

A training opportunity in the crisis

How the Covid-19 response can help sort out Britain's training mess

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Acknowledgements

Thanks for comments and suggestions (though not necessarily approval) from: Claire Ainsley, Benjamin Barnard, Euan Blair, Paul Corby, Kirstie Donnelly, Alun Francis, Nick Hillman, Chris Husbands, Paul Lewis, Warwick Lightfoot, Ken Mayhew, Rosie Meek, Edward Peck, Tim Smith and Bobby Vedral.

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Published by
Policy Exchange, 8 - 10 Great George Street, Westminster, London SW1P 3AE

www.policyexchange.org.uk

ISBN: 978-1-913459-22-2

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Summary:

- The coronavirus crisis underlines the need for an education and training system that is better aligned with the economic and social needs of the UK. We can no longer afford the luxury of a wasteful mismatch produced by low value degrees and a disorganised approach to vocational training.
- The current crisis also offers an opportunity to cut through many of the normal blockages and vested interests, not least since we may – in the wake of the coronavirus crisis – be moving into a period of high unemployment, which will require a radical rethinking of current policy.
- The Government must overcome the resistance of the higher education sector, which has quietly become a powerful cultural and economic vested interest.
- This paper recommends that a new “opportunity grant”, to train or retrain, of at least £3,000 should be on offer for every individual, with added loans to cover more expensive courses and maintenance costs for those who want to take courses full time (repaid in the same way as student loans). The grant money would not go to the individual but would be drawn down by the training provider or FE college or, in a few cases, university.
- It recommends suspending the apprenticeship levy for new entrants and replace it with a radically simplified model focused on school leavers (only about 9 per cent of whom currently enter an apprenticeship) and young people up to the age of 24, with Government and employers splitting the full cost 50:50.
- Lastly, it recommends the creation of a sub-set of “applied universities,” essentially undoing the policy error of abolishing the polytechnics in 1992. With the exception of the “higher” vocational courses in medicine, engineering, and perhaps law, most vocational degrees should be clustered in the applied universities.

Introduction

Training. The very word casts a gloomy shadow over the page! Maybe this is a peculiarly British or even English thing. Thanks, perhaps, to deep historical status divides between the soaring mental world of learning and scholarship and the dogged earthly manual world of training and vocation. Maybe, too, a lack of respect for hierarchy—the Meister in Germany is an almost heroic figure—and a tendency to fly by the seat of our pants.

Yet this shadow has spread wider and deeper in recent decades as it has become harder for even well-informed people to know what is going on in the non-university, post-school world of vocational education and training. Training in Britain has become a highly specialised and complex field, riddled with acronyms and hundreds of different programmes

producing less and less of what we need as an economy and society. I have taken an amateur interest in it for a few years and still often find it difficult to fathom what is going on.

But I know enough to grasp that this has been one of the biggest public policy failures of the last 25 years and the Covid-19 crisis, and how we emerge from it, is an opportunity to do something about it. The economy is likely to be on the point of a great reshaping and on the way there we may, temporarily, return to levels of unemployment not seen since the early 1980s. Whole sectors like retail and hospitality could shrink and others gallop ahead whether green technology, health sciences or import substitution businesses in many branches popping up to replace now suspect external supply chains. If the state can pay the wages of millions it can also support the necessary retraining of millions.

The state already spends billions on training every year but to not nearly good enough effect. The list of failure and misalignment is long. Far too much of the country's education and training spend goes on 18/19 year olds in higher education doing full time residential 3/4 year courses, and we over-produce and then grade-inflate too many bachelor degrees. One result is that around a third of graduates are not in graduate jobs more than 5 years after graduating and the income uplift from a degree is low to non-existent for about 25 per cent of graduates. Meanwhile we suffer debilitating shortages in skilled trades, construction and middle skill technician type jobs (including the vital white-coated lab technicians we currently see on our TV screens most evenings). We talk constantly about lifelong learning but have seen adult education and re-education both at higher education levels and at higher manual/technical levels in freefall in recent years (the adult education budget has been cut by about two-thirds since 2010). The apprenticeship system is still not working for school leavers, despite the new levy, and the number of serious two year plus apprenticeships at level 3 (A level equivalent) or above for school leavers is just a few thousand. Moreover, there is little progression through the apprenticeship and technical system as there is along the academic path. Only about 65 per cent of young people in the UK achieve level 3 or better (and the vast majority of them have academic A levels) compared to closer to 90 per cent in much of the rest of Europe with a more even split between academic and technical. And the proportion of the UK adult population for whom a technical level 4 is their highest qualification is about 4 per cent (it is even less for level 5).

Two main groups are let down by this system: non-university bound school-leavers and adult re-trainers. If you have not got into the university stream by your early 20s the system does not help you much and is immensely complex to navigate. Employers are not involved nearly enough in training, are often unclear about what they want at the higher technical level, and have cut their training budgets by more than 20 per cent since the early 2000s thanks in part to the availability of already trained immigrant labour (which will not be so plentiful in the future). Meanwhile universities have grown like topsy thanks to the

public policy goal of sending half of school leavers to them supported by the state underwriting of student fees, the removal of the cap on numbers and the (now reversing) increase in international students. Some provide an excellent academic education others vital professional and vocational training. But there are too few mature students and far too little flexibility in the type of course on offer. University has become a middle-class rite of passage, with no evidence that it is improving social mobility, sucking in far too many people who are not particularly suited to the rigorous academic regime that a university should be but, outside the most elite institutions, increasingly isn't. This is creating an epidemic of square pegs in round holes and a corresponding surge in anxiety and mental illness among students. Meanwhile the Further Education (FE) colleges once the centre of a thriving vocational culture have become the impoverished Cinderella's of the system, rather like adult social care in relation to the NHS, and face increasing competition from universities for the higher manual-technical qualifications at level 4/5 just below degree level that we are so badly missing.

Governments are aware of many of the problems and have not been completely idle. But they tend to wake up to the "bottom 50 per cent" problem, tinker about a bit, and then lose interest, which is one reason the landscape has become so complex and opaque (much of this critique applies across the whole United Kingdom but this paper focuses on England alone). Recently we have seen the introduction of an apprenticeship levy, albeit flawed, a plan to introduce a new set of vocational secondary school qualifications (T-levels) and the excellent 2019 Augar review proposing a beefing up of non-university post-school opportunities and the FE colleges in particular. We also now have a Covid-19 crisis and therefore an opportunity to cut through many of the normal blockages and vested interests. Moreover we are likely to be moving into a period of high unemployment so the luxury of having such a wasteful mismatch between what our education/training system produces and what the economy requires post-Brexit and what individuals need to earn a decent living is no longer affordable.

The proper pruning and rearrangement of the higher education sector which has quietly become a powerful cultural and economic vested interest in towns and cities up and down the country is a medium-term project. But not everything can wait, the crisis also needs immediate action. Here are three proposals—an opportunity grant, aimed mainly at adults, for anyone who wants to train or retrain in a relevant skill, a new temporary apprenticeship regime, aimed mainly at school-leavers, in which the state covers half the total cost, and creating a new sub-set of "applied universities" using leverage provided by the bail-out schemes for higher education. Together this would help to plug our skills black hole and contribute to "levelling up" and getting the system working again. The measures are simple to grasp and should be relatively simple to implement. The first two are expensive but should also be time-limited and reviewed after a year, anything that works can be extended anything that doesn't

dropped. What I am proposing would cost several billion but over the past couple of decades governments have wasted tens of billions on one failed vocational training scheme after another. Moreover, much of the funding could largely replace existing schemes and programmes including the the National Retraining Scheme, the National Skills Fund, part of the Adult Skills Budget, the UK Shared Prosperity Fund and others.

Opportunity Grant

An “opportunity grant” to train or retrain of at least £3,000 should be on offer for every individual, with added loans to cover more expensive courses and maintenance costs for those who want to take courses full time (repaid in the same way as student loans). The grant money would not, of course, go to the individual but would be drawn down by the training provider or FE college or, in a few cases, university. The grants would be attached only to employment-relevant courses from approved providers, so it might cover part of the cost of retraining to be a fitness instructor but not a creative writing course. They would be available to anyone regardless of what previous funding they have received. Individuals are best placed to know what they are capable of and have some facility for. But they cannot see the costs and benefits of different courses of action so they desperately need a map to guide them through this terrain. An official Government map, or menu, would describe the approved providers of training courses and their costs, the likely employment opportunities after a course is completed, the average pay for people with that skill etc And the Government could use the menu to guide people in the direction of especially serious skill shortages and might even offer higher grants in shortage areas. Individuals who wanted to take up full-time the missing level 4/5 qualifications—the HND/HNC type qualifications for skilled trades and technician type jobs that used to be undertaken by many tens of thousands a year—might, on top of a grant, also qualify for a loan of up to £10,000 repayable like the lump sums that are now offered to post-graduate students by the Student Loans Company. (HND courses cost about £6,000 a year in tuition fees and those pursuing them already qualify for loans under the student loan system.)

The menu should also advertise careers advice available face to face or on the phone to talk people through their options. Alongside that we will need a national Lord Kitchener-style advertising campaign on buses, billboards and social media, to point people towards the opportunities available, many areas of skill shortage include decent well paid jobs from plumber to web designer. An experienced bricklayer earns about £35,000 a year, City & Guilds offers an 8 week introductory course in bricklaying for £3,000 which allows the individual to get on site and complete their full training. (The Government should commission more preliminary courses of this kind that give people a leg up into the mainstream training system, especially in shortage areas.) Coding courses come in all shapes and sizes, a full time 6 month course costs about £10k so in that case the grant would have to be topped up via a government loan or employer

support or private savings. For courses above the grant threshold it is also worth watching and possibly emulating the Lambda coding school model, especially for unemployed people. (Lambda is a charity that has had some success in the US by teaching people, mainly those on state benefits, coding skills. The courses are free up-front but students agree to share a portion of their income if and when they get a decently paid job.)

Twenty years ago in a much less ambitious version of this opportunity grant proposal, called the Individual Learning Account, more than 2m individuals claimed £150 for adult retraining but the scheme was badly managed and there was some fraud involved. Lessons should be learnt from that experience back in 2000-2001, especially in relation to the lax way that training providers were approved. As much as possible of the training should flow through refinanced FE colleges. If 500,000 people took advantage of the scheme over one year it would cost £1.5 billion in grant alone but (see above) savings would be made elsewhere.

The Apprenticeship 50:50

Suspend the apprenticeship levy for new entrants and replace it with a radically simplified model focused on school leavers (only about 9 per cent of whom currently enter an apprenticeship) and young people up to the age of 24, with Government and employers splitting the full cost 50:50. This should apply only to officially approved apprenticeships with at least one day a week off-the-job tuition and lasting at least two years, mainly level 2 and 3 but covering higher level 4 and 5 too. The cost should cover everything including the wages and supervision costs of apprentices. The current levy of 0.5 per cent of the wage bill on larger companies which can be claimed back to cover the costs of some training just creates pointless bureaucracy for those companies which provide decent apprenticeships already. And because the levy only allows employers to recoup the off-the-job training costs of an apprenticeship, which is usually less than a third of the total cost, those who haven't been training have little incentive to start doing so and just regard the levy as an extra tax. Alternatively they have been using the levy to cover part of the cost of management MBAs or degree apprenticeships (which have an important place but not as part of an apprenticeship levy or as part of this 50:50 plan). The result is that the levy has caused the number of apprenticeships, especially for school leavers, to fall since it was introduced in 2017 though the overall numbers are climbing back towards 400,000 starts a year. Lower numbers but higher quality is not necessarily a problem, in the recent past far too many largely worthless apprenticeships have been promoted to hit big number targets. One good thing to come out of the levy is a higher number of level 4 and 5 apprenticeships and those, around 40,000 a year, should also be covered by the temporary new 50:50 arrangements (though existing apprenticeships should continue under the current system). The apprenticeship goals and qualifications must be crystal clear and not gameable by employers. Most apprenticeships in the UK are currently too short, around 18 months, too few of them are aimed at school-leavers and too many are just level

2 (equivalent to GCSE). And many smaller employers do not provide them at all. But with the more generous funding provisions of 50 per cent of total costs paid by the taxpayer the Government should promote them hard to smaller employers. (There might have to be a cap for some elite employers, like consultancy firms and tech companies, that can pay apprentices up to £30,000.)

For bigger employers, especially in construction, public procurement by local and central government must be used to spread good practice on apprenticeships. It is quite simple, no company (without good reason) gets to tender for a public contract unless they can show they are undertaking an appropriate level of apprenticeships. The same principle could be applied to large companies seeking Corona-related bail-outs from the Government. The public sector too must set an example here. But alas devolving political management and funding of skills to the mayoral authorities has not been a success and real control should return to national bodies in England. The devolved authorities could, perhaps, use their convening power to bring together local employers and training providers to establish authoritative data about skill needs but the Government has just established 36 Skills Advisory Panels on local skills gaps which should be performing this role. The 50:50 apprenticeships and the qualifications associated with them should be drawn up in the normal way by the Institute of Apprenticeships and Technical Education and the Ofsted inspection regime would need to be beefed up to cover the extra numbers.

Applied Universities

British higher education (HE) is facing a crisis with some domestic students likely to defer next year and many international students staying away. As many as two-thirds of the 130 universities could soon slip into the red, especially the nearly 50 institutions where international students account for at least one-fifth of their income. HE believes itself to be a great national success story that deserves support. But, rather like the banking system, much of its success is on its own terms and too often removed from the actual needs of the economy and society. A large part of its funding is tax-payer supported, or based on the evidently unreliable flow of international students (about 20 per cent of the total), and the global league table success of elite institutions is flattered by the fact that such a high proportion of state research flows through HE. The current student loan repayment terms mean that a student who studies an economically worthless degree and gains no career benefit from it will repay nothing, meaning the taxpayer provide the greatest subsidy to the least beneficial degrees. And thanks to the student-demand-led higher education funding system the UK was in the bizarre position, in the 2011–17 period, of increasing university teaching funding per student in physics by just 6 per cent, compared with 27 per cent for business degrees and 34 per cent for sports sciences.

In the medium term HE requires fundamental reform, which should include some reduction in its scale, a return to academic rigour, and a

redirection of some research budgets. The UK is unusual in that universities are private charities and not subject to direct state control but current bail out conditions provides Government short term leverage to weed out weaker courses and push back against grade inflation, unconditional offers and other pathologies of modern, market-driven HE. The short term also offers a danger and an opportunity. The danger is of top down cannibalisation. Elite universities must not be allowed to lower standards and pinch students heading to lower status post1992 universities (many of which add more educational value than the Russell group) and the latter must not be allowed to pinch FE students. The reimposition of number caps for individual universities, as the Government is proposing, will not in itself prevent this. The opportunity is that via selective and conditional bail-outs the Government has the chance to create a more overt sub-set of “applied universities,” essentially undoing the policy error of abolishing the polytechnics in 1992. With the exception of the “higher” vocational courses in medicine, engineering, and perhaps law, why not cluster almost all vocational degrees in the applied universities? Many of the post-1992 universities are already largely vocational—nursing, surveying, IT, accountancy—but as a condition for post-crisis support Government should insist that they shift their missions to offer a wider range of applied learning courses aimed at a wider range of students: 18 month/two year courses, part-time courses at times that people working can attend, sandwich courses and so on, and to focus almost entirely on teaching rather than research and on local non-residential students (though with some national and international boarders) rather like the US’s community colleges. It is true that longer and residential courses are popular with students—who wouldn’t be attracted to three years of fun away from parents at age 18/19?—but the enormous cost (both for the individual and the taxpayer) and disappointing returns for too many students is starting to shift attitudes. Britain, and particularly England, is an international outlier in having a mass residential higher education system and if there is to be a permanent reduction in the international students who have helped to subsidise the whole system it may be a luxury we can no longer afford as a country. Charging students for accommodation has been another source of HE income so moving to a different kind of model, with fewer internationals and fewer residential students, would clearly need more state support at least for a transitional period. It might also require university mergers.

The opportunity grant and apprentice reforms above would both provide a badly needed injection of cash, and national purpose, to the network of FE colleges which would deliver many of the courses. But the conditional bail-outs of post-1992 universities also provides an opportunity to promote more HE-FE collaboration in the delivery of degree apprenticeships and level 4 and 5 courses. This is already happening in different ways at places like Sheffield Hallam and Nottingham Trent, especially in the provision of level 4 and 5 sub-degree courses that are directly related to the needs of local employers in places where there is not sufficient demand to make it

a viable activity for FE colleges on their own. Universities must also stop ripping off FE colleges in the fees they charge for validating the foundation and associate degrees that some colleges provide.

Finally, one partial success story of the crisis for HE has been the way it has adapted to distance learning. This provides an opportunity for HE to reconnect with a country that has grown increasingly sceptical about its role and purpose and at the same to reboot the idea of life-long learning. As a one-off measure, for the next 12 months—much of which might still have to be lived under restrictive social gathering conditions — the Government should consider making all online courses provided by British universities free to any citizen over the age of 25. This would not apply to mainstream students but would create a new category of “shadow student” with only a limited degree of supervision. The Government would pay the universities for every mature student who signs on and then a second, larger, instalment at the end of the process for every such shadow student who graduates from an online course. This will also help HE with its current cash flow problems. If the BBC Bitesize for schools is a success the country might become much more comfortable with OU-style distance learning at all levels which, combined with some face to face contact and group tuition, could make a big contribution to the future of life-long learning. One benefit of the lockdown crisis is that millions of people have become much more adept at using video conferencing and similar technologies.

Conclusion

These proposals are very rough and ready and need refining. They also beg the question of how this extra training will be provided, especially in the crucial level 3 to 5 STEM field. Many FE colleges lack the workshops and trainers with a sound grasp of the relevant technology. This is an area where effective HE-FE collaboration could be vital, the new Institutes of Technology might have a role to play too. There is also the risk to training providers, in a partially market based system, of putting on courses that are not fully subscribed so the government might need to offer some form of underwriting which does not then create an incentive to over-provide.

These reforms would increase individual choice and agency in vocational training, especially for adult retrainers, while constraining it somewhat at the HE level where it has led to too many students opting for soft courses that end up costing the taxpayer billions. British people need to get back to work but they also need to get back to the right work, with higher levels of general competence in the bottom part of the labour market and a far better alignment of skills and labour market demand at the middle and higher ends. The UK must strive to remain a global centre of education and research, indeed develop even further in this direction over time, but not allow a global focus to distract us from sorting out the glaring problems in our own backyard.



£10.00
ISBN: 978-1-913459-22-2

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