The vision of a leaner, more stratified university sector is bold and will undoubtedly be contentious, though university leaders will no doubt be warmer to the focus on sector collaboration, tuition fee uplifts, and maintenance grants. The bottom-line reality is many universities are struggling financially and will need to consolidate and evolve their teaching and research portfolios to stay afloat and be strategically relevant in the long run. Some will need to either merge or more loosely federate and slim down. Reform UK and the Conservative Party also favour a more consolidated and industry oriented HE sector, so there's a clear national direction here.
- **Find your own way out:** For now, Labour is stressing the autonomy of universities to set their own directions in terms of portfolio specialisation, mergers, and other forms of collaboration. My sense is the need for top-down restructuring support may be revisited as a result of public and Parliamentary pressure if public universities start to go under.
- **Specialise or suffer:** Labour is setting out a direction of travel to a new landscape where the most successful and stable FE providers and universities will be those that actively embrace specialisation, deep partnerships with employers, and integration with industrial strategy priorities.
- **From actors to contractors?:** The era of the 'comprehensive university' ideal whereby universities of all sizes ambitiously pursue and perform research activity across a wide spectrum of disciplines as a de facto sector norm does appear to be drawing to a close.

While Labour states it wants to preserve university autonomy and resources for curiosity-driven research, there is an unmistakable tilt towards a future where a plurality, or even a majority, of university-based research could be explicitly tied into national missions and guiding R&D priorities shaped by central government. This raises profound questions.