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Apprenticeships

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Skills: A Post Covid 19 System

A UVAC Discussion Paper

Contents.

1. Introduction.

2. The Skills Challenges Facing the UK Economy and Society.

3. Shifting Perceptions – Why Skills Policy and Programmes have Frequently been Prisoners of Outdated and Historic Perceptions.

4. A Vision for the 2020s – No Return to Business as Usual!

5. The Development of a World-Class Skills System – Avoiding the Mistakes of the Past.

6. Ten Recommendations to Underpin a Successful Skills System

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1. Introduction

This discussion paper outlines the challenges the ‘skills sector’ will need to tackle if it is to play an optimal role in supporting the UK economy and society, in a post-Covid 19 world. Thereafter it sets out a vision for a post-Covid 19 skills system and ten recommendations which we would like Government to consider, that if adopted, would help to ensure that individuals, employers and the country have the skills needed for economic recovery.

2. The Skills Challenges Facing the UK Economy and Society

Much of the analysis published to date on post Covid 19 skills and technical education focuses on a particular objective or aspect of the skills system. The need to support young people who have been and will undoubtedly be among the most adversely affected economically by Covid 19, features prominently in many articles and publications¹. Labour market reports have outlined the groups most at risk of unemployment arising from the Covid 19 pandemic, the young, the lower skilled, specific sectors and regions and localities and advanced arguments for the skills system to focus on tackling unemployment². Many arguments have been made to prioritise one aspect of a programme at the expense of something else – e.g. Apprenticeships for young people, defined in varying terms, under the age of 19, 21 or 25, rather than Apprenticeships for the existing workforce³.

There is, however, a need for a broader approach. A post Covid 19 Skills, Apprenticeships and Technical Education system needs to be developed on the basis of economic and societal priorities in the summer of 2020 and beyond. While many new challenges are apparent, the challenges facing the economy and society pre Covid 19 remain. Some of these challenges are of enormous significance, the UK’s productivity gap being a prime example. Covid 19 will have exacerbated many pre-existing challenges and accelerated other underlying changes.

In considering the development of a post Covid 19 skills system Government should be guided by the following ten issues, many of which are interconnected.

- i. *Low UK Productivity* – Some features of the UK economy pre Covid 19 will remain post Covid 19. According to the ONS, output per hour worked in the UK in 2016 was 16.3% below the average for G7 economies⁴. Many explanations exist to explain the UK’s productivity gap, but lower skills levels and a low investment in training is usually seen as a key explanatory factor. Although 80% of the UK’s workforce of 2030 is already in employment, the priority of the skills system is usually seen to be developing the skills of young people entering the economy. If UK productivity is to be improved, increasing the skills of the existing workforce needs also to be a policy priority. The Apprenticeship Levy and Apprenticeship Reforms were, it should not be forgotten, introduced as the Government’s flagship productivity programme.

¹ Covid 19 and Post 16 Education Planning for a Very Different September, Susan Pember and Mark Corney, ncf, Campaign for Learning, April 2020

² Coronavirus and the Labour Market: Impacts and Challenges, Stephen Evans and Joe Dromey, Learning and Work Institute, April 2020

³ Tom Richmond, FE Week, 18 May 2020

⁴ ONS 2018 International Comparisons of UK Productivity, 2016

- ii. *Skills Shortages, Gaps and the Skills Needed in the UK Economy* – Again there will be similarities between the pre and post Covid 19 UK economy. Nursing will remain one of, if not the UK’s most prominent skills shortage, but will, post Covid 19, have gained even more prominence. In 2020 the Royal College of Nursing reported that there were 40,000 nurse vacancies in England. Furthermore, one in three nurses are due to retire in the next decade⁵. Skills shortages in social care and a need to raise the skills levels of the social care workforce are issues that are and will increasingly gain prominence. Management skills will remain the most significant skills gap in the UK economy⁶. Perhaps in the light of Covid 19, laboratory scientists and research scientists along with supply chain leaders to bolster resilience to future virus outbreaks, could be added to the list of skills priorities. More broadly, around 40% of the UK’s workforce has skills materially misaligned with their jobs and the decline in part-time higher education makes it a lot more difficult to resolve this issue.⁷

Elsewhere there will be changes. Demand for construction occupations is cyclical. If Government decides to stimulate the economy, demand could hold up or increase. Demand for digital skills is likely to remain strong as will demand for science, research and some transport, infrastructure and logistic occupations. The National Grid⁸ reports that 260,000 new roles are needed to fill the net zero energy workforce by 2050.

Some shortages may be short-term but could become long-term problems as a result of Brexit. Parts of the transport and logistics sector pre Covid 19 were reporting significant skills shortages. Such shortages will have worsened, as a consequence of Covid 19. Skills shortages and gaps exist at all levels.

The Country Land and Business Association estimates Covid 19 will result in a shortage of up to 80,000 agricultural workers in the UK – 24 March 2020

The shortage of HGV drivers in the UK has climbed to 59,000 as 64% of transport and storage businesses now face severe skills shortages. According to the report, 60% of HGV drivers are over the age of 44 and only 19% are under the age of 35. Freight Transport Association - October 2019.

In its recent position paper Why a ‘right to retrain’ is essential for an industrial recovery⁹ the Centre for Progressive Policy (CPP) has noted that the Covid 19 pandemic is hitting low paid and insecure jobs the hardest, while in comparison high skill jobs are proving to be more resilient. McKinsey¹⁰ has noted that half of all jobs currently at risk pay less than £10 per hour. To combat the crisis CPP has recommended, as part of its right to retrain proposal, to ‘Harness the power of local and national government to drive new demand for skilled labour’. Such a policy and approach contrasts with the apparent position advocated by the AoC, AELP, the Learning and Work Institute and FE Week, who have for several years campaigned for restrictions to be placed on the ability of employers to spend their Apprenticeship Levy on Apprenticeship provision at level 6 and 7 and for lower level provision to be prioritised. Ofsted¹¹ too has, in the past, argued for lower level Apprenticeship to be prioritised – particularly for those leaving school without five ‘good’ GCSEs. While such approaches may be positioned as focusing on the ‘have-nots’ there is a real risk that what in reality they do is focus on moving people into low quality, low paid and insecure jobs and act as a sticking plaster to fix poor school performance. Meanwhile, in contrast, other countries could focus on up-skilling and driving the demand for skilled labour, through their skills policies.

⁵ RCN – Nursing Shortages in England: Westminster Hall Debate, 3 March 2020

⁶ BEIS - Industrial Strategy: building a Britain fit for the future, 2017

⁷ Industrial Strategy Council Annual Report, 2020

⁸ Building the Net Zero Energy Workforce, National Grid, 2020

⁹ Why a ‘right to retain’ is essential for inclusive recovery, Centre for Progressive Policy, June 2020

¹⁰ Covid 19 in the United Kingdom Assessing Jobs at Risk and the Impact on People and Places, McKinsey & Company, 11 May 2020

¹¹ Amanda Spielman, Ofsted, FE Week, 7 December 2018

The call by some to prioritise and focus skills provision on lower levels in the context of any analysis of UK skills needs seems out of step with economic reality. Skills policy and provision should reflect the skills needs of the UK economy and development of a high skill and high productivity economy.

The mantra of the UK Government should be to up-skill rather than simply to re-skill and focus on the industries and jobs of the present and future and not of the past.

- iii. *Low Levels of Social Mobility and Diversity in the Workforce* – Prior to Covid 19 UK social mobility had, according to the Social Mobility Commission,¹² stagnated. The lack of employment opportunities for young people and unemployment among young people will undoubtedly be a feature of a post Covid 19 economy. Those in the gig economy in temporary roles will, in many sectors, be significantly disadvantaged. Employers will recruit fewer new staff and there will be fewer vacancies for school leavers and new graduates. Without intervention Covid 19 will, in the short-term, tend to restrict opportunities for social and economic mobility for the young.

Reports based on data from the first years of the Apprenticeship Levy, have highlighted the trend for the most aspirational skills programme, Degree Apprenticeships, to be disproportionately used by more affluent and older learners.¹³ More recent anecdotal evidence, however, suggested that employers are increasingly using their levy to widen their programmes to different types of learner particularly in the public sector. When diversity is considered, a rather different picture emerges. A good example is the Police Constable Degree Apprenticeship. This is attracting more female and BAME recruits and supporting police forces to better reflect the communities they serve. Digital Degree Apprenticeships are also helping to attract more women entrants to a sector where they were previously under-represented. In the health sector new work-based progression routes for older employees from nursing associate to registered nurse is supporting diversity and social mobility. The impact of Apprenticeship and other programmes on social mobility and diversity has tended to be measured solely in terms of their impact on those aged 24 and under. But supporting a 25 year-old from a disadvantaged background or under-represented group to secure a higher level role through training should not be seen as less important than doing the same for a 23 year-old. Many of those who are most adversely affected by the economic impact of Covid 19 are over the age of 24.

One Police Force reported that the Police Constable Degree Apprenticeship resulted in a 114% increase in applications from females and 118% increase from those identifying as BAME.¹⁴

- iv. *Left Behind Regions, Localities and the Levelling Up Agenda* – Alleviating differences in prosperity and opportunity between regions and localities or supporting left behind regions, was a core component of the Government's manifesto. Covid 19 will deepen such regional differences. Some organisations such as the IPPR¹⁵ have called for the introduction of a devolved skills levy, targeted particularly on large employers, that would be top sliced to provide more funding for poorer regions and localities. IPPR points out that London and the South East have 38% of the UK's large businesses that pay the Apprenticeship Levy, but only 27% of the population. Under current arrangements levy payers have first access to levy funds. This arrangement puts other, less affluent regions at a disadvantage. The problem with this argument is that public sector employers pay a disproportionate contribution to the levy vis-à-vis their private sector counterparts. Raiding public sector training budgets for nurses, police constables or social workers in order to create budgets for local skills needs and SMEs, would seem an inappropriate policy. A nationally determined Apprenticeship policy and employer-led system also does not link well to regional and local devolution.

¹² Social Mobility Commission, April 2019

¹³ Degree Apprenticeship Levelling Up – Sutton Trust, May 2020 and Analysis of Level 6 and 7 Apprenticeships, OfS, May 2020

¹⁴ Giles York, Chief Constable of Sussex in Metlife, March 2020

¹⁵ Skills 2030 – Why the Adults Skills System is Failing to Build an Economy that Works for Everyone, IPPR, February 2017

- v. *Brexit and Immigration* – Ongoing restrictions on entry to the UK for individuals seeking lower skilled and lower paid work are anticipated. Brexit may also see fewer EU nationals seeking employment in the UK for higher-level roles. In the health sector this could significantly exacerbate existing skills shortages. Elsewhere there may be shortages of agricultural, transport and logistics employees.
- vi. *Recession, Higher Debt and Lower Investment in Training by Employers* – Investment in training in the private sector is likely to decline in the short-term, post Covid 19. Training may be seen as more of a cost than an investment. Tight balance sheets will curtail or reduce investment in many forms of staff development. Short-term survival measures may be focused on reducing expenditure and not on investing for growth. A decline in investment in training, in large businesses as well as SMEs will occur.

Proposals to limit the ability of employers, in both the private and public sectors, to spend their Apprenticeship Levy on certain types of employee (e.g. existing employees or those aged 24 and over) or provision (at levels 6 and 7) will substantially undermine the ability of employers to improve the performance of their workforce. Local authorities provide a good example. Recruitment freezes have limited the recruitment of new staff, particularly young people. Local authorities see the Social Worker Degree Apprenticeship as a programme that will help them to train staff that will support the delivery of vital public services. To restrict or prioritise Apprenticeship funding for young people, for new recruits, or for lower level provision, would mean that local authorities could not use their levy payments to train new social workers and deliver key public services. Similar arguments could be made in respect of Police Forces and police constables or the NHS and nurse associates/registered nurses.

- vii. *Increased Unemployment* – According to every economic forecast, Covid 19 will result in a significant short-term rise in unemployment. Much attention has been paid to the impact on young people, particularly those about to leave full-time education. Unemployment will, however, have an impact on many other sections of the population. There will be far fewer jobs for young people in occupations that were already in decline pre Covid 19. Employment in hospitality will see a massive short-term and medium-term decline. The decline in high street retail employment will accelerate, with little prospect of long-term recovery. Hospitality, retail and customer service have historically been big areas for lower-level Apprenticeship and skills provision. If Apprenticeship is to adapt to the skills needs of the economy, a change in the provision offered by the provider base is needed. Training individuals for jobs that no longer exist, or are in long-term decline, is a counter-productive and poor way to deploy limited resources targeted at recovery and renewal. As ever, unemployment will tend to be higher among those with lower skill levels and with fewer transferable skills. Emphasis must be placed on creating Apprenticeships in the occupations, which the economy needs post Covid 19.
- viii. *Changing Employment Patterns* – While employment in some sectors of the economy will decline, employment in other sectors will remain stable or increase. There will be new opportunities in health, social care, digital and some areas of logistics and science. Some high skill sectors will see employment decline in the short and medium terms – the aerospace and automotive sectors are prime examples. In the medium to long term there will be new opportunities in renewables, the green economy, artificial intelligence and pharmaceuticals. There may be more emphasis on shortening supply chains by manufacturing some products in the UK, rather than relying on imports. Concepts such as the Fourth Industrial Revolution,¹⁶ which focuses on the Internet of Things, robotics and Artificial Intelligence, is widely recognised as forecasting significant changes in life, work and the skills individuals will need over the coming decade. Automation will threaten many jobs, indeed ONS reports that 1.5 million jobs are at risk of automation. Covid 19 may well have accelerated such changes. There will be a shift to greater home working and digitalisation of work through Zoom, Teams, Skype and other platforms. The concept of the workplace will, in many occupations, be challenged or reframed, with significant consequences for approaches to training and development as currently defined, including notions of ‘off’ and ‘on’ the job learning.

¹⁶ The Fourth Industrial Revolution Klaus Schwab, 2016

- ix. *Increased Emphasis on Public Sector Services* – The care sector, along with the NHS will see greater investment. Increasing investment in the police seems likely to continue. Some parts of the public sector such as defence may not be as fortunate. Approximately 30% of Apprenticeships used (and a substantially higher proportion of the spend) in the public sector are at levels 4 and above. With the development and increasing use of Apprenticeships for nurses/allied healthcare staff, police constables and social workers, the use of higher-level Apprenticeships by the public sector will significantly grow. Government has, for example, committed to 20,000 additional police constables and 40,000 additional registered nurses.
- x. *Prioritising Winning Sectors, Technologies and Products* – At all times of structural economic change, winning technologies, products and businesses emerge. Responding to Covid 19, Government has taken massive steps in intervening in the economy. Will such intervention continue to support and grow sectors, technologies and products that have potential? Will picking winners, supporting national champions and increasing supply chain security through domestic production emerge as new aspects of policy? If so, a new approach will be needed. While the Government's Industrial Strategy of 2017 included a specific focus on skills, this never translated into the skills approach of Government's Education and Skills Funding Agency. Will Covid 19 result in a new approach and a more active focus on ensuring that the skills system delivers the skills the economy needs?

We're all in it together – Even the most casual glance at the skills challenges faced by the UK economy emphasises the need to have a collective approach, across both Further Education and Higher Education, that fully engages employers.

3. Shifting Perceptions – Why Skills Policy and Programmes have Frequently been Prisoners of Outdated and Historic Perceptions

Post Covid 19 it is important that decisions are based on evidence, rather than outdated and inaccurate perceptions.

The following issues have undermined past approaches to skills.

Snobbery and Prejudice – The advantaged will often extol the virtues of Apprenticeships, the importance of local further education colleges and question the value of mass residential higher education (HE). Meanwhile their children will apply to and reap the benefits of residential HE. Skills programmes and Apprenticeship in particular, are seen as synonymous with manual trades and lower level programmes, more characteristic of the UK economy of the 1950s, rather than the 2020s. Sometimes middle-class take-up of Apprenticeship places is seen as a problem, rather than celebrated as a success in changing perceptions and overcoming an image as the good programme for other people's children. Skills policy must be about all individuals and be about the skills the economy needs. Degree Apprenticeship, the combination of a degree and an apprenticeship, demonstrates that an apprenticeship can be an aspirational programme.

The Level 3 and 4 Divide – A levels support, indeed are designed, for progression to Higher Education. Level 2 and 3 Apprenticeships have, however, not sufficiently supported progression to levels 4, 5 and 6 skills programmes. Well-articulated and understood skills pathways through Apprenticeships and T levels are needed. A focus and prioritisation of Apprenticeships at levels 2 and 3, at the expense of higher-level Apprenticeships, undermines the development and provision of Apprenticeship pathways and their positive contribution to social mobility. Indeed, those pathways could and should weave between different types of learning, creating a genuine ladder of opportunity to map across the whole skills landscape.

It is a paradox that many of those arguing to prioritise level 2 and level 3 Apprenticeships and to limit funding for Apprenticeships at level 4, and above, justify such a proposal in terms of social mobility. Such approaches, of course, limit the opportunities for individuals to benefit from Apprenticeships at levels 4 to 7 and progression to technical and professional level roles. Social mobility must be about more than simply supporting individuals to undertake level 2 and 3 Apprenticeships.

Knowledge is Placed on a Pedestal above Skills and Practice – A Levels are deemed the gold standard. Why? Is not the prestige attached to A levels derived from the fact that the more ‘able’ students are encouraged to take them, while less ‘able’ students are encouraged to follow other programmes? This issue is illustrated by the debate on the target cohort for T levels. The aim is for T levels to have parity of esteem with A levels, but at the same time to be particularly appropriate for a less academic cohort. The way to end the academic and vocational divide is to combine knowledge, skills and behaviours in programmes such as Degree Apprenticeships and ditch outdated language and divisive definitions.

Too Little Attention Given to the Role of Employers as Investors in Skills Provision- Employers, not Government are the big spenders on skills and any analysis of skills must reflect the role and importance of employer spend. In 2013 UKCES estimated that UK employers invested £21.3bn on training. Of this amount £3.3bn was spent on external providers, of which £440m was spent with FECs and HEIs. In 2013 £44bn was spent on training (excluding student loans), 82% by employers, 11% by individuals and 7% by Government. Employers (not Government) are the main spenders on skills. A fact often missed in the analysis of the English skills system.

Greater emphasis is needed on enabling employers to get the best support from our universities and colleges in order to train and develop both new and existing employees when using both public funds and their own funds.

Delivery Models Based on 1960s Practice and Not 2020 Skills Needs – The concept of ‘off the job’ learning and the requirement in Apprenticeship for a 20% ‘off the job’ training component, are anachronistic and fail to reflect and indeed undermine best practice in work-based and blended learning. Occupational competence is achieved by the acquisition and combination of knowledge, practice and behaviours. A successful blended learning programme of theory and practice represents more than the sum of its parts. Training providers deliver support for ‘on’ and ‘off the job’ learning. The 20% ‘off the job’ requirement should be seen as an apprentice’s entitlement for time within their employed hours to focus on learning and NOT the amount of teaching that a provider delivers. Unfortunately, rather than focusing on good practice, the ESFA Funding Rules for Apprenticeship focus on separating the 20% ‘off the job’ learning, rather than fully recognising the workplace as the primary site of learning. A 1960s day release model of learning involving one day a week ‘off the job’, should not be the basis for ensuring quality in Apprenticeships delivered in 2020.

Too Little Emphasis is Placed on Up-Skilling the Existing Workforce - Today 50% of young people pursue some form of Higher Education. The issue of supporting the other 50% is frequently and rightly raised and seen as a priority of the skills system. This debate, however, can distract attention from up-skilling the existing workforce. Most of the workforce of 2025, 2030 and 2040 is already in employment. If productivity is to be improved or quality public services are to be delivered, the key-determining factor as far as skills is concerned, is enhancing the skills and performance of existing employees. It is, of course, also important that the 50% of young people who undertake a higher education programme gain the skills needed to succeed in work and life in general.

Tackling NEETs is seen as the Policy Priority at the Expense of Developing the Skills Provision Needed for a High Skill World Beating Economy? – A key priority of the skills policies of successive Governments has been to support the not in education, employment and training (NEET) cohort. Related to this focus has been a call from some to focus Apprenticeship funding on supporting individuals without 5 ‘good’ GCSEs. While supporting these cohorts is important, many would argue that the most appropriate solution to reducing NEET numbers is to improve school performance. **As such, skills policy and provision should not focus on delivering programmes that help rectify poor school performance, but instead should focus on developing the skills needed by employers and the economy.**

There has been too Much Focus on Level 2 Occupations – Fewer and fewer occupations in the UK economy will be focused on level 2 competency and skills. In comparison there will be an increase in the number of jobs defining occupational competence at level 4 and above. While some level 2 programmes do provide good entry roles and ‘craft’ occupations are of significant value, much level 2 provision is questionable. Indeed, the Sutton Trust noted that level 2 Apprentices educationally ‘tread water’.¹⁷ In

¹⁷ Better Apprenticeships, Sutton Trust 2017

most cases a level 2 Apprenticeship should represent an entry point to a sector and then support progression to level 3 occupations. There is, however, still a perception that the core focus of the skills system must be level 2 skills. Ministers are lobbied on the need to reverse the decline in level 2 Apprenticeship provision that does not support educational progression nor help grow the economy. The argument that level 2 skills should be gained during compulsory education and not funded through the skills budget, unless specifically needed for entry to a craft, trade or technical occupation, is downplayed.

Improving Technical Provision is Seen as the Skills Solution in the UK Economy - There is often a perception that the skills priority in England must be to improve levels 3, 4 and 5 'technical provision'. There is undoubtedly a need to increase and enhance levels 3, 4 and 5 provision in some sectors – engineering and construction are frequently mentioned. Arguably, the most significant skills shortage and skills gaps in England are, however, respectively nursing and management, both level 6 occupations. A focus on skills needs at levels 4 and 5 must not deflect from skills gaps and shortages at other levels.

Quality Assurance that Isn't Fit for Purpose – There are a multitude of organisations involved in the quality assurance of skills and Apprenticeship provision, ESFA, OfS/QAA, IfATE and Ofsted. Not one of these organisations, however, has a focus on ensuring Apprenticeship delivers on its primary policy objective, which is to increase productivity. Indeed, Ofsted has been openly critical of employer spend on higher-level Apprenticeships, despite investment in such Apprenticeships having arguably the most positive impact on productivity¹⁸.

The consideration of a post-Covid 19 skills system provides an opportunity to dispense with outdated thinking and perceptions and consider what a new system should deliver. Government can turn the page.

4. A Vision for the 2020s – No Return to Business as Usual!

The vision for a skills system should be to deliver the skills needed by the country and employers to increase productivity, support the delivery of quality public sector services, support individuals reach their potential and enhance opportunities for social mobility.

This means that we need a skills system which:

- *Is employer led and based on delivering the skills needed by the UK economy. Employers working with Government, Providers and Professional Statutory and Regulatory Bodies (PSRBs) should determine what skills provision is needed.*
- *Encompasses all levels, all sectors, all ages (under 19 funded through the 16 – 18 education budget) and is focused on meeting the needs of individuals, employers, Government, society and the economy.*
- *Delivers the skills needed by Government, employers, individuals and regions/localities.*
- *Encourages and supports employers to invest in the training and development of new and existing employees of all ages.*
- *Engages the providers needed to deliver the skills required by the country. Supports collaboration but stimulates healthy competition.*
- *Is transparent, robust and focused on long-term challenges and opportunities.*
- *Provides opportunities to develop new forms of provision based on employer and individual need, delivered in new ways.*
- *Is an integral part of the wider education system and employers' approaches to training and developing their employees using their own funds.*

¹⁸ Amanda Spielman, Chief Inspector, Ofsted in FE Week 7 December 2018

- *Offers flexibility, enabling individuals of all ages to up-skill in a manner that is convenient/suitable for them, whilst working or undertaking other responsibilities.*

All forms of education contribute towards and support the skills needed for work and life. A successful skills system depends on a successful education system, full engagement of employers, further education, higher education and other training organisations.

5. The Development of a World-Class Skills System – Avoiding the Mistakes of the Past

Skills policy in England has for decades been characterised by on-going change. A succession of new initiatives and programmes have been developed and implemented by a succession of Government agencies, working with a succession of intermediary organisations. Revolution, not evolution, has been a key theme with little continuity between one programme and its successor. In planning for the future, learning from the past is important.

A Little History – Apprenticeships, vocational and technical education are often positioned as the fall-back option for those who do not ‘succeed academically’. This attitude draws on a long history of English education since 1944 – the Grammar school, the Technical School and the Secondary Modern School. Put bluntly if you weren’t ‘academic’ you were steered towards a focus on ‘vocational’ skills – woodwork, metalwork, rural studies (as distinct to biology). Those who attended Grammar School aspired to attend university; those who had failed the 11 Plus and attended a Technical School or Secondary Modern School aspired to follow an Apprenticeship. Such attitudes persist; many in the skills system still argue those who haven’t done well through academic education should have first dibs at Apprenticeships.

Learning from history, perhaps the way forward is to concentrate on providing a good general education for all through school, using a variety of learning styles and programme and focusing on a skills system that develops the skills needed in the economy. Schools should be tasked with providing a high-quality education for all. Employers should not be expected to pay for and rectify the failings of the school system but should be expected to support and train their new and existing employees in accordance with their organisation’s needs.

The Nonsense of Academic and Vocational Pathways - Academic and vocational pathways ignore the inconvenient fact that individuals need a combination of academic and practical skills in order to succeed in life and work. Individuals learn in different ways, but there aren’t ‘academic’ and ‘vocational’ learners or indeed ‘academic’ or ‘vocational’ programmes. Occupations that some would see as vocational programmes have lobbied for decades to be seen as academic. Nursing is a good example, which requires a combination of academic and practical skills and commitment to a vocation. Old thinking needs to be left in the past.

Technical Education as the Magical Missing Component of England’s Education and Skills System - Solutions that look good in a White Paper developed in a Whitehall department usually don’t travel well when applied in the real world. GNVQs had limited success and 14 – 19 Diplomas never became a mainstream programme. The Government’s much trumpeted T levels (a level 3 alternative to the ‘academic’ A level and Apprenticeships) with the required employer placement, looked difficult to deliver prior to the Covid 19 epidemic. Post Covid 19, their widespread delivery looks even more problematic. Applied Generals have been valued by those who take them and by some employers. HE has also recruited extensively from those taking Applied Generals. Slowly their reputation was developing. Rightly, Government has placed quality before quantity in the rollout of T levels. With employers less likely to be able to offer the required industry placements in T levels, a cautious approach is needed.

Government proposals to expand levels 4 and 5 technical education through financial incentives and kite marking ‘higher technical qualifications’ have a role to play. Undoubtedly there are some areas where levels 4 and 5 provision should be developed and enhanced. This, however, should be based on skills need and should start in sectors where employers and PSRBs see the greatest need.

A Dose of Honesty – Good skills provision costs money. Many still argue that the Apprenticeship Levy pot can be used for a range of other worthy purposes, despite the NAO forecasting an overspend of £1.5bn by 2021/2. Further Education has been under-funded for decades. Government, employers and individuals spend less on training and development than most EU countries.

The Apprenticeship Levy pot is the funding solution for Apprenticeships in levy paying employers. It is, however, not the solution to fund Apprenticeships in SMEs, to provide a training programme for 16 – 18-year-olds, let alone to support the delivery of other skills and training provision, however worthy. Prior to the introduction of the Apprenticeship Levy, the Government funded Apprenticeships. Expecting large levy paying employers such as the NHS or Police Forces to fund Apprenticeships for chefs, hairdressers and customer service staff in small private businesses is inappropriate. This is, however, how the Apprenticeship levy is, currently, supposed to operate.

Who Pays What? – Until the advent of the Apprenticeship Levy, too little consideration was given to who pays for the training and development of the workforce. Further education is funded, or more accurately, underfunded by the state. Higher education is largely funded by state backed loans for individuals. Although a large proportion of student loans are, according to forecasts, unlikely to be repaid. But what financial contribution is the employer supposed to make?

Current Anomalies – Under ESFA Funding Rules the state and employer pay the cost of an Apprenticeship. The individual must make no financial contribution. An individual undertaking a ‘traditional’ social work degree must pay tuition fees. In contrast an individual on a social worker Apprenticeship has their fees fully paid by their employer and the state. Many have suggested this anomaly could be rectified by funding higher level Apprenticeships through student loans. Such an approach would, however, create worst anomalies.

Why for example should the state fund a hairdressing Apprenticeship when hairdressing businesses rarely pay the levy but prevent a local authority from using its levy to train a social worker? This would, however, happen if priority was given to Apprenticeships for young people, new employees, for SMEs and for lower level Apprenticeships.

Why is A level and in future T level provision funded by the 16 – 18 education budget, but employers though the Apprenticeship levy are expected to fund Apprenticeships for 16 – 18 year-olds? For some time AELP, AoC and UVAC have lobbied for Apprenticeships for 16 – 18-year-olds to be funded through the 16 – 18 education budget. Employers should not pay through the Apprenticeship Levy for what is effectively compulsory education.

Employer ‘Leadership’ and ‘Ownership’ – Successive Governments have wanted (or more accurately have said they wanted) employers to have a greater say in skills provision. For a considerable period of time intermediary bodies were flavour of the month; from the establishment of Training and Enterprise Councils (TECs) in the early 1990s through the National Training Organisations (NTOs) of the late 1990s, to the Sector Skills Councils (SSCs) of the early 2000s. Undoubtedly such organisations registered some achievements – the slow renaissance of Apprenticeship, for example. From the early 1990s, lead bodies, NTOs and latterly SSCs acted as intermediaries to support employers to develop National Occupational Standards (NOS), the basis for National Vocational Qualifications. To many employers such organisations and their programmes were too bureaucratic. They were also too focused on Government rather than employer priorities and particularly on skills provision at levels 2 and 3, rather than the range of skills employees needed.

2017 arguably saw one of the most significant developments in skills policy with the introduction of the Apprenticeship Levy. In return for paying the levy, Government, through its business department (BIS), promised to put employers in the driving seat. Employers, through the Trailblazer process, could develop the Apprenticeships their sectors demanded and through the Apprenticeship Service could spend on the Apprenticeships their businesses needed.

Despite many justifiable criticisms of the bureaucracy of the system and crucially the lack of availability of Apprenticeships for SMEs, the system has seen the development and use of Apprenticeships that are more inline with the skills needs of the UK economy. This, however, has led to less focus on lower level

Apprenticeships and provision for young people. The transfer of responsibility for Apprenticeship from the Government's business department to education department has, however, seen a marked change in emphasis. With a greater focus on Apprenticeship as an educational programme rather than an employer led skills programme focused on the tackling skills gaps and shortages needed to raise UK productivity.

The Myth of Deadweight Training Provision – Some commentators criticise employers for using the Apprenticeship Levy to fund training programmes that they would have funded prior to its introduction. Such criticism is disingenuous. Compulsion through the levy was introduced in part because employers were investing insufficiently in the training and development of their workforce. To criticise 'good' employers who had, prior to the levy, invested in training their workforces and now use their levy payments to fund Apprenticeship to deliver such provision is unfair.

Learner or Employer Demand? – With the notable exception of Apprenticeship, the customer of a Government funded skills and education programmes is the learner. Funding traditionally follows the learner and learner demand helps determine supply of provision. In both the FE and HE sectors, criticisms have been raised that learners do not choose the type of provision employers need. Undoubtedly, better information, advice and guidance is needed, but if an individual pays for a programme (through loans), then a decision is their choice. The traditional higher education residential model does deliver. What is needed are more options and more choice.

Repairing the Hole in the Roof – There are frequent calls to repair the education system by reducing funding for the skills provision employers require. To repair the hole in the roof by taking the lead from a different part of the roof is best exemplified by the debate on the prioritisation of Apprenticeship funding. Many argue against funding Degree Apprenticeships, despite Degree Apprenticeship being used strategically to train new police constables and social workers, in order to fund lower level Apprenticeships for young people leaving school without five good GCSEs.

Young People or the Adult Workforce? – The Leitch report published in 2006 highlighted the importance of improving the skills of the existing workforce if UK productivity was to be tackled. Fourteen years later Leitch's analysis remains pertinent and relevant. Individuals have a working life of 40 plus years and need to be trained and developed throughout their life. The bulk of the workforce of 2025, 2030 and 2035 is currently the existing workforce of 2020. If the skills of the existing workforce are not improved productivity will remain low. Bizarrely, much of the criticism of the Apprenticeship reforms focuses on employers using the Apprenticeship Levy they pay to train existing employees.

SMEs, Large Businesses or the Public Sector? – Most of the debate on supporting employers use of Apprenticeship has focused on SMEs. Prior to the introduction of the Apprenticeship levy SMEs dominated the use of Apprenticeship programmes. The levy has encouraged large employers to engage in Apprenticeship. Public sector employers, virtually all of whom are levy payers, have also had to meet the Government's requirement to have 2.3% of their employees as apprentices. Understandably, there has been a significant shift to the use of Apprenticeships in large employers. In the light of Covid 19 supporting the training of individuals to undertake key public sector roles in health and social care and the police and in the private sector in large business and SMEs in, for example, engineering and digital occupations is going to be a priority.

Who Pays – the State, Employer and Individual? – Many argue that Government should prioritise its investment in skills by age of learner and level. That is priority should be given to those aged 24 and under and for lower level programmes. Although important in some sectors, such provision is not a priority for employers in other sectors (particularly the public sector). Nor does such an approach correlate with skills gaps and shortages in the economy. There is also little logic to this argument. Why should the state pay to train a hairdresser or chef because it is a level 2 or 3 role, but expect an individual to pay to become a police constable because it is a graduate role? The argument is often made that employers should use their own money to invest in the training and development of level 6 and 7 roles. When the Apprenticeship Levy was introduced ministers were, however, very clear employers could use their levy payments on the Apprenticeships their organisations needed.

Prioritisation - IfATE maintains an agnostic position on the value of different Apprenticeships and the use of Apprenticeships at different levels. Logically this does link into an employer led system but means the IfATE attaches the same level of importance to ensuring the success of the Golf Green Keeping Apprenticeship as to the Police Constable, Registered Nurse or Advanced Clinical Practitioner Apprenticeships. The current skills system has few safeguards to ensure provision in key occupational areas is available and appropriately funded.

6. Ten Recommendations to Underpin a Successful Skills System

In considering the development of and priorities for a post Covid 19 skills system Government should adopt the following recommendations:

- 1. An Annual Treasury Led Audit of Skills Gaps and Shortages and Forecast of Future Skills Needs Across the Public and Private Sectors** – If we don't understand the problem we can't develop effective solutions. While centralised planning would be inappropriate, an annual Treasury skills survey and audit, commissioned potentially through a National Skills Observatory, with regional hubs is needed. This would inform and steer agencies, regional and local partnerships, employers and providers and would help to ensure that future provision was focused on skill needs. Such a survey and audit would be linked to Government, industrial and public sector service priorities. Government needs to understand what skills the economy needs and how much is being invested in skills provision by the state, employers and individuals, in comparison with OECD competitors and between sectors and regions.

Skills Policy must be based on a clear understanding of England's future skills needs. Policy, programmes and provision should be developed, informed by and evaluated on this basis.

The Government's 'skills' agency the ESFA should be required to report annually on how the providers on its registers and its funded programmes had delivered the skills needed by employers and the economy. Such an approach should also monitor how skills programmes were supporting employers to diversify their workforces and increasing opportunities for social mobility. Finally, Government should set targets for and measure the return on investment of its spend on the skills' system.

- 2. A Bold New Commitment to Focus Skills Policy on High Productivity Jobs** – For decades, with some exceptions, skills provision in England has had little correlation with the future skills needed in the UK economy. Skills provision has been dominated by level 2 training programmes that often lead to low skill, low wage and insecure jobs. Government should move away from supporting poor quality, low paid and insecure jobs and focus on up-skilling the workforce and providing opportunities for all to secure higher productivity jobs. We would anticipate a focus on the Government's industrial strategy and public sector priorities, on levels 3 – 8 occupations and the Green Economy, advanced manufacturing, digital, pharmaceuticals, the creative sector etc. and of course key public sector roles.

Skills Policy should focus on supporting the creation of high quality, high productivity and secure jobs.

For Individuals, Government policy should focus on supporting all, but particularly those adversely impacted by Covid 19, to train and retrain for and secure high productivity jobs.

Government and society owe young people and others adversely affected by Covid 19 more than simply the opportunity, through skills programmes to train for low productivity, low wage and insecure jobs.

Skills policy must focus on supporting individuals gain the jobs the economy needs at levels 3 to 8. Support for individuals furthest away from the jobs market should be seen as distinct to the skills strategy and as part of the educational offer and budget. For individuals needing support prior to

entering training for a high productivity job, further education colleges, funded through the education budget, should provide high quality college-based programmes.

3. **Focusing Skills Programmes on Supporting Individuals to Secure High Productivity Jobs** – Skills programmes should not lead to dead end jobs. Individuals of all ages need to be informed consumers and be supported to progress to the next level in their careers. Individuals need far better information on the relative benefits of different types of skills programmes and in particular how to move to the next occupational level or next level of learning. Skills programmes could make a far bigger impact on social mobility if opportunities for progression were better articulated in technical education programmes and Apprenticeships. How, for example, does a level 3 health programme such as a T level lead to a level 5 Nurse Associate programme and how can a Nurse Associate progress to become a Registered Nurse?

Clear career maps should outline how skills programmes support progression through an occupational pathway from level 3 to level 7 (as appropriate).

4. **A Financial Deal for Skills between Government, Employers and Individuals** – Crucial to the future success of skills policy will be deciding who pays for what type of provision, the state, employer and the individual, and what in return can each party expect. Government entered a deal with employers when the Apprenticeship Levy was introduced in 2017. Ministers were clear, employers paid the levy but in return could develop the Apprenticeship standards their sectors needed and use the Apprenticeships that their businesses needed. Many have since campaigned for Government to break its deal with employers, arguing employers are spending too much on the wrong type of Apprenticeship (on older employees, existing employees and on higher level Apprenticeships, on leadership and management). Some, ignoring the commitments made by ministers when the Apprenticeship Levy was introduced, claim that the levy is simply a tax and propose employers should have far less control over its use.

In reality the Apprenticeship reforms have been a success. Employers have developed Apprenticeships for the occupations they and the economy need. Such Apprenticeships are a far cry from many of the provider and intermediary developed Apprenticeships of the past. Government needs to reconfirm the Apprenticeship deal and silence critics. Indeed, the Apprenticeship deal could be extended to a ‘Deal for Skills’. This could involve a national concordat involving Government, employers and individuals. In return for greater investment, employers could have greater influence on the skills system. Employers have frequently criticised schools, colleges and universities for not ensuring individuals gain the skills they need for particular occupations or employment in general. Prior to the introduction of the Apprenticeship Levy, apart from general taxation employers made little financial contribution to the cost of Government skills programmes.

Post Covid 19 Government must be clear what financial and other contributions Government, employers and individuals should make to skills programmes and what they can expect in return.

5. **Opportunities for Individuals Most Affected by the Economic Consequences of Covid 19** – As a result of Covid 19 many individuals, particularly young people, will be faced with a period of unemployment or under-employment. Opportunities should be offered to support individuals to gain the skills needed in a post Covid 19 economy. For a two-year period a 25% – 75% Government contribution through bursaries, instead of loans, for FE and HE provision, in occupational areas where there are defined current and future skills gaps and shortages in the UK economy, should be offered. The level of Government funding would reflect national, regional and local skills priorities. Funding should be available for provision at levels 2 to 7 and part-time and full-time programmes. Individuals should have access to loans to fund the remaining cost of provision.

Government should provide a one off skills support package for individuals unemployed or under-employed as a result of Covid 19. The package would focus on supporting individuals to gain the high productivity jobs the post Covid 19 economy most needs and be developed to have a regional/local focus.

Proposals for an **Apprenticeship Guarantee** should be explored. The availability of Apprenticeship places will always be determined by employers on the basis of the skills needs of their organisations. If an employer is willing to offer an individual an Apprenticeship, pay their salary and co-invest in the costs of delivering the Apprenticeship such provision should not be prevented from taking place as a result of lack of Government funding. Employers could also be incentivised and supported to provide more Apprenticeships in specific localities and occupations where significant skills gaps and shortages are apparent.

6. **Incentives for Regions and Localities** – Government should support regions and localities as part of the levelling up agenda and incentivise the development and provision of skills programmes on the basis of economic need. A regional and local skills fund aimed particularly at areas most adversely affected by the economic consequences of Covid 19 is required. The aim of such a fund would be to support regions and localities develop the high productivity jobs identified as priorities in the region or locality through programmes focused on up-skilling the workforce.
7. **Turbo Charging and Protecting Proven Skills Programmes that Deliver** – Some programmes are proven winners. Apprenticeships deliver¹⁹, particularly those at high levels, as an employer-led productivity programme. Government needs to confirm that Apprenticeship is primarily an employer-led productivity programme. Employers should be in the driving seat and must be enabled to specify the inclusion of a degree in an Apprenticeship, where this is in the best interests of sector employers. Government through the IfATE needs to ensure levy paying employers can access the Apprenticeships their organisations need. Employers must not be restricted on their ability to use Apprenticeships for existing employees, older employees or for higher-level occupations. Funding bands must reflect the realistic costs of delivery. Levy payers must be able to use their levy in full for new and existing employees of any age. Apprenticeships for those under 19 should be funded by the education budget and not the Apprenticeship Levy.

Government should provide a separate budget to fund Apprenticeships for non-levy payers over and above monies raised through the levy. IfATE should focus on cutting rather than introducing red tape. The Apprenticeship brand must not be diluted by its application to programmes that were not Apprenticeships e.g. training programmes led by training providers and not employers.

Government should instruct the IfATE and ESFA to identify and remove all bureaucratic barriers that hinder the development and use of Apprenticeship as its flagship employer-led productivity programme.

8. **Harnessing New Pedagogies, Recognition of Prior Learning (RPL) and new Learning Technologies** – Too much emphasis is currently placed on traditional college and university delivery and too little on distance, blended and work-based learning. Through RPL, which was hard wired into the system, providers should be encouraged and supported to tailor programmes to individual and employer need. Lockdown and the increased use of new virtual platforms could accelerate approaches to deliver in a new way and develop a world-class approach to work-based and blended learning. Employers should be supported to make the best use of and customise skills provision offered by FECs and HEIs. A new national fund managed jointly by OfS and ESFA to support and disseminate new approaches to developing and delivering learning provision should be created.

Post Covid 19 England has the opportunity to develop a cutting-edge approach to using new pedagogies, RPL and new digital learning technologies to deliver the flexible and resilient skills provision the economy needs.

Harnessing the Expertise of the Further and Higher Education Sectors and Employers – A successful skills strategy will require the full engagement of further education colleges, independent training providers, higher education Institutions and employers. Employers will have a central role in the delivery and co-delivery of programmes with further education and higher education providers. Innovative new partnerships, including but not limited to, Institutes of Technology (IoTs), will be important. **Further education colleges/independent training providers AND higher education**

¹⁹ For more information see Sustainable Degree Apprenticeships, Middlesex University, June 2020

institutions must be central to a skills strategy and be seen as having a fundamental role in the delivery of skills provision.

- 9. Making Skills Policy a Core Component of Economic and Industrial Policy** – There has been too little connection and synergy between skills and the economic and industrial policy of successive Governments. The Treasury, working with the Department of Business, Energy and Industrial Strategy and Department of Education needs to take the lead.

Skills policy must be a core component of the Government’s economic and industrial policy.

Skills policy needs to support Government policies on, for example; research and development, inward investment, support for new secure supply chains, the green economy, Internet of Things, Fourth Industrial Revolution, responding to the challenges of automation etc and emerging plans for UK self-sufficiency in key product areas e.g. vaccines, PPE and new technologies and 5G.



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