

CIPD: “FROM ‘INADEQUATE TO ‘OUTSTANDING’: MAKING THE UK’S SKILLS WORLD CLASS”

Introduction

Research published by the Chartered Institute of Personnel and Development (CIPD) “shows that two decades of under-investment and failed policy on skills in the UK has contributed to the country lagging well behind its competitors in Europe and most of the OECD on at least four key measures, including literacy and numeracy, learning and development, and digital skills.”ⁱ

In this Reps Bulletin we will be looking at some of the issues identified by the CIPD and then building on the material contained within TSSA’s January and February Bulletins which highlighted the opportunities available for union organisers and reps as a result of the introduction of the Apprenticeship Levy.

Focus of the CIPD Report

The CIPD Report concentrates on skills rather than qualifications, noting that “skills are not the same as qualifications.” The sort of skills looked at by the CIPD are those which are at the heart of how organisations function

in the digital age and, as such are associated with the ability to:

- write and understand reports and communicate with others;
- perform numerical and analytical tasks; and
- use computers to help solve problems

Failings in UK skills

The Report goes on to highlight multiple failings in the UK’s skills system, including:

- England and Northern Ireland together rank in the bottom four OECD countries for literacy and numeracy among 16-24 year olds;
- Out of 19 countries, the UK ranks bottom of the class on young peoples’ computer problem-solving skills;
- UK employers spend less on training than other major EU economies and less than the EU average, and the gap has widened since 2005. In 2010, the cost per employee was

€266 in the UK, against €511 across the EU;

- The UK lies fourth from the bottom on the EU league table on participation in job-related adult learning, with evidence showing a marked deterioration since 2007.

A failure to fund intermediate skills

CIPD also highlights research findings for the House of Commons Education, Business, Innovation and Skills Committee from 2015 which “suggested that the greatest economic benefit would come from a system for intermediate skills when:

- It produces a mix of technical, practical and occupation specific skills combined with generic skills such as communication skills, problem solving skills, team working skills and customer-handling skills;
- Classroom-based learning is reinforced by employment-based training in some way (preferably through apprenticeship training) so that trainees learn a range of skills which are best acquired – or can only be acquired – in workplaces”ⁱⁱ

Despite this recommendation, however, the CIPD Report highlights that “the net impact on creating new skills and new opportunities for individuals to acquire intermediate skills has been modest, with significant resource and effort going towards validating existing skills and training

effort at relatively low levels.” In particular, the Report emphasises that:

- There has been little consistency, with endless changes in institutions, structures, incentives, targets and policy priorities made worse by constant changes in ministerial and departmental responsibilities and oversight;
- Priority has been given to apprenticeships, with other areas such as adult education experiencing a big loss of part-time places before the recession and big cuts to the budget since 2010;ⁱⁱⁱ
- There has been a substantial and long-term decline in the volume of employer training (stabilised in recent years) and also a decline in employer investment in training in cash terms (which has continued).
- The higher education sector has greatly expanded and the participation rate has increased to one of the highest in the OECD.

The Report also suggests that other factors have affected government skills policies, including:

- a degree of substitution, with some employers deploying large numbers of graduates in non-graduate jobs as a cheaper alternative to investing in intermediate skills;
- the fact that employer demand for intermediate skills in the UK has been relatively weak, most

likely linked to business models and competitive strategies by some employers that do not require extensive investment in skills.

Findings on qualifications

When it comes to qualifications, the Report also highlights how “the UK is distinguished in having a high share of graduates, a high share of people with low levels of qualifications, and a relatively small share of intermediate qualifications.”

What this means in practice is that in 2011 the UK was ranked eleventh in the world for those in employment who hold a degree but by 2020 the country is expected to be seventh, ahead of France, Germany and Italy.

In terms of intermediate qualifications, however, the UK is predicted to move in the opposite direction (from twenty-fourth to twenty eighth), to a ranking lower than all the other major OECD economies. It is also expected that the UK will have an increasingly higher share of people with low qualifications by 2020, moving it from 19th to 22nd across the world.

The focus on apprenticeships

The main skills focus of the Conservative Government has been on a policy based on apprenticeships. That policy has, however, come in for a lot of criticism since its inception with the National Audit Office and MPs raising concerns, including questioning why 3 million apprenticeships have been decided upon, whether numbers are based on demands made by

employers along with how they will be split between higher and lower level.

In a report from June 2016, CIPD highlighted how surveys of employers showed that the apprenticeship levy will, in its current form, make the underlying position worse, with employers cutting back in other areas of workforce development or validating existing training provision, and little sign as yet that many employers will make additional investment. The conclusion of the CIPD findings in 2016 was that:

“While some employers can see the merit of the levy in principle, in practice it is in danger of producing the opposite effect to its intention and replicating the weaknesses in apprenticeship training to date.”

In addition, CIPD:

- see a danger that the Apprenticeship Levy will be used to support large numbers of low-quality apprenticeships with little impact on overall training volumes.
- suggests that employers and individuals will not invest sufficiently to make up for cuts in government funding for training, especially with the uncertain impact of new measures such as the apprenticeship levy on training volumes.

With this last point in mind, the authors of the CIPD Report state:

“...there is the need to ensure that all

of the money raised via the levy is spent on training in the workplace; however, recent analysis published by the Institute for Fiscal Studies^{iv} suggests that although the levy is estimated to raise £2.8 billion in 2019–20, government spending on apprenticeships in England is only expected to increase by £640 million [23% of what is raised] over the same period, so most of the revenue raised will be spent elsewhere. Government should commit to using any levy underspend to help reverse the decline in adult learning.”

CIPD Recommendations

Amongst a series of recommendations to the Government, the CIPD calls for the government to:

- commit to regenerate the further education sector and to ensure that all money raised by the levy is spent on adult skills and training;
- involve social partners like trade unions in increasing the quality of vocational pathways;
- promote lifelong learning in order to help maintain productivity and employability in the face of change.

TSSA rep action

In the Reps Bulletins from January and February 2017, we described how the Apprenticeship Levy would operate from April 2017 and how it covered apprenticeships for young people straight out of school or college but

that it could also be extended to cover existing staff. In the latter case, the apprenticeships could be used as a form developmental training which many members have reported to us as non-existent for most staff but something that they wanted in order to pursue their careers.

The information in this Bulletin, from a recognised and trusted source, is designed to pick on particular arguments as additional justification for why reps and organisers should be pursuing the organising opportunity that the Levy offers, especially if employers react by cutting training budgets to justify their extra spending through the Levy.

TSSA is in the process of organising training for reps and briefings for organisers on our apprenticeship plans but in the meantime you have an opportunity to find out what is happening in your company.

Finally, and as suggested in our earlier Bulletins, the plans that we have developed offer an additional reason why workers should join TSSA as part of our Time to Grow Strategy. People can join TSSA online at:

<https://www.tssa.org.uk/en/join-us/join-intro.cfm>

Acknowledgements

This Bulletin was prepared based on the CIPD Report referenced in the notes below.

ⁱ CIPD Report available at: <https://www.cipd.co.uk/Images/from-inadequate->

[to-outstanding_2017-making-the-UK-skills-system-world-class_tcm18-19933.pdf](https://www.cipd.co.uk/Images/from-inadequate-to-outstanding_2017-making-the-UK-skills-system-world-class_tcm18-19933.pdf)

ⁱⁱ Research by Mason and Rincon-Azar referenced in CIPD document at page 8

ⁱⁱⁱ Spending on the Adult Skills Budget has fallen in cash terms by around 30% between 2010–11 and 2015–16, with a shift towards adult apprenticeships; some spending has been replaced by loans. See:

<http://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7708>

^{iv} Amin-Smith, Cribb and Sibieta, (2017) “Reforms to apprenticeship funding in England.” London: Institute for Fiscal Studies, quoted on p34 of CIPD document.