Learning & Skills Policy Update

October 2018

Introduction

This newsletter is intended to keep unions and other stakeholders abreast of policy developments in learning and skills, including providing updates on what the TUC and unionlearn are saying on specific policy issues. If you have any suggestions about either the content or the design of the newsletter, please contact Iain Murray: imurray@tuc.org.uk. The newsletter and a range of learning and skills policy briefings are available on the unionlearn and TUC websites.

Apprenticeships

In his speech to the Conservative Party conference on 1st October, the Chancellor of the Exchequer announced some policy reforms relating to the Apprenticeship Levy and apprenticeship standards. Regarding the levy, the Chancellor said the following:

"We have heard the concerns about how the Apprenticeship Levy is working, so today we've set out a series of measures to allow firms more flexibility in how the levy is spent. But we know that we may need to do more to ensure that the levy supports the development of the skilled workforce our economy needs. So, in addition to these new flexibilities, we will engage with business on our plans for the long term operation of the levy."

Further detail was provided in a government statement which confirms that employers will in future be able to transfer 25% of their levy funding to employers in their supply chains (as opposed to 10% under the current arrangements). According to the statement this will generate an extra £90M of funding on apprenticeships. There was also a commitment to consult further, as follows: "In the coming weeks, the government will set out a process to seek views on the operation of the levy after 2020 to ensure it supports the development of the skilled workforce businesses need for the new economy."

The Chancellor also committed to provide funding of £5 million for the Institute for Apprenticeships to boost its capacity for introducing new apprenticeship standards and updating existing ones. The statement also confirmed that the government "will discontinue the old [apprenticeship] frameworks so that all new apprenticeships will be on the same higher-quality standards by the start of the 2020/21 academic year."

Other skills policy announcements

On the same day the Chancellor also committed funding of £100 million for the first phase of the National Retraining Scheme which will be rolled out next year. According to a government statement, the scheme "will include a new careers guidance service with expert advice to help people identify work opportunities in their area and what they need to do to get the skills to land the job. This will be backed up with state-of-the-art courses combining online learning with traditional classroom teaching to help people develop the key transferable skills for jobs of the future."

The Chancellor also announced a new initiative to improve management skills in small firms. £20 million will be invested in networks to enable small businesses to learn from each other and from world-leading firms. Over 100 mentors from companies such as GSK and Siemens have already signed up to offer their management expertise.

Union Learning Fund learner survey 2018

A new survey of ULF learners has highlighted a major payoff for people's job prospects and their progression to further learning and training. Union-led learning also boosts union membership, encourages people to become more active in their union, and is also very good value for money. The survey of just under 2,500 learners was undertaken by the University of Exeter earlier this year and it covered people who engaged in learning and training as a result of ULF Rounds 17 (2016-17) and 18 (2017-18).

The findings show that the union role was crucial in engaging people, with 7 out of 10 learners saying that they would not have taken part in the learning or training without union support. The effect was even greater in engaging those without any qualifications, with 79% of this group saying that they would not have taken part without union support.

As a result of participating, 9 out of 10 gained at least one new skill, 73% became more confident in their abilities, and 63% gained a new qualification. Thirty seven per cent said they were able to do their job better as a result and 35% were more confident in progressing their careers.

Over three quarters (77%) said that participation in ULF courses whetted their appetite to do more learning and training and the more times people engaged, the more it boosted their job prospects. Compared with those who completed one episode of ULF learning or training, people undertaking at least 7 episodes were four times more likely to: get a new position with the same or a different employer; get a pay rise; or, be promoted or given greater responsibility.

The researchers used a government model to test out economic impacts and this shows that each round of the ULF delivers a net contribution to the economy of £1.65 billion as a result of a boost to jobs, wages and productivity. Breaking this down, the findings shows that every £1 invested in the ULF generates an economic return of £7.24 to individuals and £5.01 to employers. An analysis of tax receipts suggests that the fiscal return to the Exchequer is £3.40 for each £1 of public funding.

Almost 1 in 4 (24%) were not union members when they embarked on a union-led learning course, but subsequently half of these non-members went on to join a union. Responses from all ULF learners showed that almost half (49%) became more supportive of union policies in the workplace, 39% became more active in the union, and 28% went on to become union representatives.

Workplace training trends

Over the summer two major surveys on training and skills trends at work were published. One is a large employer survey (87,000 respondents) conducted by the government, [Employer Skills Survey (ESS), 2017] (previously this survey was delivered by the UK Commission for Employment and Skills). The other one – [Skills & Employment Survey (SES), 2017] – is a survey of workers (3,306 respondents) conducted by an academic partnership, with the support of funding from the ESRC and the government. Both of these surveys have been undertaken previously and the latest editions track trends back to 2003 for the employer survey (ESS) and to 1986 for the workforce survey (SES).

More details about the methodological approaches can be found on the survey websites. For example, it should be noted that the ESS was only undertaken on a UK-basis from 2011 onwards but the findings from an equivalent survey covering English employers going back to 2003 is referred to in the latest edition and this facilitates an analysis of trends over a much longer time period.

Employer Skills Survey (ESS)

The ESS is the source of the widely-used statistical finding that a third of UK employers admit that they have not trained any of their staff in the past year. In the 2017 survey 34% of UK employers fell into this category. There has been no improvement in this key training indicator in recent years and an analysis of English employers going back to 2005 shows that a third of employers have consistently reported that they did not offer any training.

When the 2017 data is broken down by nation, it shows some degree of variation with 29% of Scottish employers falling into this category compared to: 34% (England); 37% (Northern Ireland); and, 38% (Wales).

When all "non-training employers" were queried about why they did not offer any training, the dominant reason given (by two thirds of non-training employers) is that they believed that all their staff were fully proficient and therefore training was not necessary.

The ESS also provides an estimate of the proportion of UK employees that did not receive any training over the past year. In the 2017 edition this was 38% and this was consistent with findings from the 2013 and 2015 surveys. Analysis of the English workforce going back to 2005 shows that this trend was very similar back then (39%), but it has fluctuated in the intervening period (e.g. it was higher in 2009 and 2011, respectively 44% and 46%).

The ESS also concludes that the 2017 findings show that "there are indications that the quality and type of training may not being maintained." Two findings referred to in support of this analysis, are as follows:

- The average number of days of training per trainee over a 12-month period decreased from 6.8 days in 2015 to 6.4 days in 2017
- There was a decrease in the number of staff being trained to nationally recognised qualifications, falling from 20% of these being trained in 2015 to 18% of all those being trained in 2017.

A major shift in training trends evident in the latest edition is the increased use of online training and e-learning. Around half (51%) of all employers providing training had made use of online training and e-learning compared with 45% in 2015.

The survey also includes an analysis of vacancy data, in particular by examining changing trends in what are termed "skill-shortage vacancies." These are vacancies which employers struggle to fill due to a lack of required skills, qualifications or experience among applicants. Although relatively few employers (6%) cited skill-shortage vacancies as a problem, those that did reported a range of negative impacts for their business or organisation. There was an 8% increase in the number of skill-shortage vacancies compared with 2015 (up from 209,000 to 226,000), but this was in line with the overall proportional increase in all vacancies during this period.

Alongside skills shortages when recruiting, employers also reported on their perceptions of skills gaps in their existing workforce. Most employers considered their staff to be fully proficient, but 13% did report skills gaps and this equated to 4.4% of the total UK workforce. In recent years this trend has been in decline – for example, in 2011 17% of employers reported skills gaps which equated to 5.5% of the total UK workforce at that time.

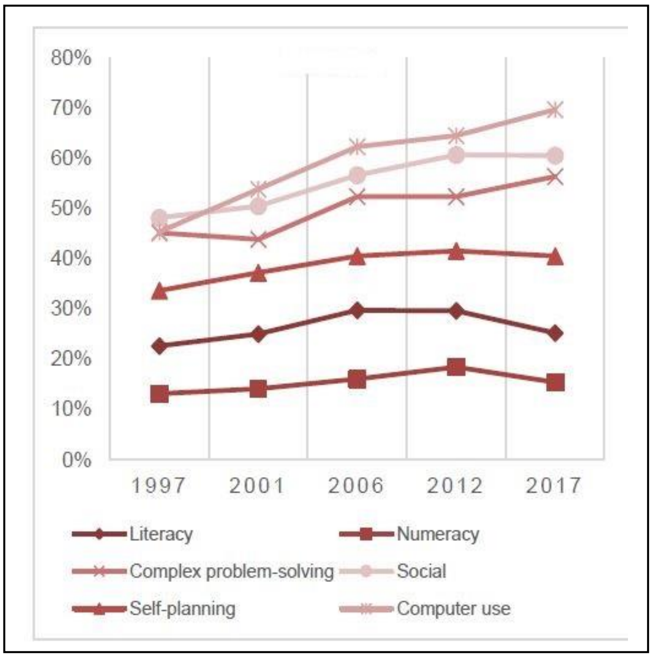
Skills and Employment Survey (SES)

The SES has been produced on seven occasions, as follows: 1986, 1992, 1997, 2001, 2006, 2012 and 2017. A number of briefings have been produced about the latest 2017 survey, including one looking specifically at the key skills findings. The authors highlight three important skills trends from the survey:

- The growth of skills demand has slowed since the last survey (2012)
- Women have caught up and in some respects overtaken men in terms of job skills intensity
- The economy has faced the double whammy of a slowdown in technical and organisational change that, in the case of technical change has become less skills demanding.

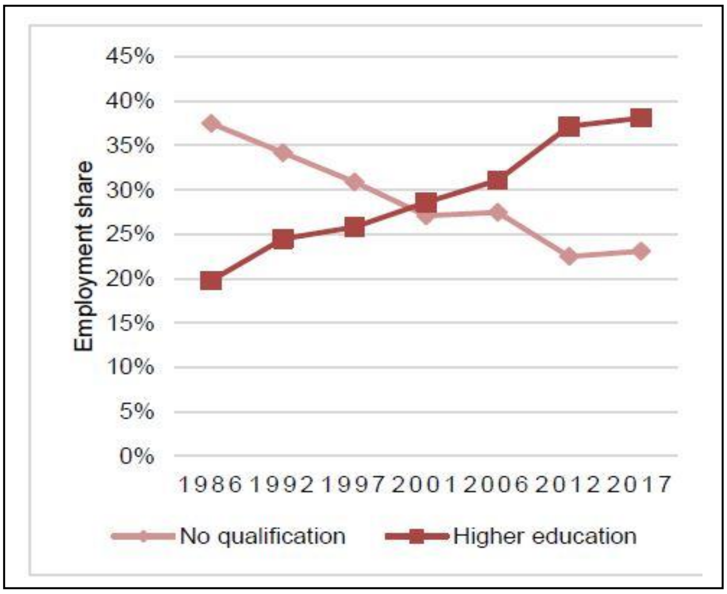
These conclusions are backed up by a number of statistical trends, including an analysis of the following high-level generic skills: literacy, numeracy, complex problem-solving; social; self-planning; and, computer use (see Figure 1). This analysis shows that since 2012 the use of high-level literacy and numeracy skills have declined and the use of social skills and self-planning skills have stagnated. Whilst complex problem-solving skills and high-level computer skills did continue to grow since 2012, the researchers conclude that taken "together these patterns indicate a slowdown in the demand for high-level generic skills since 2012."

Figure 1: High-level Generic Skills, 1997-2017



According to the authors, further evidence of the "stagnating or even reversing demand for skills" is shown by recent changes in the share of graduate-level jobs in the labour market and also the share of jobs requiring no formal qualification. All previous SES surveys from 1986 to 2012 have shown a consistent trend, with an increasing proportion of graduate-level jobs and declining proportion of jobs requiring no formal qualifications.

Figure 2: Employment share by skill level, 1986-2017



However, between 2012 and 2017 there was little change in the share of jobs going to graduates and people with no formal qualifications (see Figure 2). In 2017 23% of jobs required no qualifications while 38% of jobs needed at least a degree. The researchers also highlight that since 2006 respondents to the SES surveys have indicated that they are getting less time for learning and training that is required to enable them to become proficient in their current job.

On gender, the SES surveys show a significant change in the proportion of workers with higher-level (i.e. at least degree) skill levels between 1997 and 2017, as shown below:

- 1997: 28% of male employees and 23% of female employees
- 2017: 36% of male employees and 40% of female employees.

The researchers also find that "gender differences in training or learning time have narrowed or vanished over the last 20 years [and] …. women have never been better positioned in terms of job skills than today." However, they also stress that this trend does not directly equate with improved earnings and that "much still needs to be done to translate greater gender equity in job skills into equal pay as evidenced by the persistence of the gender pay gap."

The SES surveys also contain a number of questions to support an analysis over time of the impact on skills demand of (a) technological change; and (b) changes to the way work is organised. The authors make reference to the large body of research evidencing that technological/work organisation changes are behind much of the rising demand for skills. On this basis it is to be expected that more highly skilled workers will report a higher incidence of technological change and organisational change such as "enhanced worker involvement or greater job control" and this is borne out by the survey data. But there are some caveats to this overall trend according to the latest SES findings, as highlighted below:

First, the incidence of technological change has been falling consistently since 2001 for the most highly skilled and since 2006 among the middle- and low-skilled groups. The largest decline since 2006 has occurred among middle-skilled workers (see Figure 3). According to the researchers, these trends may be partly explained by ICT developments and the fact that "the introduction of new ICT at workplaces appears to have become less skills demanding." This is corroborated by the finding that the proportion of workers saying that additional computing skills would enable them to do their job better has declined from around 25% in 2001 to 12% in 2017.

Figure 3: Reported incidence of technical change, 2001-2017

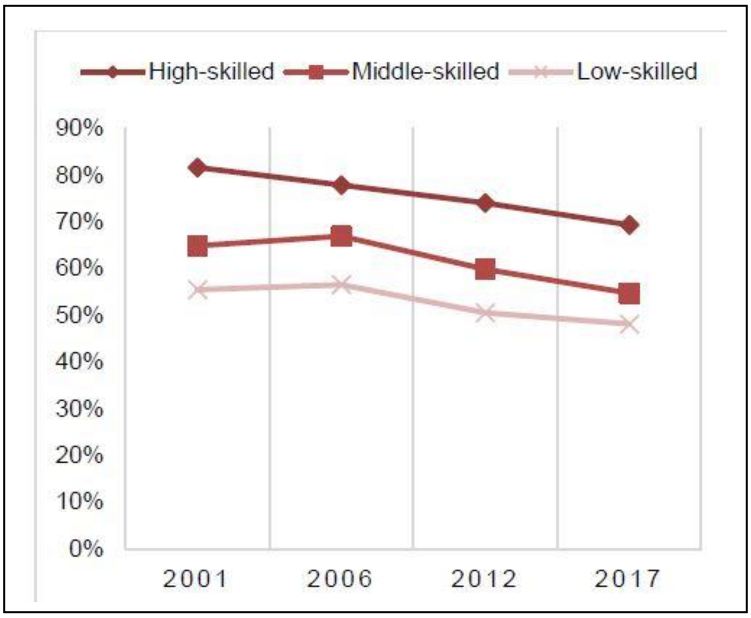
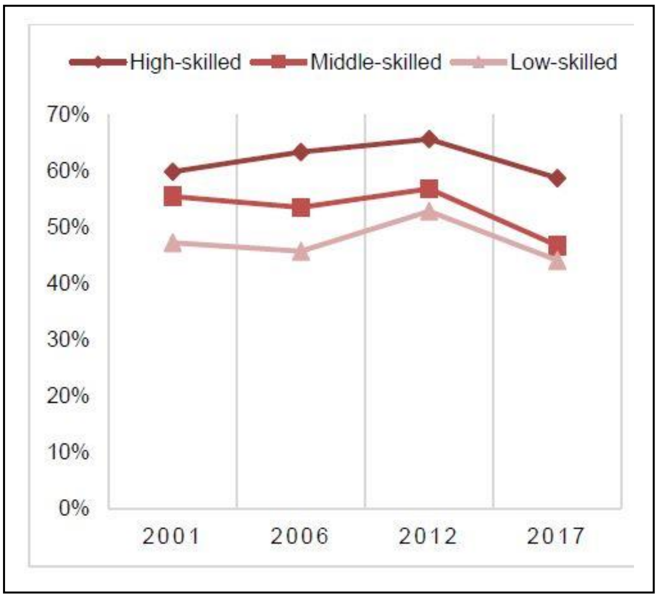


Figure 4: Reported incidence of organisational change, 2001-2017



The higher skilled groups are also more likely to report incidences of organisational change (see Figure 4), but the trends over the same time period are different to the trends for technical change. For example, the reported incidence of organisational change increased up to 2012 and the initial upturn was greatest among the most highly skilled and those with the lowest skills levels.

The subsequent downturn was sharpest for workers in middle-skilled occupations. Between 2001 and 2017 the overall trend has resulted in middle-skilled workers and those with the lowest skill levels now being on a par with regard to the incidence of organisational change and a growing gap with the most highly skilled. The researchers conclude that this shows that "changes in the way work is organised increasingly complements high skills."

Some of the policy conclusions put forward by the researchers on the basis of these trends include a challenge to government policy that too often "relies on an assumed virtuous circle where an expanded supply of skilled workers will in the long-run result in an upskilling of the economy as a whole." The researchers conclude that the SES data "suggests that this assumed connection may not be sufficient to shift the economy alone towards greater skills use."

In their view the evidence suggests that government should prioritise strategies "that combine a focus on skills supply with some attention to demand side development to ensure that investments into skills are effectively utilised." In this context, favourable mention is made of the government's Industrial Strategy and in particular the extended programme of sector deals, which if "designed well, may be a promising step in the right direction."

Adult learner surveys & barriers to learning

In addition to the Employer Skills Survey (ESS), over the summer the Department for Education (DfE) published four research reports, including findings from two new adult learning surveys. The two surveys are the *Adult Education Survey 2016* conducted by the Office for National Statistics and the *Adult Participation in Learning Survey 2017* conducted by the Learning and Work Institute. The DfE has also published two separate research reports looking at barriers to learning for disadvantaged groups and decision-making by adult learners. The findings in these research reports are currently informing the work of the National Retraining Partnership (comprising government, CBI and TUC) as it takes forward development of the new National Retraining Scheme announced in the Autumn 2017 Budget.

Adult Education Survey 2016

Two barriers stood out as being particularly important to respondents: 'I don't have the time or training takes too long' which was selected by over half (54%) of respondents, and 'the cost/too expensive' which was selected by 42% of respondents. However, over half (52%) did report that they were likely or very likely to do job-related training in the coming 2 or 3 years (this increased to 71% for respondents who were currently in employment). Half of all respondents said they were likely or very likely to do non-job-related training in the coming 2 or 3 years and there was little difference in responses by employed and non-employed respondents. The main incentive cited for taking up learning and training, was to 'Learn Something New', which was selected by almost three quarters (72%) of respondents.

Adult Participation in Learning Survey 2017

The barrier to learning most frequently identified by respondents, regardless of their learning status, was work or other time pressures. While current/recent leaners cited other barriers (e.g. cost, childcare, caring responsibilities etc.) adults who had not been learning for at least 3 years were more likely to refer to "dispositional barriers" such as feeling too old and a lack of interest. Nearly two out of five (38%) non-learners said that nothing was preventing them from doing so, which "potentially indicates that learning is not something they have considered or that they feel would be of value for them."

The main factors cited by respondents that would make learning more attractive were: if it was cheaper or the fees were lower; if it was related to something that they were interested in; and, if they could learn from home. However, almost two fifths (38%) said that nothing would make them more likely to take up learning and overall 58% of respondents stated that they were unlikely to take part in learning in the next 3 years.

The report also highlights some key considerations for policy and practice, including that the survey consistently shows inequalities in participation in learning. On this basis there is a need for a range of outreach and interventions "to target adults in lower social grades, adults who are furthest from the labour market, older adults, and those who left full-time education at their earliest opportunity." Other recommendations include: encouraging adults to try out learning and giving them support to continue to do so; providing a flexible approach and a wide range of learning opportunities; making the case of the value and relevance of learning to the individual; government developing greater levels of co-investment approaches to learning; making information on learning opportunities available in a wide range of public places and via agencies adults interact with regularly; and, the survey finding that a higher proportion of BAME respondents said that they would be interested in doing an apprenticeship should be acted upon.

Barriers to learning and decision-making research reports

The accompanying research report looking at barriers to learning for disadvantaged groups reiterates many of the above findings and recommendations from the two adult learning surveys. The key considerations for policy and practice that it cites are as follows:

- Interventions will often need to address more than one type of barrier
- Learning provision should be initially designed to build confidence, e.g., through bite-sized courses or discrete units
- Evidence on the positive outcomes and potential impact of learning as an adult need to be widely communicated
- It is important that outreach and engagement with adults tap into different motivations they may have
- Information about learning opportunities should be shared and communicated proactively in a variety of ways
- Provision needs to accommodate competing priorities (e.g. work, family and caring responsibilities) and to be flexible (e.g. online and/or blended learning approach).

The research report on the decision-making process influencing the take-up of learning or training by adults emphasises two key points:

- the UK has seen a recent decline in the number of adults participating in learning and skills training; and
- studies have consistently demonstrated persistent patterns of inequality in participation.

Drawing on in-depth interviews with 70 adult learners and focus groups with 16 adults not currently learning, the researchers conclude that "for every learner, there exists a complex and unique relationship between their own perceptions of the personal benefits and personal costs of learning". The argument that underpins the report is that the "trigger to participate in learning for each adult comes at a tipping point where personal benefits (or 'pros') outweigh personal costs (or 'cons')".

FE and skills funding

A recent report by the Institute for Fiscal Studies (IFS) has highlighted that further education and skills "has been a big loser from education spending changes over the last 25 years." Its analysis shows that "spending and numbers in 19+ further education have both fallen significantly over time" For example, the total number of adult learners fell from 4 million in 2005 to about 2.2 million by 2016. Most of this decrease was driven by falls in the number of learners taking low-level qualifications (below GCSE). The IFS estimates that total funding for adult education and apprenticeships fell by 45% in real terms between 2009–10 and 2017–18. The analysis also finds that "16-18 education has been a big loser from education spending changes over the last 25 years".

The TUC is currently supporting a campaign by college employers and unions that is making the case for increased funding for the FE and skills system. The campaign is calling for: an expanded National Retraining Scheme; a new lifelong learning entitlement; an increase to the 16-19 funding rate; extension of the pupil premium to post-16 students; and, providing ring-fenced funding for a fair pay deal for college staff.

OECD Education at a Glance, 2018

The OECD has recently published its annual assessment of education and skills, *Education at a Glance 2018* and alongside this it published a UK briefing with a number of key findings. In respect of the UK's position, one of the OECD's findings is that there continues to be strong growth in the number of graduates. For example, it shows that the proportion among 25-34 year-olds in the UK attaining at least degree level qualifications increased from 43% in 2007 to 52% in 2017. However, it also finds that graduates in England[1] are more likely to work in jobs that require lower-level qualifications – 28% of graduates in England report being overqualified for their job compared to 14% on average across OECD countries.

The OECD also contends in the report that "high tuition fees in the UK are offset by a well-developed system of financial support to students." This is in sharp contrast to the recommendations of many stakeholders who have submitted evidence to the independent review of post-18 education and funding commissioned by the government. In its evidence the TUC highlighted some of the detrimental impacts of the existing funding system, including that:

- since 2008/09 the number of first-year part-time undergraduates has fallen by 61%; and
- students from the poorest families entering university in England are currently expected to incur an average debt in excess of £57,000 for a 3-year degree compared to an average debt of £42,500 for other students.

The TUC evidence concludes that there is widespread support for reform of the financial support system for post-18 students and at the heart of this there should be a maintenance grant system that applies to both the FE and HE sectors. It is anticipated that many other submissions will be making similar recommendations as regards reform of the financial support system for post-18 students.

T Levels

During September there has been a number of developments in the T Levels programme. First, the government launched its competition inviting bids for organisations to win the right to develop, deliver and award the first three T Levels (Construction, Digital, and Education & Childcare) from September 2020. The DfE press release also highlighted that secondary school pupils starting GCSE courses this September will be the first students able to study a T Level. In addition, the release said that "more than 200 employers have worked closely with the DfE to design the initial outline T Level content and have run pilots with over 2,000 young people to trial T Level style work placements."

A subsequent DfE release provided an up-to—date list of the members appointed to the panels which will lead work on designing the content of the next set of new T Levels. The government has also provided information on the providers chosen to teach the first T Levels.

1 OECD analysis for this is only available for England and Northern Ireland