

A training opportunity in the crisis: How the Covid-19 response can help sort out Britain's training mess

Introduction and background

In the report summarised below, the author David Goodhart puts forward a critique of the current higher education (HE) and training system in the UK. He states that the coronavirus crisis highlights the necessity of a system which is better aligned to the needs of the economic and social needs of the country. The report puts forward suggestions as to how the system could be reformed to become more efficient and effective.

Key findings

Introduction

- The divide between the world of learning and scholarship and the world of training and vocation has become deeper in recent decades. Even well-informed people find it difficult to grasp what is going on in the vocational training world.
- Training in Britain has become complex and confusing with hundreds of different programmes which produce less and less of what we need as an economy and society.
- The state already spends billions on training every year, but 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; we over-produce graduates and 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, other areas suffer. There are debilitating shortages in skilled trades, construction and middle skill technician type jobs.
- Adult education and re-education at higher education levels and higher manual/technical levels has fallen sharply in recent years (the adult education budget has been cut by about two-thirds since 2010).
- In spite of the apprenticeship levy, 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 around 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 where there is a more even split between academic and technical.
- 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, partly because of the availability of already trained immigrant labour which will not be so plentiful in the future.
- At the same time, universities have mushroomed because of the public policy goal of sending half of school leavers to them as well as the state underwriting of student fees, the removal of the cap on numbers and the (now reversing) increase in international students.
- Although some universities offer an excellent academic education or vital professional and vocational training, 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, which sucks 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.
- Further Education (FE) colleges which were once the centre of a thriving vocational culture have become the Cinderellas of the system which 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 have not been unaware of the problems but have tended to tinker around with different initiatives – this has led to the opaque and complex system which we have today.
- We are likely, post-Covid, to be moving into a period of high unemployment and therefore unable to afford the mismatch between what the education/training system produces and what we need. The crisis demands immediate action. The report's author makes 3 suggestions as outlined below.

Opportunity grant

- An 'opportunity grant' of at least £3,000 to train or retrain 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 would be drawn down by the training provider or FE college or, in a few cases, a 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 it would

not cover the cost of a creative writing course. Opportunity grants 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.

- An official Government map would describe the approved providers of training courses and their costs, the likely employment opportunities after course completion, the average pay for people with that skill etc. The menu could also be used to guide people in the direction of serious skill shortages, perhaps offering higher grants in shortage areas. Individuals who wanted to take up 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 similar to that offered to post-graduate students.
- The menu should advertise available careers advice and there should also be an extensive advertising campaign on buses, billboards and social media. People should be aware that many areas of skill shortage include well paid jobs such as plumber and web designer.
- There should be more step-up courses which help people to access the mainstream training system. One example is City & Guilds' 8 week introductory course in bricklaying, which costs £3,000.
- For courses above the grant threshold, there would need to be a top up either in the form of a Government loan, employer top-up or private savings. One possible model could be that of the Lambda coding school. Their courses are free up-front, but students agree to share a portion of their income if and when they get a well-paid job.
- If 500,000 people took advantage of the opportunity grant scheme over one year, it would cost £1.5 billion in grant alone, but savings would be made elsewhere.

The apprenticeship 50:50

- There is currently a 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. However, this system simply creates pointless bureaucracy for companies which already provide decent apprenticeships.
- The current 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. This provides little incentive for companies who have not been providing training to do so; they simply 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. Although this is a valid use of the levy, it has contributed to a decrease in the number of apprenticeships for school leavers.
- The current system should be replaced by a radically simplified model focused on school leavers, of whom only 9 per cent currently enter an apprenticeship, and young people up to the age of 24. All costs should be split 50:50 between the Government and the employer. The system would apply only to officially approved apprenticeships lasting at least 2 years with at least one day a week off-the-job tuition. The apprenticeships would be mainly level 2 and 3 but would also cover level 4 and 5.
- 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 are aimed at school-leavers and too many are level 2.
- More generous funding might encourage smaller business who do not offer apprenticeships to do so, although the new provision would need to be strongly promoted.

- The process of public procurement should be used to raise the number and standard of apprenticeships. No company (without good reason) should be able to tender for a public contract unless they can show they are undertaking an appropriate level of apprenticeships. The same principle could apply to large companies seeking Corona-related bailouts from the Government.
- 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. The Ofsted inspection regime would need to be expanded to cover the extra numbers.

Applied universities

- Universities have become distanced from the actual needs of the economy and society. A large part of university funding is taxpayer supported, based on an unreliable flow of international students or on the fact that 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 provides the greatest subsidy to the least beneficial degrees.
- The current bail out conditions provide the Government with short term leverage to weed out weaker courses and push back against grade inflation, unconditional offers and other issues within our modern, market driven HE system. There is a danger in the current climate that elite universities may lower standards and poach students heading to lower status post-1992 universities and that the latter, in turn, may poach FE students. This should not be allowed to happen.
- Via selective and conditional bailouts, the Government has the opportunity to create a more overt sub-set of 'applied universities,' essentially undoing the abolition of polytechnics in 1992. With the exception of the 'higher' vocational courses in medicine, engineering, and perhaps law, almost all vocational degrees could be clustered in the applied universities. Many of the post-1992 universities are already largely vocational, but as a condition for post-crisis support Government should insist that they 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 etc. Government could also insist that they focus almost entirely on teaching rather than research and on local non-residential students. It should be noted that the predominantly residential HE system in the UK is an international outlier.

The full document can be downloaded from:

<https://policyexchange.org.uk/publication/a-training-opportunity-in-the-crisis/>