

John Denham's reflections on the Employer Support for Higher Level Skills report

Employer support for Higher Level Skills

A research project supported by the Institute of Public Affairs at the London School of Economics and Political Science and the Association of Colleges, led by Rt. Hon. John Denham, Professorial Research Fellow

For the past 20 years and longer, Ministers of all political parties have wanted to see more employers support employees and apprentices to gain higher levels skills and higher education. With strong bi-partisan support in a relatively non-ideological area of policy, it seems odd that employer supported higher skills have not become a more important part of the skills and education system.

In a recent short project for [LSE's Institute of Public Affairs](#) I wanted to examine why public policy had apparently failed. I have an interest: I was Secretary of State at the Department for Innovation and Skills from 2007 to 2009 and, more recently, had proposed radical reforms to higher education finance that depended heavily on the expansion of employer supported degrees.

The research, involving policy-makers, stakeholders, employers and academics, revealed a number of weaknesses that have led to similar mistakes being made repeatedly. It also shed light on an ad hoc and inadequate relationship between academia and the public policy-machine.

It's self-evident that employee skills development will only take place if an employer takes a positive decision to support it. Despite this, public policy has consistently lacked any real insight into how employers take these decisions. Nor has this important area been the subject of much detailed academic examination. It is not surprising policies that depend on employer engagement fail when so little is known about why employers become engaged.

That's not to say to that no relevant research exists. There was sufficient evidence, going back to studies more than 20 years old, that should have alerted policy-makers of problems which failed to force their way onto the agenda. Some very basic misconceptions have persisted too long. It's assumed for example that employers support training to meet skills gaps. Most employer support for training, at all levels, is driven by company business strategies *not* skills shortages, and specific skills are much more likely to be met by short, in-house and unaccredited training. The result is a tension between the qualifications that public policy is prepared to support and the support that employers really value.



The disparity reflects a more fundamental unsolved debate in skills policy. Are skills a supply side problem to be met by increasing the numbers of qualified people? Or are skills a derived demand, more likely to be stimulated by successful economic and industrial strategies? Without every facet being explicitly addressed by government ministers, it is the supply side model that has been pursued most persistently. The effects are widely observed, but have not influenced new policies. Targets, supported by financial incentives, have produced all sorts of perverse and unintended consequences. These include relatively worthless but target hitting qualifications, and the narrowing of the range of public support needed to ensure that targets are met.

It’s also clear that the rhetorical support of Ministers for higher level skills has not been reflected in the actual priority given to the issue. Often sitting unhappily across different ministers’ desks, support for higher level skills and education has always come after other major financial and policy decisions (like HE fees for example) have been taken. In consequence, much more powerful incentives were created, for example, to recruit young undergraduates than to do the time-consuming work of engaging with employers. The poor quality of public data on higher level skills is a sure indicator of its practical second-order priority.

Some of the findings – interference and micro-management by the Treasury and Downing Street, the temptations of high profile but ill-judged ministerial announcements – will be familiar from other descriptions of poor public policy making. But in this case, it is also clear that policy could have been better if there had been a stronger, well-structured relationship between the evidence, academia and policy makers.

My report ends by proposing a standing Academic and Policy Council to advise ministers, anticipate future policy questions, and influence research commissioning. One of the early priorities of such a body might have been to ensure sound academic studies of employer responses to the new apprenticeship levy, one of the biggest disruptions the skills system has ever seen. Based on past experience it might be noted that the policy has been driven by the Treasury for financial not skills needs, has no understanding of how employers will respond, but will create huge financial incentives for employers and providers to collaborate on what might well be perverse outcomes.



John Denham is a Professorial Research Fellow of the IPA. From 1992 until 2015 he served as the Member of Parliament for Southampton Itchen. He held a variety of Ministerial posts, including Secretary of State for Innovation, Universities and Skills and Secretary of State for Communities and Local Government.

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