EMPLOYERS AND MEETING THE GOVERNMENT'S TARGET – WHAT COULD POSSIBLY GO WRONG?

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Since the general election, apprenticeship policy has assumed a new, further heightened prominence. With the Conservatives' manifesto pledge of 3 million apprenticeship starts between 2015 and 2020; subsequently backed by the announcement of a compulsory, UK-wide apprenticeship levy to fund reforms; apprenticeships have become the 'big ticket' item in skills policy. Indeed, Martin Doel, leader of the Association of Colleges (AoC), went so far during the AoC 2015 National Conference as to argue that the government no longer possesses a fully worked up skills strategy, it simply has an apprenticeship strategy. Lest this be thought an extreme view, it should be remembered that government ministers and the Prime Minister have repeatedly expressed the view that their long term aim is to achieve a simple, binary education and training world wherein all young people either enter university or an apprenticeship.

As a result, apprenticeship reform has become a high-stakes area of policy, and, as the authors have noted in the past (Keep and Payne, 2002, Keep and James, 2011, Keep, 2015a) the roles of employers within the apprenticeship system, and their reactions to reforms, are utterly critical to the success or failure of what the government intends. This chapter therefore highlights some of the potential challenges and pitfalls that policy faces in general, but also specifically in relation to employers. This task has been made more difficult by the fact that many central elements of the government's plans remain to be developed in any detail. In the space available, we cannot cover every topic, and even those we do cover may not be afforded the coverage in detail that they deserve. The chapter should be read in conjunction with other relevant SKOPE research (Keep, 2015a & b).

Owning the target

The first problem is that, as ever, despite the usual rhetoric about apprenticeships needing to become 'employer led', the government has unilaterally and with no prior consultation set an over-riding target for expanding apprenticeship numbers. As the House of Commons Business, Innovation and Skills Committee noted, "the Government has not consulted with, or considered the impact that this policy will have on, industry….and we are concerned that this is a decision that has been made with no consideration for what type of training businesses actually want to facilitate" (House of Commons, BIS Committee, 2016: 17). Firms thus have no prior ownership of or investment in this figure. Politicians have set it and employers are now going to be forced to pay to meet it (see below). This is hardly an ideal starting point for delivering reforms that depend on securing enhanced employer buy-in.

In addition, one of the dangers with politicians making targets the centrepiece of any skills policy (Keep, 2006 and 2009) is the tendency that once the target has been set and announced, policy

shrinks down to become simply meeting the target, at no matter what cost. If progress towards the 3 million flags, trade-offs between quality and quantity will doubtless loom, as they did under the early years of the Coalition government, where the decaying remnants of Train to Gain morphed into adult 'apprenticeships' at Level 2 which largely consisted of accrediting the pre-existing skills of adult employees. This is an issue we will return to below.

The apprenticeship levy – fallout from the nuclear option?

Having won the general election, the new Conservative government decided that the voluntarist approach to training, adopted in 1981 under Norman Tebbit and Mrs Thatcher, and maintained as a central tenet of policy (despite occasional wavering) under New Labour, was finally to be abandoned. The decision to opt, with no prior consultation, for a compulsory apprenticeship levy on larger companies reveals an unspoken but massive tension that now lies at the heart of apprenticeship policy. As noted above, government wants apprenticeship to be owned and led by employers, but the imposition of a compulsory levy is an implicit acknowledgement that, left to voluntary choice by firms, there was little or no chance that they would have been willing 'own' apprenticeships by paying one third of the cost of each apprenticeship place upfront, as the government's reform strategy had assumed. With further cuts to public spending looming, this gap had to be filled.

In a sense, this realisation reflects a broader, more fundamental problem. The state desires a general step change in training investment by employers, and for many years policy has been predicated on bringing this about, but the harsh reality is that employer-provided training has been falling. The incidence of training across the workforce is back to where it was in 2000 (Mason and Bishop, 2010) and the average number of hours of training per worker being delivered has fallen by between 40-50% between 1997 and 2012 (Green et al, 2013). Employer training is in retreat rather than expanding (for details and some possible explanations, see Keep, 2015a). The question is whether a levy is the best way to address this trend in relation to apprenticeship provision.

There are many difficulties with the move to a levy which there is not space to explore here. Perhaps two things need to be noted. First, the reforms to apprenticeship content, quality and assessment, coupled with the 3 million starts target, already represented a high-stakes policy, and the introduction of a levy that many employers do not fully support, and of which some are deeply resentful, simply adds further stresses and dangers to the rollout of these reforms. Government believe that employers will accept the inevitable and decide to cooperate and provide places in order to get their money back. This is a big, untested assumption and as the CBI and others have indicated, many employers are very unhappy with what is about to happen. The authors have already encountered firms where the finance director has threatened to simply lop the sum that the firm has to pay under the levy off the organisation's overall training budget, and in sectors where apprenticeship is not a popular route to entry-level training or where firms lack a capacity or willingness to deliver this type of training, the consequences for adult training volumes may be dire because very little of the levy may be reclaimed.

Second, there might have been considerable merit in the government announcing that it would move to a levy if it did not see sufficient progress on employers making a greater voluntary contribution towards training costs. In other words, having decided to unveil a nuclear weapon (the levy) it threatened its use and waited to see what effect that had on behaviours, rather than moving

straight to dropping the bomb without any warning period. This is because it could be argued that in order for a levy to work, there needs to be a widely-perceived (not least by employers) skills crisis for it to be seen to be justified. This was the case when the statutory Industrial Training Boards (ITBs) and the levy/grant system were introduced in 1964 against a backdrop of strong cross-party consensus centred on a looming crisis in the training of young people (Perry, 1976), but it is far from clear that it is the case today. The 'crisis' that underlies the new apprenticeship levy is a crisis for government- one that centres on how to pay for expanded provision and to encourage enough employers to participate. As will be argued below, apprenticeship numbers are not a crisis for most employers.

Crisis – what crisis?

For the last two decades successive governments have argued that we need a revolution or step change in the volume and quality of apprenticeship training. A relatively small band of employers who are enthusiasts of this mode of training have concurred. The vast bulk of employers have done precisely nothing. Indeed, one of the central barriers to developing and delivering a high quality apprenticeship system in England has been the attitude of the majority of employers (Keep and James, 2011), who have proved indifferent to appeals for them to offer greater buy-in and leadership, and who have remained either wholly disengaged from the system (around 90 per cent of employers do not offer apprenticeships), or content to assume a largely passive role and let training providers design, manage and deliver apprenticeship for them with often minimal involvement by the firms themselves (Hogarth et al, 2014; Fuller et al, 2015). In other words, current apprenticeship provision is decisively provider rather than employer led, and if there is a skills crisis which apprenticeship could solve, employers have hardly rushed to avail themselves of this opportunity, despite government exhortation and funding. Indeed, the resort to a levy can be seen as not simply a reaction to a looming government funding shortfall, but also and more importantly as an implicit admission by policy makers that only through coercion and being bribed with money that has been taken off them via a tax can employers be incentivised and motivated to get involved in the apprenticeship system. In other words, they may be an apprenticeship 'crisis', but it is one centred on large-scale employer indifference.

The underlying problem, which it has proved exceedingly hard for government to acknowledge, still less address, is that demand for skill in our economy is low by international standards. As the OECD's Adult Skills Survey (OECD, 2013) demonstrated, the UK finished 21st out of 22 developed countries in terms of the level of demand from employers for workers qualified beyond compulsory schooling. In some sectors demand for the kind of craft and technician skills apprenticeships can best supply remains high (for example, engineering, and electrical contracting), but across large swathes of the service sector (which is where the bulk of apprenticeship provision is now actually located) demand for skills, particularly at higher levels is in fact limited, which does not bode well for government plans. In this sense, the 3 million apprenticeship starts target is simply yet another in a very long line of attempts by policymakers to boost skills supply without first addressing problems on the demand side (Keep, Mayhew and Payne, 2006; Keep, 2015a).

Moreover, alternative routes to delivering the skills employers may need are also concurrently in play in the policy arena – National Colleges, Institutes of Technology, a new engineering-based university in Hereford, new Technical and Professional Pathways (TPEs) to be delivered through

greater specialised within existing FE colleges, and so on. Doubtless apprenticeships, particularly at higher skill levels, will feature in these institutions' pattern of provision, but an employer could be forgiven for thinking that if they do have intermediate and above skill needs, there is a reasonable chance that someone else might be stepping in to provide them.

Quality versus quantity?

A second set of problems centre on quality. A significant number of current apprenticeships do not meet the minimum quality thresholds set for them (see Keep, 2015a). It is therefore an open question whether either employers, or more importantly training providers, will necessarily find it easy or attractive to deliver the new more costly and demanding standards that the reformed Trailblazer standards will bring with them. For example, the specification of a day a week off-the-job training has massive cost implications for employers in sectors like hospitality and retail, where to date the vast bulk of apprenticeship learning has been in the workplace and on-the-job. Survey data suggests that in 2014, 26% of employers admitted to offering their apprentices less than three hours per week on activities that were not part of their job role (Shury et al, 2014) , and 20% admitted that their apprentices did not receive any formal training (UKCES, 2015, p19). The very slow and limited rollout of those Trailblazer standards that have been approved (*FE Week*, 25 January, page 5), with just 770 starts on the new standards out of 153,100 for the last quarter of the financial year 2015/16 (DfE, 2016), certainly suggests that neither employers or providers are hardly straining at the leash to move to the new, higher requirements set out in the standards (for a more detailed discussion of the reasons for this, see Keep, 2015b).

We would argue that combining demands for increased volume with quality upgrades requires a different approach to quality enhancement to that hitherto adopted in England. After more than 20 years of ongoing reform, it is not unreasonable to ask why so little has been done to establish well-founded sectoral or occupational institutions that might regulate and improve apprenticeship provision?

There are two, inter-linked reasons. First, official ideology (spanning New Labour, the Coalition and now the Conservative administration) has chosen to stress market-based, transactional relationships as the means of delivering efficient and effective skills outcomes (Keep, 2006, 2009, 2015a), and to view apprenticeship as something that can be delivered through transitory contractual relationships between individual employers and Independent Training Providers (ITPs) within the context of a fragmented 'spot market'. Fuller and Unwin's 2003 observation that apprenticeships were a government scheme delivered by private contractors remains every bit as true today as it was then. Indeed, as government statements have indicated, current thinking is that, "the employer is the customer" (H M Government, 2014, p6), and the CBI has argued that, "businesses want to be an empowered consumer, not training providers themselves" (Carberry, 2014).

The second problem is the fragility and impermanence of our employer bodies at sectoral and/or occupational level, and the lack of long-term commitment from the state to support and nurture such institutions. Thus the government finds itself ushering in the apprenticeship reforms just at the moment when it appears to have finally abandoned (at least for now) any commitment to, or belief in the virtues of, long-term structural arrangements that at sectoral level might coordinate employer opinion and deliver collective action on skills. The impending demise of the UK Commission for Employment and Skills (UKCES) and with it the abandonment of the concept of employer-ownership

of skills (see Keep, 2015a), coupled with the withdrawal of state funding for the Sector Skills Councils (SSCs), marks a shift towards reliance on temporary, one-off employer groupings of the type that have been charged with creating the apprenticeship Trailblazer standards. The problem is that small, temporary clubs of enthusiasts are a weak and unsatisfactory mechanism for marshalling and delivering concerted and widespread employer buy-in and action. As Nick Boles, the skills minister admitted, "I think we should all be honest and observe that the employers involved….are employers of a particular kind, a particular depth of resource and the apprenticeships involved are a particular kind of apprenticeship, they're not necessarily absolutely typical" (*FE Week*, 20 October 2014, p10).

At present, the only publicly-available official thinking on how to address these issues (DfE, 2016) suggests that the new, employer-led Institute for Apprenticeships (IfA) may be charged with responsibility for overseeing the updating of apprenticeship standards in the absence of any more permanent institutional configurations at sectoral or occupational level. While this may solve the problem of how to update standards, it ignores the much wider issue of how to 'concert' employer commitment and action.

These distinctive English approaches are in marked contrast to many more successful overseas models, which see skills and training, particularly in relation to apprenticeships as delivered within a systemic set of longer-term relationships underpinned by institutional governance arrangements that support can support collective employer action and social partnership, and which are configured to deliver quality through cooperation, the building of trust, and via mutual sets of obligations between the various parties (the state at various levels, education providers who deliver the off-the-job elements of the programme, parents, apprentices, trade unions, and employers acting individually and collectively). German or Swiss employers would not normally see themselves as customers in an apprenticeship market, they would providers and partners within an apprenticeship system (Keep, 2015a, p26). For as long as we cannot see beyond the marketplace model, it is likely that we will struggle to deliver quality, as this is founded in part upon the strength of the relationships within the system.

For example, there are lessons to be learned here from the Irish approach to apprenticeship reform. Ireland is about to embark on a major expansion of apprenticeship (at Levels 3 and above) in occupations beyond the traditional manual crafts and trades. Its consultation on designing, setting up, managing and revising apprenticeship schemes in different occupations and sectors (QQI, 2016) lays out a robust and exacting model for quality assurance and improvement. It includes requirements to ensure that employers have the internal training capacity and range of job tasks and experience to support high quality apprenticeships, that external providers have the expertise to deliver the off-the-job element, and that the two elements of learning will be co-ordinated and blended. For each occupation there is to be a single coordinating provider, which establishes a programme board for apprenticeships in that occupation and which oversees and evaluates provision and seeks to enhance quality and update qualifications and learning packages. It is light years ahead of anything we are thinking of.

One major potential role for the new Institute for Apprenticeships (IfA) would be to start to shift our core delivery model away from external training markets and into long-term partnerships backed by supportive institutional arrangements. Whether the IfA will be given the time, space, resources and clout to embark upon such a venture remains to be seen.

Developing the workplace and workplace learning – a critical missing element?

Even if employers do buy-in to the levy, and this has a ripple effect to smaller firms through supply chains or simple exhortation, the bottom line is that many workplaces are not set to deliver workplace training in the way envisioned by government. To begin, many companies are operating with very small profit margins. For example, some in the food processing industry are operating at 1% (Lloyd and James, 2008). As a consequence, the development of skills and knowledge, where it occurs in these workplaces, is a by-product of producing a good or service and is not the main purpose (James, 2006). In addition, workplaces are not homogenous. Differences in company size and employer approach impact on their engagement in apprenticeships. A recent Ofstead report (2015), based on the example of London, showed there are 927,730 SME's who could potentially provide attractive apprenticeships. However due to the lack of additional resources, such as HR staff or time for employees to train apprentices, the report found that many of these SME's do not offer apprenticeship places, which are high in demand in the capital. It also appears that SME's are unaware of the flexibility of the apprenticeships programme framework, which can be adjusted by adding different units based on their micro-business needs (Ofsted, 2015). The new plans to pass on the tasks (and associated expense) of devising and updating the apprenticeship standards to employers runs the risk of putting more time and administrative pressures on small and medium businesses who may already be sceptical about the amount of work and commitment taking on apprentice may require. This could out-weigh the benefits of training a young person, which the small business need and value as a great root of educating young employees. Once again, the question emerges of where the collective infrastructure to support employers (SMEs included) to deliver enhanced apprenticeship provision is meant to come from.

Wishful thinking makes a poor foundation for planning or action

Apprenticeship policy reflects long-standing trends within skills policy more broadly conceived. It has become loaded down with entirely worthy, but often fairly unrealistic expectations, particularly in relation to what employers are willing to pay for and do, and the timescales within which reform can be delivered. This gap between hope and reality is in no small measure founded upon a continuing misapprehension about the importance that many firms place upon skills and upon the nature of their competitive and product market strategies. If large parts of the economy and labour market are trapped in some kind of low-skills equilibrium, or at the very least, have learned to get by with narrow and shallow skill requirements (Keep and Mayhew, 2010; Keep, 2015a) then the impetus for firms to rise to the challenge set them by apprenticeship policy may be far smaller than policy makers often like to assume.

The government's long-term 'vision' for apprenticeships (H M Government, 2015) is long on what it is hoped should happen, rather shorter on the detail of how these desiderata might best be achieved. It would be good to believe that there is a Plan B ready for when at least some elements of the reform and delivery programme run into trouble, but the signs on this front are not particularly encouraging.

Targets, for good or ill, remain a core government policy device. They usually either get met, or where this is not going to happen are endlessly revised until they quietly fade from view. The great

danger with the apprenticeships target is that it becomes the 'be all and end all', and we meet it only at the cost of yet again failing to upgrade quality and the elements that underpin its delivery.

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