WARWICK

Operation Market Failure: A Bridge Too Far for the Apprenticeship Levy?

by

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Table of Contents

List of Tables

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Declaration

The material contained in this thesis is all my own work and has not been submitted for a degree at any other university.

Abstract

The Chancellor of the Exchequer, George Osborne, announced in 2015 that the United Kingdom would introduce an apprenticeship levy. This came into effect in 2017 and covers all UK employers with a payroll in excess of £3 million. Apprenticeships are a devolved policy and this research focuses exclusively upon the impact of the levy on employers in England.

The levy was introduced as a consequence of a marked decline in employer training. Its aim is to overcome a perceived market failure in training and to stimulate employer demand for training (i.e. additional training that would not have happened in the absence of the levy), for both new and existing employees.

The levy has also sought to improve the quality and perception of apprenticeships. The 'apprenticeship' term became protected by law in the Enterprise Act 2016. This was in response to the previous widespread use of the term in association with poor quality training, which threatened to damage the apprenticeship brand. New stipulations mean levy-funded training must be for a minimum of 12 months and include (at least) 20% off-the-job training whilst also being approved by the Institute for Apprenticeships and Technical Education (IfATE). In order to clarify the distinction between apprenticeships pre and post levy, the research refers to apprenticeships (post-levy) as levy-funded training.

The research, based upon interviews with over one hundred private sector employers, seeks to understand employers' views regarding the levy, in particular whether it has overcome perceived market failure in training provision, or has stimulated fresh employer demand for training. It also assesses the government's stated intention to place employers 'in the driving seat'. In addition, it seeks to ascertain the impact of the levy on the quality of training provision. The research finds positive indications that the levy is indeed able to stimulate employer demand for high quality training and may (over time) be capable of re-engaging larger numbers of employers with training activity.

CHAPTER ONE
Operation Market Failure: The Apprenticeship Levy

Introduction

The Government of the United Kingdom (UK) introduced the apprenticeship levy in 2017 to rectify a perceived market failure in training (Osborne, 2015; BIS, 2015a; Powell, 2020). This market failure is argued to have resulted, over a number of years, in a profound decline in employer training provision (BIS, 2015a; Green et al., 2016). This decline in employer training is deemed to have led to skill gaps and skill shortages which have had a negative impact upon the performance of the UK economy (HM Government, 2015; 2017a; 2017b; Winterbotham et al., 2018). This is a critical area of public policy and the (former) Chancellor of the Exchequer, George Osborne explained the reasons for the introduction of the apprenticeship levy as follows:

> *There are too many large companies who leave the training to others and take a free ride on the system. So we are going to take a radical, and frankly long overdue approach. We are going to introduce an apprenticeship levy on all large firms.*
>
> *George Osborne, Chancellor of the Exchequer (8th July, 2015)*

The levy intends to counter this market failure and stimulate employer demand for training (Fuller, 2016; Gambin and Hogarth, 2017a). This research seeks to provide an evaluation of the capacity of the apprenticeship levy to achieve this goal. The first chapter will briefly introduce the political context surrounding the apprenticeship levy (the levy) before outlining the rationale for its introduction and explaining the need for research on the impact of the levy.

The Levy

The General Election of May 2015 led to the Conservative Party taking office and forming the first Conservative majority government since 1997 (Audickas,

Cracknell and Loft, 2020). The election result had confounded expectations of a hung parliament or of a Labour Party victory (Stegmaier and Williams, 2015). In the afterglow of this unexpected overall majority, the highly influential Chancellor of the Exchequer, George Osborne generated widespread surprise by announcing the introduction of the levy (Gambin and Hogarth, 2015; Fuller, 2016). The levy represented a stunning departure from the predominantly voluntarist approach to employer training that had become synonymous with the Conservative Party from the time of the transformative premiership of Margaret Thatcher (King, 1993; Sutherland and Rainbird, 2000; Gospel and Edwards, 2012).

The apprenticeship levy is a training levy and in common with all training levies it requires specified employers to make prescribed payments which are then to be spent on developing the skills of the workforce (BIS, 2015a; Delebarre, 2016; Kuczera and Field, 2018). The apprenticeship levy is fixed at 0.5% and is payable by all employers (both public and private sector) in the UK with a payroll in excess of three million pounds (HMRC, 2016). The levy is paid monthly and the levy funds are held in a digital account which can only be accessed by the levy-paying employer for apprenticeships (levy-funded training). Further to the levy payment which is made by the employer, the government makes an additional ten per cent monthly contribution to the employer's digital account. The funds in the digital account including the ten per cent contribution expire after twenty-four months if unused (DfE, 2020).

In addition to the levy, other reforms to apprenticeships have been introduced which have gradually been coming into effect (HM Government, 2013; 2015). These reforms have been designed to raise the overall standards and quality of apprenticeship training (ibid.). The reforms are the product of an accumulative process which included the Leitch Review (2006), the Wolf Report (2011) and the Richard Review (2012) while the genesis for Osborne's apprenticeship levy lay in a paper by Alison Wolf (2015) 'Fixing a Broken Training System: The case for an apprenticeship levy'. There is little doubt that the apprenticeship levy and the accompanying apprenticeship reforms constitute a highly-ambitious attempt to redress many long-standing and deep-rooted failings with apprenticeship training (Wolf, 2015; Fuller, 2016).

Although apprenticeships are recognised as bringing a wide range of benefits to employers (Kenyon, 2005; McIntosh, 2007; Hogarth, Gambin and Hasluck, 2012), the number of employers engaging with apprenticeships is lower in the UK than in many other countries (Steedman, 2010; HM Government, 2015). Furthermore, in recent years much apprenticeship and employee training in the UK has been regarded as having become overly dependent upon government subsidy. These subsidies are often perceived as funding 'deadweight training' (training that would have occurred anyway) or training of dubious quality (Payne and Keep, 2011; Richard, 2012; Ofsted, 2015; Wolf, 2015; Pullen and Clifton, 2016). With the levy, it is not unreasonable to expect that the move from an employer training system that has grown accustomed to government training subsidies towards one that requires (large) employers to pay a levy (that could be re-claimed for training) would not be welcomed by many employers and would require a time for adjustment.

The longer-term supposition underpinning the levy is that the move (from subsidy to levy) will eventually facilitate greater employer engagement with training and lead to employers (as levy-payers) taking greater 'ownership' of training (BIS, 2015a; HM Government, 2015; DfE, 2016). This provides the basis for a two-pronged government strategy that is designed to raise the quantity and quality of employer training (DfE, 2016; HMRC, 2016). Firstly, the policy intention is that the obligatory employer financial contribution to training (through the levy) will stimulate employer demand for training; and secondly, the quality of the aforementioned training would now be assured by the reforms to apprenticeships (BIS, 2015a; HM Government, 2013; 2015; Kuczera and Field, 2018).

These reforms include a move from frameworks to standards, the introduction of end-point assessment and the requirement for apprenticeship training to always include a minimum of 20% off-the-job training as well as for all apprenticeships to be of a duration of no less than 12 months (HM Government, 2013; 2015). The levy and reforms do allow for levy-funded training to be made available to both new employees and existing staff (ibid.). These developments represent an extremely important step forward in public policy. Therefore, there is a need for research that is focused upon both the experience and response of

employers to them in order to assess the likelihood of this public policy intervention achieving its core objective of stimulating employer demand for training.

The argument for an improved system of apprenticeship training maintains that this would be to the benefit of both the apprentice and the employer and would result in improved economic performance (Hogarth, Gambin and Hasluck, 2012; Richard, 2012; BIS, 2015a; HM Government, 2015; Fuller, 2016). In spite of this, there are likely to be obstacles in the path of the levy and that challenge its efforts to stimulate employer demand for training (Gambin and Hogarth, 2017a). There is a need for research that seeks to provide an evaluation of the extent to which the levy is removing impediments to employer training; of issues which are arising out of the implementation of such a radical change; and most crucially if there are early indications that the levy is becoming, or can become, a catalyst for (further or new) employer training. On numerous occasions, the government has spoken of placing the employer 'in the driving seat' (BIS, 2015a, p.4; HM Government, 2015, p.2) with training and there is a need for data that collates the experience of employers with this far-reaching (once in a generation) government public policy training intervention in order to understand whether the goal of placing the employer 'in the driving seat' is being realised.

A policy intervention, such as the levy, could easily be perceived as a policy of yesteryear that sits ill at ease with the well-established neo-liberalism of the last forty years (Crouch, Finegold and Sako, 1999; Sloman, 2014; Milner, 2015). And yet, in spite of this, the levy was to begin its long walk back from the political wilderness to once again become a centrepiece of government training policy. The next section will focus on the politics of the surprising decision of the UK government to intervene so decisively in the arena of employers and training.

The Long and Winding Road (that leads to the Apprenticeship Levy)

The Government's ambition to place apprenticeships centre stage was unambiguous and clear from the outset. The newly-formed Government even went as far as commit to 'enshrine in law its commitment to create 3 million apprenticeships by 2020' (BIS, 2015b, para.2).

In 2015, whilst George Osborne wrestled with the conundrum of skill shortages (Vivian et al., 2016), employer reluctance to train (Green et al., 2016) and the cost of the government's ambitious manifesto commitment to further expand apprenticeships (The Conservative Party Manifesto, 2015), it was Alison Wolf who was to offer the means by which to plug his apprenticeship funding gap as she published a paper proposing an apprenticeship levy (Wolf, 2015). Alison Wolf, the leading Kings academic had already exhibited a rare gift for actionable policy when tasked by Michael Gove, the Education Minister, with producing a Review of Vocational Training (Wolf, 2011). The Wolf Report was subsequently published in 2011 and was widely praised with all of its recommendations being accepted by the government (DfE, 2011; 2015).

Wolf's paper proposing an apprenticeship levy arrived on George Osborne's desk via the conduit of the Skills Minister, Nick Boles and was to become, with what might be described as indecent haste, government policy within a week of publication (Whittaker, 2015). The paper sought to practically address a fundamental problem that arose out of the extremely well-publicised government commitment to 3 million new apprenticeships by 2020. The issue at hand was how to pay for such a significant undertaking and it was to this problem that Wolf's paper brought a solution. Other leading academics like Steedman (2015, para.1) also lent their support to a levy on the grounds that 'employers' reluctance to contribute to apprentice training costs leaves government little choice'. Wolf (2015) saw the government funding gap created by the promise to create 3 million new apprentices as the potential catalyst to transform apprenticeships into a body that can meet the needs of the labour market, positively impact on productivity and offer young people high-quality training.

Apprenticeship numbers had greatly increased during the coalition government of 2010-2015 (Delebarre, 2015) but critically there were also very significant and longstanding concerns regarding the quality of many apprenticeships (Dolphin and Lanning, 2011; Wolf, 2011; 2015; Richard, 2012; Hogarth, Gambin and Hasluck, 2012). As a consequence of this, the reforms outlined earlier were introduced and these reforms have been designed to address these concerns regarding training quality (HM Government, 2013; 2015). Although

there was much support for the reforms (Barnard, 2013; McCormick, 2016; Way, 2016; Kuczera and Field, 2018), there was also profound doubt as to whether it was feasible to raise quality while simultaneously vastly increasing numbers (Keep, 2015; Pullen and Clifton, 2016; Smithers, 2016).

Prior to the levy, there had been other efforts that had sought to address skills and training, such as Train to Gain (which was a work-based programme introduced by the Labour government in 2006 to enable employed individuals to have their skills certified) and the Youth Training Scheme (YTS) and these had encountered serious difficulties (Gospel, 1998; Fuller and Unwin, 2009; Lanning and Lawton, 2012; Fuller, 2016). Train to Gain was questioned by the National Audit Office regarding its value for money (NAO, 2009) whilst YTS was much maligned from the outset (Raffe, 1987; Steedman, Gospel and Ryan, 1998; Fuller and Unwin, 2009), in spite of having been intended to replicate the success of the much-celebrated German model of vocational training (Jones, 1988; Payne and Keep, 2011). This chequered historical policy baggage added to the surprise at George Osborne's decision to introduce the apprenticeship levy and even more so as such a clearly interventionist move into the funding of training was at odds with the voluntarist orthodoxy associated with a Conservative Chancellor (Fuller, 2016).

The intervention was particularly striking given that following the fragmentation of the post-war consensus, Conservative governments had increasingly sought to re-affirm their voluntarist approach to training (Keep, Lloyd and Payne, 2010). In 2020, with the devastating impact of COVID-19 on the health and economy of the UK, we have become accustomed to a Conservative Chancellor of the Exchequer actively intervening in the economy, but in 2015, this was far from expected and confounded expectations.

A notable aspect of the Chancellor's intervention with the apprenticeship levy was the way in which it blindsided the opposition benches. This is particularly noteworthy as it is traditionally the Labour Party that is regarded as being more sympathetic towards and thereby more likely to advocate a public policy intervention such as the apprenticeship levy (Fuller, 2016). The 1997-2010 Labour government had from 1997-2007 governed in largely economically benign times with strong economic growth that was able to fund high levels of training subsidies

(Payne and Keep, 2011). Interestingly, in the pre-1997 election period, Labour had supported the introduction of a training levy, only to blink in the face of potential opposition from business and to exclude it from their election manifesto (Hoque, 2003). As the Blair period of government proceeded and the economy continued to strengthen (whilst at the same time the government became increasingly consumed by foreign policy) the domestic calls for government intervention in the form of levies were to become far less vocal. A training levy would most certainly have been a surprising move by a Labour administration, as discussion of levies had in recent years been largely absent from political debate, but from a Conservative government it was extraordinary.

By announcing the levy, the Chancellor had made a move that immediately caused great consternation in much of the business community (Murray Brown, 2015; Frith, 2015; Casey, 2016; CIPD, 2016b; Waller-Davies, 2016), a traditional mainstay (and arguably the very heartlands) of support for the Conservative Party. As if to highlight the extent to which the introduction of the levy represented a radical departure from the expectations of a Conservative government, the Trade Union Congress (TUC) voiced their support for the levy and its potential to have a positive impact upon training (TUC, 2017a).

That George Osborne was to face a barrage of criticism from business to the levy would surely have struck the Chancellor as inevitable. He would have understood that the announcement of a levy would land him far more brickbats than bouquets. He may have been frustrated that a corresponding 'sweetener' announcement of a reduction in Corporation Tax in the very same budget that outlined the introduction of the levy (Osborne, 2015) was, with very few exceptions, not factored into business criticisms of the levy and thereby did little to negate the criticism.

So, if the Chancellor was cognizant that the levy was likely to upset the all-important apple cart of Conservative government and business, it begs the critical question of what it was that caused him to do it. Could it be that he had looked under the relatively shiny (pre-EU referendum and pre-COVID-19) bonnet of UK plc and been confronted with a troubling picture of profound skill shortages and gaps (Vivian et al., 2016) which were in turn being greatly exacerbated by substantial and

growing employer retrenchment from training (Green et al., 2013; 2016) and deemed that a radical remedy in the form of a levy was the requisite step. There was also the additional factor of the wider financial context which was one of a substantially rising national debt which had increased from 52.6% in 2008/2009 to 69.6% in 2009/2010 and 86.4% of GDP in 2015/2016 (ONS, 2019a).

The importance of the finance raising aspect of the levy is again highlighted by the fact that it was George Osborne, the Chancellor of the Exchequer, who was to not only introduce but moreover to become synonymous with the levy rather than as might have been reasonably expected the Minister for Skills or Business Secretary. Nevertheless, the obvious attraction to the Treasury of the shift from subsidy to levy should not distract from seeking to assess the success (or otherwise) of the levy in meeting its over-arching aim to stem and then reverse the retreat from training by employers. The following section will outline the evidence for the employer retreat from training.

Employers – You've Lost that (Training) Feeling

As ever, the world of work is changing and as such lays down its customary challenge to employers to equip their workforce with the skills needed to meet the challenge (Dromey and McNeil, 2017; OECD, 2019; The Open University, 2019). In spite of this, there is a large amount of evidence indicating that employers are providing less training and making less investment in their workforce than was the case 20 years ago (Green et al., 2013; 2016; BIS, 2015a; CIPD, 2019). Green et al. (2013) demonstrate that employer training hours have dropped sharply and that a halving of employer training hours occurred between 1997 and 2011.

The Employer Skills Surveys (ESS) of 2015 and 2017 provide an initially comforting but ultimately misleading picture of recent training stability (as indicated by the number of employers who provide training for their staff) (Winterbotham et al., 2018). However, the devil lies in the detail as ESS 2017 goes on to reveal that there has been a decline in both duration and investment when stating that 'the volume of training and training spend per employee has reduced' (ibid., p.149). The survey identifies a fall between the 2015 and 2017 iterations of the survey in both the proportion of employees undertaking training that leads to a

nationally recognised qualification and the overall number who do so (ibid.). In this short period 300,000 fewer employees undertook training that leads to a nationally recognised qualification (ibid.).

The CIPD (2019) shares these concerns regarding the quality and volume of training, drawing upon evidence from the quarterly Labour Force Survey (LFS), which is undertaken by the Office for National Statistics and provides the most thorough, longstanding and regular data on participation in training in the UK. The LFS shows that whereas only 36% of training lasted less than a week in 1998 this figure had risen to 54% in 2018 (training lasting less than a week) and a sharp reduction in off-the-job training to 53% in 2018 from 73% in 1998 (CIPD, 2019, p.3). The particular significance of the fall in off-the-job training is that it usually takes place over a longer period and thereby is a further indication of a significant overall decrease in training (Green et al., 2016).

In the period between the levy being announced (2015) and coming into effect (2017) there was a cut 'in investment in training per employee, from £1,570 in 2015 to £1,530 in 2017' (Winterbotham et al., 2018, p.149). Further evidence of a decline in real-term employer spending is supplied by the Continuous Vocational Training Survey (CVTS). The period covered is 2005-2015 and not for the first (nor last time) it shows the UK to be decidedly out of step with its (former) European Union (EU) partners. Over this period the EU training investment per employee grew by 22% whilst declining in the UK by 23% (CIPD, 2019).

A significant amount of training that does occur in the UK is related to compliance issues, such as health and safety or induction training for new staff and there has been a proportionate increase in the number of employers offering such training (over half of which is focused upon either health and safety or on induction) (Winterbotham et al., 2018). There is a clear and obvious need for health and safety training and it is vital to provide employees with guidance in a new role but neither of these will make inroads into addressing issues such as skill shortages and gaps or the raising of workforce skill levels (CIPD, 2019; OECD, 2019). Skill shortages and skill gaps have been identified as a problematic issue for the UK and the next section will consider the impact of them.

Skill Shortages and Skill Gaps in the UK

The Government's White Paper on Industrial Strategy identified skill shortages as having a significant detrimental impact on the UK's productivity and overall economic performance (HM Government, 2017a). The failure to address them is a matter of profound concern as there has been a longstanding recognition of substantial skill shortages in the UK (Meager, 1986; Haskel and Martin, 1993; Green and Owen, 2003; Vivian et al., 2016). Indeed, such is the gravity of the situation with skill shortages that they have been identified by the Bank of England as a 'primary concern' to companies and constraint to growth (Bank of England, 2018, p.5). When the Bank of England, renowned for sober assessment rather than hyperbole, passes such comment, it might be regarded as prudent to take heed of the warning provided. The expression of such a view by the Bank of England is a chastening reminder of the daunting challenge the levy faces in overcoming widespread employer reluctance to train in order to remedy skill shortages.

A 'skill shortage' describes a 'situation where employers are unable to recruit staff with the skills they are looking for in the accessible labour market and at the ongoing rate of pay' (Quintini, 2011, p.10). In the period leading up to the Chancellor's announcement of the levy, 'skills-shortage vacancies' rose from 16 per cent in 2011 to 23 per cent in 2015 (Vivian et al., 2016). Evidence gathered from employers in 2017 indicates that persistent challenges remain in finding the experience, qualifications or skills required to satisfactorily fill positions (Winterbotham et al., 2018) and skill-shortage issues were cited as the reason for 22% of vacancies in the UK (ibid.). A City and Guilds Group report (2018, p.13) stated that 89% of employers struggled, at times, 'to recruit the skilled staff they need'. Again in 2019, the Open University Business Barometer report (2019, p.5) provided further evidence of continuing skill shortages when it found that, in the previous year 'it has taken employers nearly two months longer to find workers with the right skills' and that '31% recruiting at a lower level than intended' with 'a quarter (25%) leaving a role open due to a lack of suitable candidates' (ibid. p.10).

The national issue of skill shortages is constituted of a number of sectoral recruitment issues an example of which is the Institution of Engineering and

Technology reporting that almost half (46%) of participating employers had 'experienced recruitment difficulties due to a lack of suitably skilled candidates' (Neave et al., 2018, p.20). The situation for manufacturing employers is even more challenging as 71% of manufacturers reported themselves as 'struggling to recruit' in the previous quarter (BCC, Q2 2018, para.9) whilst the sector with the overall highest number of skill shortages is the broad sector of business services (Winterbotham et al., 2018). Construction is an area of the economy that is seemingly perennially troubled by skill shortages and the Federation of Master Builders warns that the problem is reaching unprecedented levels (FMB, 2017) with estimates of a shortage of nearly 100,000 skilled workers (Lea, 2018).

Construction is also the sector with the highest proportion of vacancies and more than a third of these vacancies are attributed to skills shortages (Winterbotham et al., 2018). Areas affected include bricklayers, carpenters, joiners and electricians (Lea, 2018). More broadly, skilled trades are generally regarded as a problematic area and chefs provide a clear example of this, as chefs were recorded as constituting 17% of the total skill-shortage positions that remained unfilled in skilled trades (Winterbotham et al., 2018). Significant skill shortages are also reported throughout the Information Technology (IT) sector including in cybersecurity, coding, web development and programming (MAC, 2019). Unsurprisingly and most importantly, skill shortages customarily have a negative impact upon afflicted employers and approaching 70% of employers who have encountered difficulties filling positions due to skill shortages have been confronted with either an increase in operating costs, the necessity to outsource work or lost business to competitors and in each of these scenarios there is a direct and detrimental financial impact (Vivian et al., 2016). The impact of skill shortages such as those that have been outlined above are clearly far-reaching and inhibit the performance of the economy (Finegold and Soskice, 1988; Green and Owen, 2003; Accenture, 2018; The Edge Foundation, 2018).

In addition to the skill shortages which are ascribed to there being a market failure in training, there is the further problem of a 'skill gap'. The skill gap describes a situation 'where, in the opinion of their employer, an employee is not fully proficient at their job' (LSC, 2004, p.65) and this adds a further and substantial layer

of difficulty to the skills deficit conundrum which faces the UK. 13% of employers report skill gaps in their workplaces and this represents over 1.25 million people and equates to 4.4% of the UK's overall workforce (Winterbotham et al., 2018). 79% of employers who participated in the CBI's Employment Trends Survey (2017, p.29) reported skill gaps as the 'single most prominent worry facing businesses'. This figure highlights the speed at which concerns over skill gaps are growing, given that in 2016 a considerably lower figure of 64% of employers had identified them as the 'single most prominent worry facing businesses' (ibid.).

In an ever-changing world of work, concerns regarding skill gaps are understandable and symptomatic of the many varying and conflicting pressures that businesses face. Globalisation and changes in industry needs are exacerbating the negative impact of skill gaps and these difficulties are being amplified by the multiple wider challenges that arise out of an ageing population in the advanced industrialised world (Stern and Ritzen, 1991; OECD, 2017c; UN, 2017). One example of the rate of change in the UK is that between 2011 and 2015, the number of highly paid and highly skilled digital jobs expanded at twice the rate of non-digital jobs (Tech City UK, 2017). Furthermore, many of these digital skills are expected to become a prerequisite of employment in 90% of positions in the next twenty years (SFA, 2016), and yet currently, 23% of adults are deemed deficient in basic digital skills (House of Commons Science and Technology Committee, 2016).

Further to these limitations in basic digital skills, there is the additional problem of insufficient numbers of 'high-skilled technicians below graduate level' (HM Government, 2017b, p.38) which taps into a recurrent problem of the provision/uptake in levels 3 and 4 skills training (Fuller and Unwin, 2003; Steedman, 2010; Wolf, 2015). These sub-graduate skill levels are a longstanding area of concern, with the UK having been diagnosed as consistently failing in the provision of intermediate skills (Steedman, Gospel and Ryan, 1998; Winterton, 2000; Ryan and Unwin, 2001). An example of this shortcoming is found with intermediate technical and professional skills, an area in which the UK was forecasted to rank 28th out of 33 OECD countries by 2020 (Bosworth, 2014).

These are recent versions of the long-standing problems which were laid out particularly starkly in the highly influential 2006 Leitch Review of Skills (Leitch,

2006). The Leitch Review was commissioned by the Government in 2004 'to identify the UK's optimal skills mix for 2020 to maximise economic growth, productivity and social justice' (ibid., p.1) and the final report outlined the need for the doubling of attainment in most skill levels. The Review found that a disconcertingly high number of adults in the UK (7 million) were functionally innumerate and 5 million were functionally illiterate (Leitch, 2006). These difficulties with basic skills remain troublingly persistent. In 2011, 49% of adults were found to have a numeracy level equivalent to or below that which the education system expects of an 11-year-old (BIS, 2012a). Although literacy rates were better, it remains noteworthy that 15% of adults showed a level of literacy that did not exceed the aforementioned educational expectations of an 11-year-old (ibid.).

Those of school age do not perform better. When making an international comparison of the same period (2011-2012), the UK's 16 to 18-year olds were placed last in a literacy ranking of 18 OECD countries (HM Government, 2017b). The same OECD study also compared numeracy and although the UK's 16-18-year-olds performed slightly better, little solace can be found in an international comparison that placed the UK second from bottom (ibid.). The 2017 Green Paper acknowledged the continuation of problems with basic skills, highlighted by England being the only country in the OECD in which 16-24-year-olds are no more numerate or literate than 55-64-year-olds (ibid.). The Chancellor had explicitly made reference to this point when announcing the apprenticeship levy and the reasons for it, 'it is to our national shame that we are almost the only advanced country in the world where the skills of our 16-24 year olds are no better than our 55-64 year olds' (Osborne, 2015, para.219).

All countries, all economies, all individuals obviously have their weaknesses as well as their strengths. With respect to weaknesses, the extent to which they are revealed will often simply depend on how unforgiving a light is shone on them. From the armed forces to social care, from restaurants to art galleries there will be numerous examples of good, bad and indifferent leadership and management.

Research attests to the critical role that is played by line managers with satisfaction or otherwise at work (Sadler, 1970; Ferguson et al., 2011). Effective management and leadership have an important role to play in economic

performance (BIS, 2012b) and it is acknowledged that the 'skills of managers and senior officials are vital to ensure the competitive edge of the business' (Mosley, Winters and Wood, 2012; p.54). And yet, in the UK it is an oft-neglected area of learning (Keep and Westwood, 2002) with programmes offering skill development in leadership and management often absent from the workplace and it will be important to note whether this is an area that employers choose to address with levy-funded training.

The lack of specialist training or more generally higher-level qualifications in management and senior positions is of concern because of the potential negative impact on economic and organizational performance/productivity (BIS, 2012b). The financial impact of these skill gaps is estimated to be £84 billion (IiP, 2015). The Labour Force Survey 2010 revealed that almost 40% of the UK's managers and professionals were without a Level 4 (or higher) qualification (Mosley, Winters and Wood, 2012, p.54). In areas of the economy such as tourism, hospitality and the sports sector the situation was particularly stark with two thirds of managers and professionals not possessing a level 4 qualification (ibid.).

The under-provision of management and leadership training is apparent in the Open University Business Barometer report (2019, p.8) which revealed that nearly half (47%) of the participating employers had found that 'the last position they struggled to hire for was a senior, intermediate or junior manager, while one in five (20%) had difficulty in filling a leadership role'. A different report by the City & Guilds Group concurred and identified management positions as those which are particularly problematic to fill (City & Guilds Group, 2018). Further management training has been pinpointed by employers as the area most in need of upskilling and this is an increasingly pressing concern. In 2013, 32% of employers (who had management positions) recognised managers to be the group most requiring of 'new skills or knowledge' and this concern increased significantly to 45% within 4 years (Winterbotham et al., 2018, p.88). Interestingly, it is the more highly skilled occupations that have been identified as having the largest deficiency in leadership and management skills (ibid.).

At the outset of this section, it was noted that skill shortages and skill gaps have been identified as having a negative impact on productivity in the UK and the next section will consider this issue.

The UK's Productivity Problem

"Productivity means building more roads, it also means giving people the skills they need to secure a better job"

George Osborne, Chancellor of the Exchequer

Shortly after the Chancellor had announced the levy, HM Treasury published its Productivity Plan – Fixing the foundations: Creating a more prosperous nation (July 2015). The plan contained further details about the levy and emphasised concerns regarding the 'rapid decline in the amount and quality of training undertaken by employees over the last 20 years' (HM Treasury, 2015, p.24) and highlighted employer concerns regarding free-riding as a reason for this decline. The intention, as the report title indicates, is to provide the foundations upon which to increase workforce skills which are in turn expected to ameliorate productivity.

Poor productivity does not have a single identifiable cause and the existence of varying methods of measurement has led to suggestions that these can be a 'moveable feast' (Keep, Mayhew and Payne, 2006, p.540). Nevertheless, a prime motivation for the introduction of the levy and the concurrent aspiration to trigger deeper employer engagement with training is to address the issue of the UK's low productivity (HM Government, 2015). This has long been regarded as the Achilles' heel of the UK economy (Steedman and Wagner, 1987; Prais, Jarvis and Wagner, 1989; O'Mahony, 1994; Mason, van Ark and Wagner, 1996; O'Mahony and Boer, 2002; Dromey and McNeil, 2017). For example, it has been estimated that during the 1980s the increase in skill shortages caused a per annum negative impact of around 0.4% in productivity growth (Haskel and Martin, 1996). The critical economic importance of productivity is highlighted by the Office for Budget Responsibility's Sir Charlie Bean who told MPs that "you can debate how big the effects of Brexit may be, but they are small compared to that (productivity) shortfall" (Bean, 2019 cited in Aldrick, 2019, para.8).

The Government's 2015 Productivity Plan acknowledged productivity as the principal determinant of (average) living standards (HM Treasury, 2015) and the government estimates that if the UK could match the productivity of the USA, it would increase GDP by 31% which would equate to £21,000 per UK household per annum (ibid.). Productivity is therefore a foundation stone of economic growth. Productivity gains are very much in the crosshairs of the levy as the UK fares particularly poorly when its productivity is placed in comparison with countries such as the USA, Germany and France (HM Treasury, 2015; ONS, 2018). It is often stated that the average German or French worker achieves a productivity level in 4 days that it takes the average British worker 5 days to achieve (Stone, 2016). In 2014, UK productivity levels were a third lower than those found in the USA, France and Germany (ONS, 2015a) and remained 16.7% below the G7 average in 2016 (ONS, 2017).

The UK's travails with productivity, often referred to as the 'productivity puzzle' (Barnett et al., 2014; ONS, 2015b; Harris and Moffat, 2016), have been particularly acute since the financial crisis, as according to the Office for National Statistics, in the following eleven years there has only been two per cent growth rate once and productivity in 2018 was 18.3% below its pre-crisis rate (ONS, 2019c). As the ONS deputy Chief Economist, Richard Heys states "it has taken the UK a decade to deliver 2% growth, which historically was achieved in a single year" (Heys, 2019 cited in Jackson, 2019, para. 9) and to place this within the wider historical context, labour productivity has been at a lower level in the last ten years than at any time in the 20th century (ibid.).

The Great Financial Crisis (GFC) certainly exacerbated the UK's productivity malaise and various factors have been identified as potential causes. These include labour hoarding, 'zombie' companies (McGowan, Andrews and Valentine, 2017) and general economic uncertainty that has led to some firms opting to employ low-wage 'disposable labour' rather than make substantial investments (Barnett et al., 2014; Harris and Moffat, 2016; Disney, Jin and Miller, 2013). Hand car washes which have grown exponentially since the financial crisis are an example of UK's productivity regression. They now constitute, in spite of the availability of more

efficient automated alternatives, about 50 per cent of a half a billion-pound industry and a significant backward step in productivity (Haynes, 2015).

While on the one hand, it is important to acknowledge the absence of a universally recognised causal relationship between skills and productivity (Keep, Mayhew and Payne, 2006), on the other hand it is equally important to note that attempts to pinpoint the factors that drive productivity, seldom if ever, exclude training and skills (Steedman and Wagner, 1987; Prais, Jarvis and Wagner, 1989; Crouch, Finegold and Sako, 1999; Bell, Burriel and Jones, 2005; Ashton and Sung, 2011; HM Treasury, 2005; 2015).

Investment may be recognised as providing the essential skeletal frame for productivity (Keep, Mayhew and Payne, 2006; Mayhew and Neely, 2006) but nevertheless it requires its complementarities to add the flesh to the bones and thereby raise productivity (Bresnahan, Brynjolfsson and Hitt, 2002; Boothby, Dufour and Tang, 2010). These complementarities are summarised by the Government as follows 'the drivers of productivity are well understood: a dynamic, open enterprising economy supported by long-term public and private investment in infrastructure, skills and science'. (HM Treasury, 2015, p.3).

The notion that a "rising tide lifts all of the boats" (Kennedy, 1962, p.2) is attractive and the government explicitly acknowledges that the issue of 'poor intermediate skills' must be remedied in order for 'productivity to improve' (HM Treasury, 2015, p.23). The all-important question is whether the levy can actually stimulate employer demand for training and thereby play a role in reversing the UK's stubborn and inhibiting productivity problem.

Can the Apprenticeship Levy Turn Employers Towards Training?

The introduction of the levy is an important moment with the potential to place employer training decisions beyond the short-term, shareholder value constraints that are often ascribed as inhibiting the employer training potential of the UK (Finegold and Soskice, 1988; Glynn and Gospel, 1993; Lauder, 1999; Winterton, 2000; Gospel and Pendleton, 2003; Cox, 2013; Keep, 2015). This is because the levy has ceased to allow training expenditure to be an optional cost for large employers but instead it has become an unavoidable cost. Large employers

face a clear choice between forfeiting their levy payment or recouping it through training (DfE, 2020). After the levy's introduction, employers were allowed up to two years to commence their levy-funded training, the failure to do so would see their levy payment became a 'sunk cost' (ibid.). The decision-making scenario that the levy forces onto employers produces an instructive and important testing ground of the extent to which public policy can influence employer training behaviour.

Significantly, rather than directly placing a government hand on the training helm, the levy intends to encourage employers to (re)consider the potential offered by training and by so doing intends to prompt employers into placing their own hand on the training helm and to engage anew or further with training (BIS, 2015a; DfE, 2016) The levy is a proactive government initiative that is unambiguous in its intention to stimulate employer demand for training, and this clarity of purpose brings into focus the important question. Can the levy achieve its goal of prompting employers to engage with training?

Failure, missteps and unintended consequences might be characterised as recurrent themes of public policy initiatives involving training in the UK (Payne, 2002; Payne and Keep, 2011; Sloman, 2014). There is evidence that other countries, most notably Germany, operate far more effectively (Steedman, 2001; 2011; Ryan and Unwin, 2001; Brockmann, Clarke and Winch, 2010; Milner, 2015). Apprenticeship systems overseas which are durable and well-regarded tend to be actively supported by employers, a very different picture to the retrenchment from training that characterises so many UK employers (Steedman, 2010; HM Government, 2015). There must be moments when the UK Government and policy makers find themselves wishing that they could simply transpose to the UK, the institutional supports, the employer and societal-buy-in that were such defining features of West Germany's extraordinarily successful system of apprenticeships (Soskice, 1994).

Re-unification may have brought substantial challenges to the celebrated German dual-system of vocational training, but German vocational training remains seemingly from time immemorial one to which the UK's policy makers cast more than an occasional envious eye across the North Sea (Culpepper, 1999; Lewis,

2007). It has seemingly been forever thus, as the Sainsbury Review makes clear by noting that for more than one hundred years, Britain has been producing reports highlighting failings in vocational and technical education (Independent Panel on Technical Education, 2016). Keep (2018) reaches even further back to the Great Exhibition of 1851 as an example of Britain in great angst over the inferiority of its vocational and educational system in comparison with other countries and most pointedly Germany.

The desire to imitate the success of German vocational training continues to the present day with the Education Secretary, Gavin Williamson announcing in July 2020 that the UK is to have "a world-class Germany-style" system of vocational training (Williamson, 2020 cited in Belgutay, 2020, para.1). In this, Williamson was echoing his predecessor, Damien Hinds who returned from a fact-finding trip to Germany, effusive with praise for the German system of technical education (Belgutay, 2018). Both Williamson and Hinds were joining a long-established chorus of admiration for the German system of vocational training which had justifiably accumulated much favourable comment from industry, politics and academia (Wilson, 2000; Culpepper, 2001; Ryan and Unwin, 2001; Lewis, 2007; House of Lords, 2007; Brockmann, Clarke and Winch, 2010; Deissinger, 2015). The failure to improve the system has not been for the want of trying, between 1981 and 2014 there were twenty-eight major Acts of Parliament related to vocational and further education and skills training in the UK and 61 Secretaries of State with responsibility for Skills and Employment (City & Guilds, 2014).

One of the leading explanations for employers disengaging from training is that this is a consequence of a market failure in training (Streeck et al., 1987; Booth and Snower, 1996; Rubery and Grimshaw, 2003) which has in turn been a principal contributory factor in enabling skill shortages and gaps to develop (Booth and Snower, 1996). A frequently cited and an extremely important barrier to employer engagement with training arises out of concerns of the potential (or the likelihood) for other non-training employers to free-ride by poaching workers from employers who do engage in training activity (once they have completed training) (Streeck et al., 1987; Finegold and Soskice, 1988; Streeck, 1989; McNabb and Whitfield, 1994; Stevens, 1996; Rubery and Grimshaw, 2003; OECD, 2017a). This makes the

introduction of the apprenticeship levy of profound research interest, as a training levy is explicitly acknowledged as a tool that is available to governments to overcome employer free-riding and poaching concerns (Noble, 1997; Ziderman, 2003; Ok and Tergeist, 2003; OECD, 2017a).

The need to address free-riding and poaching were the rationale for the introduction of sectoral training levies in the Industrial Training Act (1964) and which were subsequently (largely) dismantled by the Conservative Government of Margaret Thatcher (Stevens, 1996; 1999). The inequity and sub-optimal consequences of free-riding and poaching were most importantly (for this research) cited by George Osborne as a principal rationale for the introduction of the levy (Osborne, 2015). With the requirement to pay the levy, employer training reticence resulting from free-riding and poaching concerns would be expected to dissolve. This is due to the levy having theoretically removed the competitive advantage of not training, levy payers therefore should become more willing to train (Ok and Tergeist, 2003; Gospel and Casey, 2012). Alternatively, it may be the case that in spite of the removal of this particular impediment to training, other barriers remain present.

The transfer from theory to practice is rarely seamless and this is most certainly the case with training public policy initiatives in the UK which have often ended in ignominious failure (Payne, 2002; Payne and Keep, 2011). With the levy, there may well be a myriad of reasons why employers opt not to train. It might, as has been disconcertingly suggested, simply be a consequence of low employer demand for skill in the UK (Finegold and Soskice, 1988; Glynn and Gospel, 1993; Keep and Mayhew, 1996; 1999; Dromey and McNeil, 2017). These concerns can only be exacerbated by some employers in the UK proving to be adept at operating profitably without a highly-skilled workforce (Wilson et al., 2003; Mason, 2004) and being predisposed towards the 'low-road, low-cost' route (Lloyd, Mason and Mayhew, 2008; Lanning and Lawton, 2012). There may be optimists who regard the levy as potentially providing (over the longer-term) the stimulus for employers to engage with business strategies that do indeed utilise a more highly-skilled workforce. These are important questions for the research to pursue and will form

a part of the evaluation of whether there is early evidence to suggest that the levy is indeed capable of moving the stubbornly resistant employer training needle.

It is also important to remain mindful of the profound consequences of the UK economy having shifted decisively from one that was largely based upon production to one that is largely based upon consumption. In 1952, 40% of the UK's workforce was employed in manufacturing and the UK produced a quarter of the world's manufacturing exports. Seventy years later, the UK produced only 2% of the world's manufacturing exports and the percentage of the workforce working in manufacturing had shrunk to 8% (Comfort, 2013). This move from a predominantly manufacturing-based economy to a predominantly service-based economy is likely to have impacted on training as there may often be less easily defined skill needs (and changing definitions of what constitutes 'skill') in a service-based economy (Keep and Mayhew, 1999; Grugulis, Warhurst and Keep, 2004).

An idealised version of politics may be to under-promise and over-deliver but all too often the political reality deviates towards over-promising and under-delivering. Skills policy has itself often been unrealistically presented as a panacea to a variety of social and economic ills (Keep and Mayhew, 2010). Government exhortations about the benefits of training to employers have been largely ignored and the effort to influence employer behaviour via the levy certainly represents a pivotal moment for government, employers and training. For many years and stated explicitly in the Leitch Review (2006) there has been a growing recognition that insufficient attention has been paid to the demand-side of the employer training equation. The levy aims to rectify this imbalance and stimulate employer demand for training whilst encouraging employer ownership of training by placing employers 'in the driving seat' (HM Government, 2015, p.2).

The challenge facing the levy is formidable, most particularly as the UK is a highly advanced industrialised economy with a well-established tradition of voluntarism in which employers are unlikely to welcome government regulation (Finegold and Soskice, 1988; Noble, 1997; Gospel and Edwards, 2012). Moreover, the employer retreat from training is extensive and appears to be deeply-set but in spite of such harbingers of doom that appear to anticipate another UK training

policy failure, the introduction of the levy nevertheless constitutes a highly significant moment.

However, to sound a note of caution, expectations should perhaps be set at a realistic level regarding what the levy might be able to achieve in the short-term. The levy which has been introduced in the UK is at a lower rate to the respective training levies of the UK's immediate neighbours, the Republic of Ireland (Republic of Ireland Department of Education, 2020) and France (Brandt, 2015), but it may be that this caution has merit. The recent past provides a hopeful example regarding the benefits of such caution, with the national minimum wage which was a notable (and long-term) success of the Labour Government of 1997-2010. The national minimum wage was introduced in 1999 at the modest level of £3.60 per hour (for adult workers over 22) (Low Pay Commission, 2019). As with the setting of the levy at 0.5%, the national minimum wage being initially set at £3.60 per hour was at a rate which may be viewed as having (mildly) stung rather than having bit employers (notwithstanding the inevitable employer outcry) (Metcalf, 1999; McCulloch, 2019).

If the levy is able to encourage employers (reluctantly or otherwise) to re-engage with training it will be a tremendous public policy success, but if this is to occur then it is likely to be a gradual process. To re-engage employers with training may be akin to turning an oil tanker and according to the adage 'you can't turn a tanker with a speed boat change'.

The Levy – Early Days and Early Challenges

From the outset, much coverage of the levy and of the employer response to the levy has been negative (Allen, 2015; Frith, 2015; Murray Brown, 2015; Waller-Davies, 2016). A report, published shortly before the levy's first anniversary, indicated that more than half of levy-paying employers already favoured an overhaul of the system and for it to be replaced with a more flexible one (Osborne, 2018). The British Retail Consortium chief executive Helen Dickinson unambiguously stated that in "the retail industry's view that the levy, in its current form, is not working" (Dickinson, 2017 cited in Stevens, 2018). Sir John Timpson, the Chairman of the British multinational retailer Timpson, after dismissing the levy as "nothing but a tax" also expressed exasperation that the requirement for reclaiming levy

payments for training is “a tortuous process of changing your training programme to fit government guidelines” (Timpson, 2018, cited in Tovey, 2018).

Such hostility may be well-founded and based upon legitimate grievances or misgivings, but it may also be over-stated and the matter requires research that seeks to understand the employer’s perspective on (and adjustment to) the imposition of the levy. As the levy evolves from being an unwelcome and contestable government announcement into a lived reality for employers, hostility may, if not evaporate, give way to reluctant acceptance. Employers may opt to formulate a pragmatic training response designed to elicit value and opportunity from this unsolicited government intervention. The plausibility of a pragmatic response is the wider truth to which the quote “when the facts change, I change my mind” which is attributed to John Maynard Keynes (Kay, 2015) attests. The levy necessitates payment and it appears far from implausible that the financial reality of being required to pay the levy might cause some employers to re-consider their strategy towards training. The unexpected financial imposition of the levy may serve this purpose and prompt a re-evaluation of both training needs and the potential offered by training to employers, and there is a need for research to evaluate the degree to which this is occurring.

Media coverage has focused upon a fall in apprenticeship numbers (Stevens, 2017; Weinbren, 2017; Katwala, 2017; Webber, 2018) which, if taken purely at face value, would appear to represent an unanswerable case that categorically dismisses the ability of the levy to stimulate employer demand for training. The case being that the numbers have fallen and therefore the levy has failed (Stevens, 2017). This would be true if there were satisfaction with the quality of much pre-levy training in England but the reason for the introduction of the strict compliance rules for levy-funded training was because this is definitively not the case. There were long-standing concerns regarding the general quality of training and the fact that much training was at level 2 (which is an equivalent level to a GCSE pass) and that training was being subsidised by the taxpayer (Richard, 2012; Wolf, 2015).

Since the introduction of the levy it is with level two training that the vast majority of the overall drop in training numbers has occurred (DfE, 2019). Level two most certainly represents an important entry point level if further progression is

available to the individual but this progression has typically been unavailable and instead much of the training that is occurring has been deemed to be poor quality and often at the convenience of the training provider rather than the employer (Steedman, 2001; Wolf, 2015; Fuller, 2016). These are the very issues that the levy and reforms seek to address and remedy (HM Government, 2015).

The fall in numbers does not (at this stage) signify that the levy has failed as it remains simply too early for meaningful or definitive numerical comment on the levy. This is because much training that was occurring prior to the levy was subsidised and regarded as poor quality and therefore the demise of such training – due to the higher standards required by levy-funded training – should not be regretted or held as a barometer by which to judge the success of the levy. The title of a report by the House of Commons Education Committee (2018) emphasised the need for a focus upon quality rather than quantity (as well as for social mobility and career progression) 'The apprenticeships ladder of opportunity: quality not quantity'.

The initial numerical decline might instead be viewed as an unfortunate but necessary step on the journey towards the raising of overall standards of training (Kuczera and Field, 2018). Later, there will obviously come the time when the numerical story does become crucial but presently we are in a transitional phase with the levy and that time has not yet arrived.

The current need is for research that seeks to provide understanding of the way in which the levy is prompting employers to react. With the levy, it is as if "the kaleidoscope has been shaken. The pieces are in flux" (Blair, 2001, para.67) and this presents a moment for research that focuses upon the employer response to the levy and whether there are in fact indications that the levy can indeed stimulate employer demand for training and if so, whether employers might be beginning to adopt a longer-term and more strategic approach to training.

Three Wider Issues to Consider

The Societal Impact

George Osborne had become Chancellor following an inconclusive general election in 2010 that had seen the Conservatives and Liberal Democrats form the first coalition government (2010-2015) of the post-war era (Audickas, Cracknell and Loft, 2020). The Coalition Agreement (HM Government, 2010, p.31) stated, 'we will seek ways to support the creation of apprenticeships' and this resulted in an extraordinary two million apprenticeship starts (BIS, 2014a). These were remarkable numbers, in spite of the multiple flaws associated with apprenticeship training at the time, and the numbers did indeed indicate that apprenticeships were very much at the forefront of government policy (Fuller, 2016). This was a position that they would maintain for the rest of the decade (and beyond).

The Coalition Government introduced a far-reaching and for many deeply painful austerity programme (Sowels, 2014) and it would be naïve to disregard the clear financial attraction that the levy would have had to an austerity-driven Chancellor. The levy presented the opportunity to move some of the costs of training onto the (often broad) shoulders of large employers and was most likely welcomed by many at the Treasury. There was probably longstanding dismay in the UK Treasury at the extensive training subsidies available to UK employers and this dismay was most probably exacerbated amongst those at the Treasury who were aware that German Governments neither fund training nor require a levy, and yet Germany produces the gold standard of employer training.

The issue of tuition fees had been particularly toxic in higher education throughout the Coalition Government as following the Browne Review (2010) tuition fees had risen to £9,000 (Hubble and Bolton, 2018). If students were compelled to pay for education than the argument could certainly be made that employers should also be expected to pay for training. With higher education, tuition fees might be relatively easily absorbed by the children of the wealthy (whose parents were likely to assist) but for many young people, most particularly, those in the poorer parts of the UK, twenty-seven thousand pounds plus of tuition

debt alongside increasing questioning of the graduate dividend represented a very serious concern.

The highly influential economist Thomas Piketty had demonstrated that levels of inequality had returned to the level of the post First World War period (Piketty, 2014) and this plays out alongside the growing issue of a breakdown in inter-generational fairness that is most clearly present in access to the housing market. With higher education, previous generations (in far lower numbers) had been able to study without tuition fees or in the case of the immediate predecessors of present day undergraduates with far lower tuition fees. It was arguably unavoidable that the mass expansion of higher education, from that which had been the preserve of the few to one that encompassed nearly half of young people, would require a stream of funding that did not fall solely upon the taxpayer. Nevertheless, opting for tuition fees was fraught with danger, not only in terms of inhibiting higher education's ability to perform its crucial role as the greatest driver of social mobility in the United Kingdom but also as a potential risk to social cohesion.

The Conservative (majority) Government not only announced in 2015 that the levy was to be introduced but also that apprenticeship numbers were to be expanded to three million by 2020 (The Conservative Party Manifesto, 2015). It is interesting to consider whether tuition fees and the levy could cause the interests of young people and employers to coalesce. If so, might this lay a platform for a synergy to begin to formulate between the two. Many young people may be deterred by the cost of higher education and increasingly open to other possibilities whilst there might also be employers who have chosen to expand (or start) their training programmes as a response to the requirement to pay the levy. In such circumstances, the opportunity 'to earn while you learn' may well become a highly attractive (and debt-free) route to work (Ryan and Lorinc, 2018).

The post-war era of employment security which provided a relatively smooth transition from school to secure employment has long since passed. Large numbers of young people are disconnected from society's opportunities and NEETS (young people not in education, employment or training) (ONS, 2019b) often face the accompanying problems of disillusionment, crime and substance abuse as well

as the long-term 'scarring effects' of unemployment at a formative age (Ralston et al., 2016).

It is to be hoped that that the levy will bring training opportunities to those from poorer families in a way that higher education has often failed to do, with the former Prime Minister, David Cameron conceding, 'we had almost half of all young people going to university, but just one in five poor children doing so' (Cameron, 2019, p.223). This is borne out at the highest level by a Sutton Trust study that revealed that children who were educated at private schools were 55 times more likely to go to Oxbridge than those who were entitled to free school meals (BBC, 2010). A further Sutton Trust report 'Access to Advantage' found that '8 top schools had as many Oxbridge acceptance places as another 2894 schools and colleges across the UK put together' (Montacute and Cullinane, 2018, p.3).

It will be an important for the research to probe employers as to whether they are viewing the levy as an opportunity to use apprenticeships as a 'ladder of opportunity' (House of Commons Education Committee, 2018) for disadvantaged groups.

The Levy and Perceptions of Apprenticeships

The challenge of making apprenticeships, the option of choice for young people, is most certainly a Herculean and far more likely a Sisyphean task (Fuller and Unwin, 2017). Such is the distance to be travelled before apprenticeships can take a leading position in the engine room of the UK economy. In order to achieve this status, apprenticeships must be perceived as offering young people a genuinely attractive route to employment (Brockmann, Clarke and Winch, 2010; Hogarth, Gambin and Hasluck, 2012; Ryan and Lorinc, 2018). A notable hindrance to the achievement of this goal is that for many young people it is university that is seen as offering a more dependable and essentially superior transitional route to employment. The UK possesses a highly regarded system of Higher Education (HE), whereas its apprenticeship offering to young people, as indicated earlier, struggles in international comparisons with benchmark systems, most notably that of Germany's much admired dual system of apprenticeship (Deissinger, 1997; Wilson,

2000; Culpepper, 2001; Steedman, 2001; Lewis, 2007). There are most certainly numerous highly sought-after places on apprenticeship schemes, but the general overall picture of desirability strongly favours HE (Sloman, 2014; Kirby, 2015). The many ways in which HE eclipses vocational training is not a product of chance but rather a consequence of the consistent prioritisation of higher education (Mayhew, Deer and Dua, 2004; Keep and Mayhew, 2004).

The expansion of the HE sector is a government policy that has linked arms with large swathes of national sentiment and shaped the aspirations of the young, as 81% of young people indicate a desire to go to university (Kirby, 2015). The overwhelming preference for HE appears entrenched but may find itself under increasing challenge in the coming years, as a consequence of the vast costs incurred by university attendance and a growing questioning of the durability of the graduate dividend. Cynics might suggest that the absence of a viable alternative may currently be HE's greatest asset, and this is an issue which the levy and reforms certainly aim to counter. At present, although the levy and reforms seek to shake up the 'transition to work' kaleidoscope, HE remains very much in possession of the winning hand. There is much ground that apprenticeships need to recover, as is demonstrated by the millennial study, with 98% of mothers who were interviewed hoping that their children would progress to university (Hansen et al., 2010).

Apprenticeships have struggled to persuade the most capable school leavers that they are an attractive option and 'parity of esteem' with HE has remained persistently elusive (Robinson, 1997; Richard, 2012). Vocational education has been characterised as the neglected and under-valued 'Cinderella sector' (Hayes, Marshall and Turner, 2007, p.33). Poor parental perceptions of apprenticeships are of particular concern, as there is the risk that these parental views will discourage many talented school leavers from considering vocational training as a viable option (Nash, 2014). Research indicates that whilst 92% of parents acknowledge the value of apprenticeships, revealingly only 32% of parents favour an apprenticeship for their children (Demos, 2015). This has left apprenticeships to be described as being 'good for other people's children' (Way, 2016, p.121).

For better or worse, perceptions matter and the substance of a worthy and weighty argument can be lost via a negative perception (Lee, 2012). It may be that,

as the UK remains largely persuaded by the merits of HE whilst being instinctively wary of other routes to employment (Kirby, 2015), that the re-branding of apprenticeships is necessary. This is a position that the government appears to concur with as it has invested heavily in advertising and promoting apprenticeships. Perceptions can be stubbornly resistant to change but much of the mistrust, perhaps even antipathy, towards the apprenticeship route, that the aforementioned parental misgivings indicate, are the product of the decline and at times, the misuse of the term apprenticeship (Steedman, 2001; Fuller and Unwin, 2003; Richard, 2012). These are factors which have seeped into the public consciousness and unless apprenticeships can persuade the public that they represent a viable and quality route to work for young people than they appear likely to continue to play second fiddle to HE for the foreseeable future. The challenge facing the levy, in attempting to shift perceptions whilst seeking to address deep-rooted failings in UK apprenticeships is therefore formidable but the prize if achieved is great. It will be of enormous benefit to the country and its citizens, if young people are presented with two credible and attractive routes to work, higher education and apprenticeships.

It will be an important aspect of the research to ascertain if employers do detect a shift towards apprenticeships from young people or does HE remain unchallenged as the preferred option? And what about degree apprenticeships – might they be a potential game-changer? Most importantly, are employers receiving the quantity and quality of applications that they would like to be? After all, if employers are impressed by their applicants then this may positively influence their training behaviours as they factor in the potential gains that might be made through specialised training (Hogarth, Gambin and Hasluck, 2012). This is an absolutely crucial as employers are unlikely to be inclined towards expanding their apprenticeship programmes if they are dissatisfied with the quality of the applications that they are receiving. Conversely, if antipathy towards apprenticeships is beginning to dissipate (from both employers and potential apprentices) then this could establish an environment for the levy which is truly conducive towards the levy meeting its principal objective of stimulating employer

training and for these reasons the research will seek to investigate the perception (changing or otherwise) of apprenticeships with employers.

In addition to apprenticeships, at times having a negative image, there are also of course the skill shortages, skill gaps, productivity woes and overall significant decline in employer training which have been outlined as factors that precipitated the Chancellor announcing in 2015 that the levy would be introduced in 2017 (BIS, 2015a). These individually and accumulatively presented a mightily forbidding challenge to the levy. Then the year after the levy was first announced and to add greatly to the challenge it faced, a narrow majority of people in the United Kingdom voted to leave the European Union.

The Elephant in the Corner:

Leaving the European Union: An Additional and Substantial Skills Challenge

Until the UK felt the devastating impact of COVID-19, the result of the referendum of June 23rd, 2016 had entirely dominated the UK's political landscape (Mix, 2020; Hönnige et al., 2020). The negotiations have been described as representing the UK's most critical since 1945 (Cohen, 2017; Allen, 2017). Given the enormous consequences of departure from the European Union (EU), disentangling the UK from a membership that has been in place for over 45 years is a truly immense task. The challenge may appear akin to attempting to remove the egg from an omelette and it has most certainly consumed much, if not all, of the government's available bandwidth (Helm and Courea, 2018). The process has inevitably had a profound impact on all aspects of government, including skills training (Ward, 2018) and the consequences will most certainly be far-reaching.

At times, uncertainty as to whether the close and divisive referendum result would be implemented, has resulted in employers responding in differing ways. Some developed contingency plans, some took a 'wait and see' approach and other simply decided to exit the UK (CBI, 2019; Reuters, 2019). There remained the possibility, which grew substantially after the inconclusive election result of June 2017 of a second referendum. Second referendums are far from unprecedented with respect to EU matters, notable examples being Ireland (Simpson, 2018) and

Denmark (Friis, 2002), who had formed with the UK, the trio of countries which joined the EEC in 1973 (Simpson, 2018). The clamour for a second referendum in the UK whilst maintaining considerable and determined support never quite succeeded in making a second referendum the most likely outcome. The lingering uncertainty regarding the UK's EU departure was definitively settled by the election victory of Boris Johnson's Conservative Party in December 2019 and on the 31st January 2020 the UK finally crossed the Rubicon, leaving the EU and entering into a transitional phase (Bevington, 2020).

The UK's EU departure is highly unlikely, in the short-term at least, to ameliorate the UK's skills gap and shortages but rather to exacerbate them (Kinder, 2018; The Lancet, 2018). The Open University (2019) reports that 59% of senior business leaders believe that leaving the EU will have a negative impact on skills shortages. More encouragingly from a training perspective, 22% of employers expect to pay greater attention to talent development from within their organisation although a number do also acknowledge that Brexit uncertainty has led to them 'pausing' on training (ibid). More broadly, although 21% of employers expect Brexit to lead to new opportunities for their organisation, only 11% anticipate that EU departure will be of overall benefit to their organisation (Open University, 2019). It may as yet be undetermined as to whether departure will lead to the 'sunlit uplands' or it will transpire that the UK economy has been strengthened rather than hindered by membership of the EU. It may be that union with 27 other countries has masked fundamental failings in the UK economy as Boris Johnson himself wrote, 'if we left the EU we would end this sterile debate and we would have to recognise that most of our problems are not caused by Brussels, but by chronic British short-termism, inadequate management, sloth, low skills and a culture of easy gratification and under-investment in both human and physical capacity and infrastructure' (Johnson, 2013, para.13). At the time of writing, all the indications are that leaving the European Union does add a further layer of difficulty to the skills challenge that the levy faces. David Cameron directly conceded the deficiency in employer training when acknowledging that the UK had relied upon 'uncontrolled migration rather than proper training for British workers' (Cameron, 2019, p.435).

A glimpse of the heightened challenge presented by the UK's post-EU future is visible in hard to fill vacancies, an issue that 34% of employers had sought to resolve through the recruitment of EU nationals (Winterbotham et al., 2018). The difficulties of EU departure are far-reaching and a City & Guilds Group report (2018) indicated that 20% of employers had experienced difficulties in their ability to recruit as a consequence of Brexit. The challenge is particularly apparent in parts of the economy, such as hotels and restaurants, where 53% of employers are accustomed to looking towards the citizens of mainland Europe for recruitment (Winterbotham et al., 2018). The workforce skills available to employers will be crucial in determining the ability of the UK to meet its oft-quoted aspiration of 'punching above its weight' (Powell, 2017, para.8) and the development of workforce skills are of particular importance to those advocating the adoption of high-skill strategies. As time passes from both the implementation of the levy and the UK's EU departure, it will be a matter of growing importance as to whether the levy does begin to move the dial on employers and training. It is a pertinent issue, most particularly given the Government's policy statement of 19/02/2020 on future visa requirements (Home Office, 2020). The statement (ibid., para. 2) commenced with a familiar aspirational (motherhood and apple pie) proclamation stating an intent to 'create a high wage, high-skill, high productivity economy' whilst allowing for high-skill immigration (through a points-based system). This was followed by the announcement that there would not be 'a general low-skilled or temporary work route' (ibid., para.8). The policy statement explained that this was because 'we need to shift the focus of our economy away from a reliance on cheap labour' (ibid.) and 'employers will need to adjust' (ibid.). The Home Secretary, Priti Patel explicitly challenged employers to look towards British workers and to "up their skills and make their skills relevant" (Patel, 2020 cited in Mason and O'Carroll, 2020, para.4).

At the time of writing, there is much uncertainty although both the Government and the Bank of England have recognised that skill gaps and skill shortages in the workforce have been plugged through migrant labour (HM Government, 2017a; Bank of England, 2018). The three Prime Ministers (Cameron, Brown, Blair) immediately prior to the referendum have each lamented or been

lambasted for their failure to actively persuade the country of the benefits of EU membership and/or immigration in the years preceding the referendum campaign (Brown, 2017; Millar, 2018; Andrews, 2019; Lyall and Landler, 2019). The failure to make a positive economic and cultural argument for immigration may appear extraordinary, given the strength of the UK economy and that there were in the final quarter of 2019, a record number of 5.81 million people working in the UK who were non-UK born and in December 2019, the number of those who were EU (non-UK) nationals working in the UK was 2.44 million (ONS, 2020). With the employment rate in the UK at its highest since (comparable records began in 1971) and unemployment at its lowest rate since 1975 (ONS, 2019d), it is self-evident as to why the Bank of England and the government recognise the crucial role played by migrant labour in mitigating against skill gaps and shortages (HM Government, 2017a). It is also critical to note that the vast majority of these members of the UK workforce are likely to have received their education at the expense of the taxpayer of their country of birth. Therefore, the UK has been a free-riding beneficiary of another country's education system and is now able to enjoy the productivity gains and contribution to GDP that their human capital has brought to the UK (Blanchard, 2019.).

The government has stated explicitly in its February 2020 policy statement (Home Office, 2020, para.2) that 'we are ending free movement' and therefore, if restrictive visa requirements make the (widespread) importing of skills, excessively bureaucratic or prohibitively expensive then without employer training the skills crisis will worsen. In addition to the closure of the 'free movement' route to EU nationals from 01/01/2021 (Home Office, 2020), there is the potential for an exodus from the UK of EU workers who are presently working in the UK. It may be the accumulative effect of Theresa May's 'hostile environment', the divisions created by the EU referendum campaign/result and a marked rise in 'hate crimes' (Bulman, 2017), difficulties in meeting the criteria of the EU Settlement Scheme as well as a more general perception of being less welcome which may result in a significant number of EU nationals, presently working in the UK, opting to depart and thereby exacerbating further the skills crisis. There is some evidence suggesting that, particularly in the NHS, this is already occurring (O'Carroll and Campbell, 2017)

Overall, it appears clear that EU departure is most likely to exacerbate the UK's skills crisis. The result of the referendum has indeed left the levy confronted by a challenge that is far more forbidding than the one to which it was originally designed to counter. At the same time, EU departure does also paradoxically present an opportunity to be a catalyst for employer training. Accordingly, the research will seek to understand employer views on the impact (or otherwise) of the monumental decision to leave the EU on levy-funded training.

Summary of Chapter One

The chapter outlined the decline in employer training (Green et al., 2013; 2016; CIPD, 2019) and the skill gaps and skill shortages which are present in the UK (Vivian et al., 2016; Winterbotham et al., 2018; The Edge Foundation, 2018). These factors have in turn combined to exacerbate the poor productivity which has long been recognised as negatively impacting upon the UK's economic performance (Prais, Jarvis and Wagner, 1989; Steedman, Gospel and Ryan, 1998; Ryan and Unwin, 2001; O'Mahony and Boer, 2002; HM Treasury, 2015). The primary intention of the levy is to stimulate employer demand for training and levy-funded training can be for either new or existing employees (or both). The intention is to place employers 'in the driving seat' whilst establishing a longer-term and more strategic mind-set in employers towards training (HM Government, 2015; BIS, 2015a). The levy also aspires to further develop apprenticeships as a credible and large-scale alternative to higher education as an attractive route to employment for young people (HM Government, 2015).

The levy provokes a number of important and interesting questions regarding the potential for public policy to influence employer behaviour. Broadly, the levy may cause employers, quite rationally, to conclude that the most appropriate course of action in the circumstances (which are not of their choosing) is to engage in further training. To largely disengage from training may have been a logical approach in the pre-levy world, principally as a consequence of concerns regarding the potential for free-riding competitors to benefit from the skills developed in training (rather than the firm that is funding the training) (Streeck et al., 1987; Streeck, 1989), but the rationality of this may well be challenged by the

levy. This is expected to be, at least in part, the natural consequence of other large firms also being required to pay the levy as the 'poaching externality' (between large employers) is theoretically removed by the levy (Ok and Tergeist, 2003; Gospel and Casey, 2012; OECD, 2017a).

However, it may also be that there are other factors inhibiting employer engagement with training, including implementation issues. It is important to develop understanding of the perspective of employers on the levy and on the implementation of the levy. The issue of whether the levy can move the employer dial towards training is a critical one which requires research as the levy could potentially become a game-changer in the vital interplay between government, employers and training (O'Grady, Wilson and Creagh, 2016).

The next chapter will firstly consider the literature regarding apprenticeships in England before expanding to take a wider perspective on training levies. This will take the form of a critical assessment of the international experience of training levies. The findings (both positive and negative) of previous research will be noted and inform this research which is focused upon the question of whether the levy in England is able to overcome a market failure and stimulate employer demand for training.

CHAPTER TWO
Employer Training and the Apprenticeship Levy

Introduction

The previous chapter outlined the long-term decline that has occurred with employer training in England (Green et al., 2013, 2016; BIS, 2015a; CIPD, 2019) and the associated detrimental impact of this on productivity (HM Treasury, 2015; ONS, 2017) whilst also providing evidence of skill gaps and shortages (Vivian et al., 2016; Winterbotham et al., 2018). In addition to this, the chapter outlined how these issues provided the rationale for the introduction of the apprenticeship levy. The levy intends to not only redress the employer retrenchment from training but most importantly to renew and to stimulate employer demand for training (HM Government, 2015; Fuller, 2016). It is the first time since the Industrial Training Act (1964) that a training levy has been introduced in the UK and this levy is universally applied to all employers, both public and private sector (with a payroll of over three million pounds) and makes no allowance for sectoral differentiations (unlike previous training levies in the UK) (Gambin and Hogarth, 2015). This form of levy is a ground-breaking development which is in many aspects without either domestic or international precedent and that therefore requires assessment of its ability to achieve its primary objective of re-engaging employers with training, by exploring employers' views of the levy and the ways in which employers are utilising levy-funded training.

This chapter outlines the theoretical explanations for the profound decline in employer training and considers the impact of the UK's political and institutional context upon this. It assesses the ways in which the business strategies that employers utilise may be a help or a hindrance to employer training engagement and considers whether the levy can prompt employers to look anew at training. The chapter continues by reviewing the literature regarding the international use of training levies and identifies the pertinent issues from this for the levy in England. The Government has made clear that they wish training to become increasingly employer-led with the employer placed 'in the driving seat' (HM Government,

2015, p.2). In light of this, the chapter will draw upon the relevant, existing literature in the effort to gain understanding of potential design or implementation issues that may aid or hinder the achievement of a training system that employers recognise to be employer-led.

The chapter commences with a brief history of apprenticeships in England and returns to apprenticeships towards the end of the chapter to consider the recurrent and troubling issue of poor quality apprenticeship training in England. This is an issue which the levy intends to rectify and the means by which it seeks to achieve this is through imposing requirements upon training that must be met in order for training to be eligible for levy funding (HM Government, 2015; ESFA, 2020a).

Apprenticeships in England

Apprenticeships have since medieval times been recognised as providing young people with work-based learning and training (Hogarth, Gambin and Hasluck, 2012; Lee, 2012; Fuller, 2016). The highly influential 'Review of Vocational Education' confirmed the continued importance of apprenticeships and the need for them to maintain their position as 'a fundamental part of the education' of young people in England (Wolf, 2011, p.122).

Apprenticeship schemes continue to hold a significant position in national life for both their economic and social role (Fuller and Unwin, 2009; Dolphin and Lanning, 2011; Fuller, Rizvi and Unwin, 2013; Byrne, 2014). Those that advocate apprenticeships are keen to highlight not only the efficacy of this blended model of learning but also the range of options available, from joinery to accountancy (Wolf, 2015; Lerman, 2017). Furthermore, advocates maintain that apprenticeships sit at the juncture between learning and labour market needs (Steedman, 2012; McCormick, 2016; Lerman, 2017) and there is certainly merit to this argument. It is estimated that, in spite of the investment that apprenticeships entail, that 'employers in general are able to recoup the costs of their investment in apprenticeship over a relatively short period of time, so long as they are able to retain the services of the apprentices they have trained' (Hasluck and Hogarth, 2010, p.25).

The roots of apprenticeship in England are found in the guild system and the artisanal trades (Gospel, 1995; Thelen, 2004; Lee, 2012) and their development has been influenced by voluntarism (Sisson, 1995; King, 1997; Gospel and Edwards, 2012). A manifestation of this voluntarist influence is in the scepticism that exists towards the merits of obligatory and certified vocational education alongside a preference for 'learning on-the-job' (Deissinger, 1994; Brockmann, 2012). This has been characterised as a rejection of vocational education in favour of 'learning on-the-job' with apprenticeships traditionally focusing upon the 'time served' rather than the breadth of knowledge gained (Gospel, 1995). A drawback of this is that it typically left apprentices with a narrow skills-set and self-identifying not as learners, but rather as production workers (Brockmann, 2012). It was not until the mid-1960s that the government engaged directly with vocational training provision through the previously mentioned and highly influential Industrial Training Act (1964) and established Industrial Training Boards (Sheldrake and Vickerstaff, 1987; Senker, 1992; Gospel, 1995) but this was not sufficient to prevent a dramatic collapse in apprenticeship numbers over the following decades (Marsden, 1995; Gospel, 1995; 1998).

In the 1970s, there was a growing realisation that the UK's low skill levels often did not meet the requirements of industry, but this was to herald a further decline rather than rise in apprenticeship numbers (Marsden, 1995). From 1950 to 1973, the unemployment figure was consistently much below one million, but the following decades were to see devastating job losses in manufacturing and heavy industry with unemployment reaching three million in 1982 for the first time since the 1930s (Denman and McDonald, 1996). There was also the additional and growing problem of youth unemployment, which unlike much of continental Europe, Britain had traditionally managed to avoid through a relatively smooth education to work transfer (Willis, 1977).

Following such far-reaching losses of employment, the English apprenticeship appeared to be in terminal decline by the early 1990s (Gospel, 1995), until surprisingly being called back into service as 'modern apprenticeships' by John Major's Conservative government in 1994 (Fuller and Unwin, 2003; Lee, 2012). Apprenticeships may have dovetailed with Major's (1993) espoused vision of

a gentler time, involving cricket and warm beer, and that invoked George Orwell's description (cited in Major, 1993 para. 47) of "bicycling to Holy Communion through the morning mist" which was far removed from the confrontational approach which had defined the Thatcherism of the discordant eighties. Modern apprenticeships also presented the government with a welcome opportunity to move away from the disastrous public perception of Youth Training Scheme (Fuller and Unwin, 2003; Brockmann, Clarke and Winch, 2010).

Much of the analysis of and research on the limitations and failings of England's apprenticeship system concentrates on the reasons for the demise which was then followed by a subsequent rejuvenation (in terms of numbers if not quality) of apprenticeships. Explanations provided for the decline are far-reaching and highlight institutional changes, governance structure, changes in market forces as well as the decline of collective bargaining and of the influence of trade unions (Gospel, 1995).

In spite of the decline, the re-invigoration of apprenticeships under John Major appeared to strike a positive chord with the general public whilst generating positive headlines and this dual popularity has ensured the continued support of apprenticeships from all subsequent UK governments (Fuller, 2016). The perceived benefits of a re-invigorated apprenticeship programme were claimed to stretch far beyond being a remedy for youth unemployment (Steedman, Gospel and Ryan, 1998; Ryan and Unwin, 2001). Apprenticeships were expected to not only facilitate the transition of young people from education to work, but to also ameliorate the longstanding issue of low productivity (McIntosh, 2005). Furthermore, it was anticipated that the 'upskilling' of young people would, as indicated earlier, address the UK's 'skills deficit' which was viewed to be hampering economic performance (Steedman, Gospel and Ryan, 1998; Leitch, 2006; Gambin and Hogarth, 2017a). These were the exalted expectations that have accompanied apprenticeships from the time of modern apprenticeships onwards and as such apprenticeships have continued to represent a politically attractive way of tackling persistent problems (Fuller and Unwin, 2003; 2009; Sloman, 2014; Fuller, 2016). However, the lack of a co-ordinated approach between government, employers and arguably trade unions has consistently hindered efforts to meet these aspirations (Fuller and Unwin,

2003). Although apprenticeships are likely burdened by having so many expectations attached to them, most particularly the claim that suggests that apprenticeships may be a panacea to youth unemployment, productivity and the 'skills deficit', these are also the very claims that understandably carry an enduring and irresistible appeal to many policy makers (Payne and Keep, 2011; Sloman, 2014; Gambin and Hogarth, 2017a).

As noted in the first chapter, the introduction of the apprenticeship levy as a flagship policy of a Conservative government was a surprise (Gambin and Hogarth, 2015; Fuller, 2016). Not only did the levy represent a clear break from notions of business 'hamstrung by regulation' (Cameron, 2019, p.XV) and a mainstay of post-1979 Conservative Party doctrine which unambiguously warned against the perils of intervention (Sutherland and Rainbird, 2000), but it also moved apprenticeships away from their historic alignment with voluntarism under the auspices of which they had largely developed in England (Sisson, 1995; Gospel and Edwards, 2012; Fuller, 2016).

The Government's policy objective is to expand training with quality-assured employer-led apprenticeships. HM Revenue & Customs (2016, para.3) states that 'the levy will help to deliver new apprenticeships and it will support quality training by putting employers at the centre of the system'. However, to understand whether the apprenticeship levy is likely to have the desired effect, it is first necessary to understand why the UK suffers low levels of training. The following section explores this matter from a number of theoretical perspectives.

Explanations for the UK's Sub-Optimum Training Levels

Skills are regarded as one of the key determinants of productivity (HM Treasury, 2005; Dearden, Reed and Van Reenen 2006) and are regarded as directly impacting upon overall economic performance (Garrett, Campbell and Mason, 2010; Cedefop, 2014; Rincón Aznar et al., 2015; HM Treasury, 2015). The importance of training and development is therefore widely recognised and has been described by Keep (1989, p.125) as representing 'the litmus test' of human resource management.

In spite of this recognition, employer training in the UK has (as outlined in the first chapter) been in decline for a number of years (Finegold and Soskice, 1988; Upchurch, 1997; Green et al. 2013, 2016; CIPD, 2019). Before seeking to reverse this trend, it might be helpful to first explore potential reasons why employers in the UK may be in retreat from training.

It is useful to recognise that national training systems are defined by and reflect the wider context of labour, state and capital arrangements in which employers are operating (Ashton, 2004). The approaches taken with regulation, management and industrial relations are to a large extent the product of this context and the degree and way in which the state will intervene depends upon the approach the state chooses to adopt with business (ibid.). With training, there is a voluntarist approach (also referred to as market-based or liberal) and a regulated approach (Grugulis, 2008). Although neither definition is absolute and there is greater clarity in theory than there is in practice, the UK is (for the most part) regarded as voluntarist (Ashton and Green, 1996; Upchurch, 1997; Keating et al., 2002; Grugulis, 2007; 2008).

Voluntarism is based on the belief that the market performs most effectively when it is allowed to operate freely, with minimal regulatory or other intervention (Visser and Van Ruysseveldt, 1996; Rubery and Grimshaw, 2003). In such circumstances the market is optimistically believed to be able to furnish the requisite supply of skills (Wikeley, 1990; Ashton, 2004; Grugulis, 2007; 2008). Within a voluntarist framework, the decision as to whether to engage in training would be expected to be left entirely to the discretion of the employer (Hoque, Taylor and Bell, 2005). The principal role of the government in theory is confined 'to providing legal and other frameworks which guarantee the free play of the market forces' (Grugulis, 2007, p.36).

The regulated approach refuses to place such faith in the market and casts aspersions over the market's ability to act this efficiently. Instead, it maintains that without regulatory intervention there will be a market failure, most likely due to free-riding and poaching concerns or as a result of employers taking an overly short-term approach (Grugulis, 2008). Therefore, regulations are put in place to

avert this, on the premise that training and its fruits are a public good and it is in the wider societal interest to have a skilled workforce (ibid.).

Countries with highly regarded systems of vocational training, including the gold standard German dual system of vocational training are regulated, prescriptive and protected by law (in Germany via the critical 1969 Vocational Training Act) (Deissinger, 1996; Steedman, 2001; 2010; 2012). The trade union influence and the collective bargaining which remain relatively common-place in German-speaking countries (in comparison to the UK) and the strength of internal labour markets in countries such as Japan means they may have been able to side-step some of the hurdles (most particularly, 'free-riding' and 'poaching' which will be considered shortly) that are understood to have discouraged employers from training provision in the UK's predominantly voluntarist training system (Crouch, Finegold and Sako, 1999).

Streeck (1989, p.95) highlights that a rational but self-defeating logic may lead an employer to forsake its existence over the long term for a short-term benefit: 'a firm providing training according to its rational interests and present commercial objectives will often be tempted to save on training costs even if this goes at the expense of its own longer-term future' and so it falls upon the state 'to intervene to prevent market failure' (Grugulis, 2017, p.40) and avoid this eventuality. This may be attempted by a variety of means, including, as is the case in the UK, through a levy (Keating et al., 2002; Ashton, 2004). The intention is that 'by providing an appropriate infrastructure (or a system of levies, or by regulating practice) the state ensures robust skills development' (Grugulis, 2007, p.37).

To explore further the argument about the likely conditions for a functioning/ill-functioning market, economic orthodoxy contends that Adam Smith's 'invisible hand' enables the market to operate efficiently, subject to the condition that the benefits (societal or otherwise) outweigh the costs incurred (Booth and Snower, 1996). Therefore, with regard to training provision, the ability of a free market to enable appropriate resource allocation may be contingent upon the employer's willingness to invest in training being underpinned by wider society's assessment of the societal benefits and costs of the aforementioned training (Crouch, Finegold and Sako, 1999; Green, 2013). There are (as previously

specified) longstanding doubts as to whether the free market does in actuality provide sufficient incentives and adequate safeguards to facilitate strong employer engagement with skills training and to avert market failure (Streeck et al., 1987; Finegold and Soskice, 1988; Stern and Ritzen, 1991; Coffield, 1992; Chapman, 1993; Booth and Snower, 1996; Greenhalgh, 2002; Rubery and Grimshaw, 2003). These doubts will increase exponentially if signs of a disconnect begin to emerge between the employers' evaluation of training benefits and costs and the corresponding evaluation by society of those same training benefits and costs (Booth and Snower, 1996; Dougherty and Tan, 1997). In such circumstances, employer commitment to training will almost certainly fray, and may largely cease.

In seeking to counter market failure of this nature, it has been persuasively argued that 'beneficial constraints' (Streeck, 1997) are required, which involve institutions placing restrictions on employer behaviour. Examples include the German model of 'co-determination', which facilitates a more evenly distributed balance of power in the decision-making aspect of the employment relationship (ibid.). This is in marked contrast with the model of its Anglo-Saxon counterpart which is typically far more heavily weighted in favour of the employer (Hyman, 2010). The Anglo-Saxon model leaves the employer free to opt to disengage from training provision, and this freedom may result in a large-scale employer retrenchment from training (Upchurch, 1997).

Employers may also feel that, unlike in the past, there is no longer reputational damage attached to disengaging from training provision and that being a 'good corporate citizen is today more likely to mean having more women directors or measuring the company's carbon footprint than feeling some responsibility to train' (Goodhart, 2017, pp.163-164). Equally, as Wolf highlights 'if employers are being provided with an ever-expanding graduate population for free, then university training has to be very bad indeed before it becomes rational to pay for an alternative' (Wolf, 2015, cited in Goodhart, 2017, p.164). The imposition of the levy raises the key question as to whether it will modify employer training behaviour provision and act as a 'beneficial constraint'.

Becker's (1964) seminal development of human capital theory drew a distinction between two forms of training, these being: firstly, general training

(which is potentially of value to all employers); and, secondly, firm specific training (which is of use to only the training employer). Theoretically, the free market should sufficiently incentivize both types of training, by creating the market conditions which allow equilibrium to be established in the supply and demand of training between employers, individuals and the state. The state or individual will thereby fund training which is general or specific to a particular occupation, and the employer will fund the training which is firm-specific (Gospel and Casey, 2012).

However, a gap between theory and practice has been suggested, as according to Stevens (1994, 1996) it is simply not credible to suggest that all training can be tidily divided between that which is general and that which is firm-specific. In addition to general and firm-specific skills there are also as Stevens (1996, p.26) importantly identifies a further category of 'transferable skills' which are those which are of benefit 'to at least one other firm' and this will therefore deter some employers from investing in such skills (given the risk of free-riding). Furthermore, as Grugulis (2007, p.45) highlights it is simply unrealistic to expect individuals to be able to identify exactly the forms of training on which they should focus (and indeed, may not have the means to fund their own training) as 'few economies work this rationally and few workers are so perfectly well informed'. Rather than the idealised functioning market which Becker proclaims, on the contrary there is the very real potential for market failure (Booth and Snower, 1996; Ok and Tergeist, 2003; Gambin and Hogarth, 2017b), and the presence of skill shortages have been taken to indicate the existence of such a failure (Marsden, 1995; Booth and Snower, 1996).

As such, imperfect information, capital market imperfections and externalities are oft acknowledged causes of market failure in training (Keep, 2006a; Gambin and Hogarth, 2017b). Imperfect information suggests that either the individual or the employer lack adequate information regarding the full range of training available and the benefits which may stem from participation in such learning opportunities (Keep, 2006a). Capital market imperfections (and 'credit constraints') occur when employers (and individuals) do not have or are unable to obtain the funding required for training (Stevens, 1999; Keep, 2006a). Externalities come to the forefront in situations 'where others gain (or stand to gain) from the

investments undertaken by a particular employer/employee' (Gambin and Hogarth, 2017b, p.660), with market failures in training provision often attributed to 'poaching' externalities (Chapman, 1993; McNabb and Whitfield, 1994; Stevens, 1996; Brunello and De Paola, 2004; Keep, 2006a; Gospel and Casey, 2012).

A poaching externality is when a non-training employer offers accepted employment to an individual who has been trained by others (Keep, 2006a). In such circumstances, the poaching employer is not investing in training but rather benefiting from another employer's training contribution and is thereby deemed to be 'free-riding' on the training that another employer has provided (Streeck et al., 1987; Finegold and Soskice, 1988; Stevens, 1999). A free-riding employer is most likely able to poach the required skilled worker by providing above market average remuneration which may be considered a rational market response as the 'free-riding' employer will not have incurred the costs or demands of training the worker but will gain the benefits of the training (Streeck et al., 1987; Crouch, Finegold and Sako, 1999). If poaching occurs shortly after completion of training, the problem is exacerbated as the training employer is unlikely to even recoup the cost of their training investment.

The employers are behaving quite rationally (individually) to obtain their required labour and skills through poaching but if such a rational practice becomes widely adopted by multiple employers then it has the deleterious impact of making it no longer rational for other employers to continue training (given the likelihood of their trained employees being poached by free-riding competitors) (Streeck et al., 1987; Streeck, 1989). As such, over time many of these employers may cease training (ibid.). The outcome of this will be a dearth of skilled workers and this will constitute a market failure, given that what might be deemed rational on an individual firm-level becomes deeply problematic when repeated on a larger scale, with non-training becoming a common place practice amongst employers. If a market failure in training provision is occurring and there is an under-investment in skills then this would be expected to result in skills shortages (Booth and Snower, 1996; Ziderman, 2003) and evidence indicating the existence of skill shortages was presented in the first chapter.

This raises the question, however, of whether the levy is likely to be able redress employer concerns regarding free-riding and poaching (if such concerns are present), and thereby overcome a market failure in training which will consequently stimulate employer demand for training. The following section addresses the existing literature on this issue.

The Levy and the Poaching Externality

Many countries that are considered to be experiencing market failure seek to respond by developing a regulatory approach that offers the means to overcome or provide a counterbalance to this failure (McNabb and Whitfield, 1994). In such circumstances, the 'externalities argument for intervention is the most commonly accepted' reason for government intervention (Grugulis, Holmes and Mayhew, 2017, p.389).

This has most certainly been the case in the UK as on both occasions that a training levy has been introduced, concerns regarding free-riding and poaching have been at the forefront of the rationale for it. George Osborne, as Chancellor of the Exchequer, explicitly stated that a primary reason for the introduction of the apprenticeship levy was that "there are too many large companies who leave the training to others and take a free ride on the system" (Osborne, 2015, para.224). Likewise (as mentioned in the first chapter), with The Industrial Training Act (1964) which 'was originally implemented in the United Kingdom because of concerns that the market failure caused by poaching was leading industry to provide too little training' (Gambin and Hogarth, 2017b, p.665).

The reason that levies are deemed effective in removing poaching and free-riding concerns is based upon the premise that by requiring employers (or in the case of the apprenticeship levy, all large employers) to 'train or at least pay a training tax, then all firms will be 'in the same boat' and no one will feel disadvantaged' (Gospel and Casey, 2012, p.5). Ok and Tergeist (2003, p.4) concur by also recognising that 'training levies may help spread the load for funding training between employers and thus help mitigate externalities such as "poaching"'. However, Keep (2006a, p.5) maintains that 'there is very little reliable data on either the scale of poaching or its impact upon employers' training decisions –

despite this being frequently adduced by policy makers as the prime cause of market failure in training'. Nevertheless, Wolf (2015, p.14) importantly argues that employer perception of the threat of poaching 'can be just as destructive in its effects' as the proven reality of its existence.

The uncertainty regarding the evidence of the impact of poaching is clearly present in Keep's (2006a, p.5) observation that 'one of the few recent surveys to touch on the issue suggested that poaching was a serious problem for no more than about one per cent of the employers in the sample, whereas an earlier survey of employers suggested that the possibility of poaching had discouraged as many as 38% from investing in skill'. The latter survey 'Training in Britain' (Training Agency, 1989) was drawn upon by Stevens (1999, p.28) in support of her argument that poaching was indeed a problematic barrier to employer training investment, as she wrote that '38 per cent of employers admitted to being deterred from investment in training by the possibility that workers might leave'. The other survey that Keep mentions is Kitching and Blackburn (2002) which in addition to the 'one per cent of the employers in the sample' that Keep (2006, p.5) refers to as viewing poaching 'as a serious problem' does also indicate there is additional concern above and beyond one per cent about poaching. This concern is clearly demonstrated by the following quote from the survey which states that '9% of all employers reported the fear of poaching as a reason for not training, with less than 1% quoting it as the main reason' (Kitching and Blackburn, 2002, p.xiii).

Although Employer Skills Survey reports do not appear to indicate widespread employer concern regarding poaching (Winterbotham et al., 2018), 'The Skills for Business Network 2005: Survey of Employers' reported that 35% of employers included poaching concerns as one of the 'barriers to (further) provision of training' (SSDA and Ipsos MORI, 2006, p.65) and a similar figure was reported by Shury, Davies and Riley (2008, p.19) who found that 'concern that training will lead to poaching of trained staff from competitors is cited by 41% of all establishments' as inhibiting training or further training. It was also reported that poaching concerns were significantly higher in the private sector (44%) than they were in the public sector (18%) (ibid.).

Although, the precise impact of poaching concerns upon training decisions remains unclear, Brunello and Gambarotto (2007) found that employers were providing less training in economically dense parts of the UK and attributed employer concerns about potential 'poaching' by other employers as a factor that underpinned the decision not to train in such areas. Shury, Davies and Riley (2008, p.19) concluded that employers continue to be worried by poaching in spite of training being found to aid retention, 'the findings here suggest it remains a real concern of employers, despite evidence that training actually improves staff retention'. This is an interesting finding as the important role played by training is emphasised in the High-Performance Work Practices literature (Huselid, 1995) as forming a part of a total package to enhance company performance, including by improved employee retention (Pfeffer, 1998). Furthermore, Machin and Vignoles (2001, p.14) also suggested that 'firms may actually use training in order to attract and/or retain employees' in which case 'the poaching problem may not be a major issue for firms'.

With respect to training and retention, the previously mentioned survey by Shury, Davies and Riley (2008, p.52) asked companies for their opinions regarding the benefits of investing in Vocational Qualifications (VQ) and although it found that 61% of establishments 'agreed that VQs lead to improved staff retention', only 27% stated that they agreed strongly whilst 'more employers disagreed with this statement than any other; 22% disagreed'. As such, almost as many employers disagree that training aids retention as those that strongly agree.

A key issue to explore in the research is whether the levy has the potential to overcome poaching concerns. The introduction of the levy may encourage those employers who are presently unconvinced by the suggestion that training can aid retention to explore its potential, given that it may potentially help overcome their concerns regarding the threat of poaching. Such employers will be able to engage in training activity without incurring any additional costs, beyond those that they are already obligated to pay via the levy (irrespective of whether they subsequently engage in any training activity).

In spite of the uncertainty about the extent or otherwise of employer poaching concerns, employers have long sought to safeguard their training

investments by utilising training agreements which usually include payback clauses (Cedefop, 2012). Such agreements are the antidote that (some) employers in the Netherlands have adopted in their efforts to curtail the risk of employees departing after training is completed and these agreements typically require employees who leave within two years of training to pay a financial penalty (Cox et al., 2009). In the UK, such curtailments have historically proved difficult to enforce (OECD, 2017a) although training agreements have been suggested as an alternative to government intervention, with the employee agreeing that if they leave before a specified time has passed they will return all or some of the training costs to the employer (Grugulis, Holmes and Mayhew, 2017). However, training agreements are a moot point with respect to levy-funded training as they are explicitly prohibited (ESFA, 2019) and are therefore unavailable to employers as a response to the threat of free-riding and poaching. Equally, it may be that the limiting of levy liability to large employers has in actual fact failed to eliminate their poaching fears and large employers continue to be concerned about the potential for poaching by smaller non-levy paying employers. These issues raise important question marks about the capacity of the levy to stimulate employer training.

The reason for the uncertainty regarding the extent of either poaching or employer concern about poaching (notwithstanding Wolf's (2015) pertinent point about the perception of a poaching risk being as destructive as the reality) may find a (partial) explanation in the enduring question mark over the extent of employer demand for skill in the UK. There is widespread and troubling concern that many UK employers have a low demand for skill and the next section will consider this (Finegold and Soskice, 1988; Glynn and Gospel, 1993; Keep and Mayhew, 1996, 1999).

The Skills Supply and the Question of Employer Demand

Supply

Over the last thirty years, considerable attention has been focused upon the place of skills in firms' business strategies (Finegold and Soskice, 1988; Keep and Mayhew, 1999; Crouch, Finegold and Sako, 1999; Mason, 2004; Ashton and Sung,

2006; Green, 2013; Ashton, Lloyd and Warhurst, 2017). There has been a longstanding recognition that in a highly competitive globalized world, a key factor in determining the success or failure of a modern economy lies with the skills of the workforce available to it (Reich, 1992; Leitch, 2006; OECD, 2012). The persuasive argument that having more highly skilled workers can be a source of competitive advantage has informed the policy agenda of many countries (Brown et al., 2008; Byrne, 2014), and governments, with the support of the OECD (2010a; 2012), have sought to increase the supply of skills, both in terms of quantity and quality, within their workforce (Ashton, Lloyd and Warhurst, 2017). In the UK, this argument provided the blueprint for many of the supply-side polices of the 1997-2010 Labour Government, the most notable example of which was the vast expansion of higher education, but also, as referred to in the first chapter Train to Gain, which was a highly significant investment in workforce training (Payne and Keep, 2011; Lanning and Lawton, 2012).

Governments are customarily heavily involved with various facets of skill production, most obviously with compulsory and post-compulsory education as well as, at times, being involved with work-based training (Crouch, Finegold and Sako, 1999; Green, 2013). There will inevitably be variations in the justifications or rationale for further government involvement or intervention that intends to promote broader social and economic benefits (Gasskov, 2001; Green, 2013; Grugulis, Holmes and Mayhew, 2017). The long-standing expectation of the electorate for governments to deliver continuous economic growth (which sits increasingly ill at ease with the ever more pressing need to tackle the climate emergency and currently proponents of the Green New Deal have largely failed to resolve the mismatch between those new jobs that would be created and the jobs that would be lost i.e. those that lose their jobs are not expected to be those who gain the new jobs which is deeply problematic both morally and electorally) and as governments seek to accommodate this unrealistic electoral expectation.

The current UK government, in common with the governments of many OECD countries (OECD, 2012), has the aims of developing a high-skill economy that enables a shift to more high-value production. This aspiration to achieve a 'high-skill economy' has found favour on both sides of the house, with the Prime Minister

Boris Johnson (2020, para.58) stating the aspiration "to create thousands of high-paid high-skilled jobs" whilst the former Leader of the Opposition, Jeremy Corbyn, spoke of establishing "a high skill, high wage and high productivity economy" (Corbyn, 2018, para.83).

The political attraction for furthering the supply of skill was evident, in the trumpeting of the message by advocates of the 'third way' (Giddens, 1998). The then opposition Leader, Tony Blair, emphasised at the Labour Party's 1996 conference that his government's priority would be "education, education and education" (Blair, 1996, para.32) and President Clinton stated that "If we want to invest in the prosperity of our nation, we must invest in the education of our children so that their talents may be fully employed" (Clinton, 2000 cited in AP, 2000, para.6). The notion that supply-side government policies which facilitate the skill acquisition of the individual will also boost the wider productivity of the economy is a powerful political argument on both the campaign trail (as demonstrated by Blair) and in government (as demonstrated by Clinton).

In spite of the political attraction of such arguments, the simple equation suggesting that skills automatically equal productivity has been questioned (Keep, Mayhew and Payne, 2006; Mayhew and Neely, 2006; Grugulis, Holmes and Mayhew, 2017; Keep, 2017) and the mass expansion of higher education in the UK has not proved a remedy for the UK's productivity woes (nor was Train to Gain). Of course, attractive and easily digested political rhetoric may not happily coincide with economic reality and it is advisable to remain cautiously mindful of the potential pitfall that "for every complex problem there is an answer that is clear, simple and wrong" (Mencken, n.d. cited in Krugman, 2014, para.1).

So pervasive have skills become in policy debate that it has been suggested that skills policy may have in fact displaced industrial relations (Keep, Lloyd and Payne, 2010). The UK Government's predisposition to tinker with the education and training system is apparent in the multiple changes made to it and has been likened to 'playing with the biggest trainset set in the world' (Keep, 2006b, p.47).

Notwithstanding the uncertainty and question marks regarding it, the skills vision undoubtedly for a time truly captured the zeitgeist, thus enabling the government, most particularly in the new Labour era, to make an impact with a

coherent argument for investment in skills and education that also garnered wide support from the electorate. Just as Margaret Thatcher had benefited electorally from the sale of council houses, it was almost certainly to the benefit of new Labour that tens of thousands of young people were the first in their family to go to university (Yorke, 2017), it may be that the vision in the UK was unsustainable as funding was almost entirely contingent on the myth of "no more boom and bust" (Brown, n.d. cited in Marsden, 2001, para.1).

Strong economic growth that came to a shuddering and unforgiving halt with the great financial crisis, gave way to tuition fees and ultimately a training levy but nevertheless supply-side arguments retain strong support. This point is acknowledged by Keep (2017, p.680) when writing that 'the traditional "build and they will come" model of human capital supply and accumulation continues to have many steadfast supporters'. Having said that, David Cameron (cited in Jeffery, 2005,para.1) once taunted Tony Blair with "you were the future once" and the same might be said of the supply-side as there has been a definitive shift in recent years towards the demand side of the argument (Keep, Mayhew and Payne, 2006; Keep and Mayhew, 2010; Payne and Keep, 2011; Smith, 2017) including by the OECD (Buchanan et al., 2010; OECD, 2012; 2019; OECD/ILO, 2017a).

Grugulis, Holmes and Mayhew (2017, p.389) acknowledge that whilst the high-skill vision may be proposed as a justification for government intervention, and although it is self-evident that the high-skills vision cannot be fulfilled without raising workforce skill levels, one does not necessarily lead to the other and 'unless the product strategy and the production process actually change, the extra skills would be unused'. Grugulis, Holmes and Mayhew (ibid.) note that there has been a move by policymakers in OECD countries towards a new industrial policy and Froy (2013, p.346) states 'the recent UK interest in employer ownership [of skills] is consistent with a broader trend towards "employer-led" skills policies in OECD countries'.

In many ways, this coalescing around a 'demand-side' strategy has been a long time coming, as even the 2006 Leitch Report acknowledged that 'previous approaches to delivering skills have been too "supply driven"' (Leitch, 2006, p.72) and recommended a shift towards a demand-led system. It may be that the shift

has been triggered by the financial crisis and thereby provided the answer to the question of 'what happens to skills policy when the money runs out?' (Keep, 2014).

Demand

There are longstanding question marks regarding the depth of employer demand for skills in the UK and in a highly influential paper David Finegold and David Soskice (1988) identified the UK economy as having become trapped in a 'low-skill equilibrium'. It would appear that voluntarism and the minimal regulation requirements that are associated with it have in turn played a role in allowing a situation to arise in which a considerable part of the UK economy is operating on the basis of competing on price and with only a limited requirement for employee skill (Lloyd and Payne, 2002; Wilson et al., 2003; Lloyd, Mason and Mayhew, 2008; Keep and Mayhew, 2010; Lanning and Lawton, 2012). The argument is essentially that a combination of institutional factors merge to channel employers towards the adoption of business strategies that require less skill than those of their competitor countries (Finegold and Soskice, 1988). These institutional factors include, but are not limited to, fragmented employer organisations, adversarial industrial relations and short-termism within financial markets (ibid.). Concepts such as 'social partners' hold little sway in the UK (Hyman, 2003) and the absence of the (previously mentioned) institutional 'beneficial constraints' that are noted for reining in and constraining the worst instincts of voluntarism leads to a sub-optimal outcome (Streeck, 1997).

Short-termism in the UK is, however, viewed as a particularly important driver (Finegold and Soskice, 1988; Sisson, 1995; Lauder, 1999; Lloyd, 2002; Cox, 2013; Keep, 2015). Keep (2006a) noted that employers fixating on the short-term may preclude their engagement with training and this means that either consciously or unconsciously they are on a path that forsakes the longer-term benefits that may result from training. The pressure to maximize 'shareholder value', produce strong quarterly figures and meet the demands of the 'bottom line' may largely necessitate the aforementioned short-term business outlook (Gospel and Pendleton, 2003) and given the pervasiveness of this perspective, it is likely to

unravel even a meticulously crafted plan to successfully implement a business strategy that is based upon training and high-skill acquisition, most particularly if it is likely to provide a slow return on investment (Crouch, Finegold and Sako, 1999). Furthermore, employers may recoil from investing in training as it is an area often offering an intangible or uncertain return on investment, hence employers can become particularly risk averse with respect to training investments (Keep, 2006a). This is one of the reasons why the 'market for the investment in skills may be subject to failure' (ibid., 2006a, p.2).

A diminished strategic need for training emerges as a consequence of the much lower employer demand for skill which, over time, has set the wheels in motion for a significant part of the wider economy to become trapped in a 'low-skill equilibrium' (Finegold and Soskice, 1988). The 'low road', notwithstanding its employee and societal drawbacks, is attractive to employers (and shareholders) for its ability to offer a straightforward and easily navigated route to establishing and cementing market share through low labour, equipment and production costs (Wilson et al., 2003; Lloyd, Mason and Mayhew, 2008). The 'low road' model does not require significant (if any) training investment due to its low employee skill requirements and the prevalence of low employer demand for skill in the UK is apparent in international comparisons, with only Spain recorded as having a lower employer demand for skill than the UK (OECD, 2013).

The ease of the 'low road' business strategy is highlighted in an example that Crouch, Finegold and Sako (1999) provide in a different context, with respect to a hypothetical initiative that has access to a large amount of capital and that seeks to alleviate unemployment. In such circumstances they state that 'it would be better to open outlets for selling cheap imported t-shirts than to launch a software laboratory' (ibid., p.7). This example is indicative of a 'low road' strategy of access to capital, low skill demands and a potentially early return on investment. A recent example of this phenomenon might be viewed as the dramatic increase in barber shops (an industry without mandatory qualifications) in the UK in recent years with 1,437 new barber shops opening in 2017/2018 (Ward, 2019).

Although the 'low road' is a relatively common route for UK employers, it is very far from the only route and it has often been argued that the UK is an

‘hourglass economy’ (Nolan, 2004; Goos and Manning, 2007; Hackett, Shutt and Maclachlan, 2012). An ‘hourglass economy’ suggests an economy that creates highly skilled and extremely well-remunerated employment but also produces a large pool of jobs that require little skill and which are poorly rewarded (Nolan, 2004).

The existence in the UK of a successful business model that is essentially based upon low costs, offers at least a partial explanation for some employer disinclination towards training provision (Payne and Keep, 2011; Lanning and Lawton, 2012). If many employers simply do not require an upskilled workforce and there are not the competitive pressures for profitable employers to upskill then it would be counter-intuitive to expect many to do so (Keep, Mayhew and Payne, 2006; Keep and Mayhew, 2010). In addition, those employers which are operating in sectors that are making losses or contending with narrowing profit margins may be particularly disinclined to train (beyond mandatory training).

With training in decline and many employers appearing unwilling to make training investments, the levy has been introduced (HM Government, 2015; BIS, 2015a). The levy, by being obligatory, might potentially prompt some employers to utilise training as a means of moving towards business strategies requiring higher skill levels, or at least safeguard training, given that if the levy payment is not spent on training it will be forfeited.

Can the Levy Stimulate Employer Demand for Training?

There are indications that a levy system is not only capable of increasing training (Dar et al., 2003) but that it can also help to alleviate the ‘low skill, bad-job trap’ (Snower and Booth, 1996). The ‘low-skill, bad-job trap’ is when workers receive little training and employers provide few skilled vacancies (Thomas, 1994; Snower, 1996). If it is the case that the levy can help remedy this, then the associated benefits will extend far beyond employers and improve the working lives of many UK employees. Less promisingly though, there are also concerns that a levy may be a hindrance to employment creation (Snower and Booth,1996). However, as unemployment levels are historically low (pre-pandemic) in the UK (ONS, 2019d) this may not be a particularly relevant concern. The previous point regarding the

potential of the levy to impact positively upon the 'low skill, bad-job trap' is a salient one as there are question marks surrounding the quality rather than quantity of work in the UK.

In the pre-levy years, training expenditure might have been viewed by employers as relatively unwelcome financial expenditure (Lloyd, Mason and Mayhew, 2008). However, within the context of the levy, training may be viewed in a different light. This is because the levy has to be paid and employers are thereby confronted with 'a use it or lose it' scenario (Fuller, 2016) which, in turn, provides an important testing ground of whether and the extent to which, public policy can indeed stimulate employer demand for training.

Levy payments being obligatory also raises an interesting question, as to whether, the levy has the potential to offer employers some release from the narrow confines of 'short-termism'. If so, this may allow employers to consider their levy payments as a form of 'patient capital' and thereby be enabled to think in a more long-term and strategic manner about their training decisions (Hall and Soskice, 2001). The OECD (2010a, p.29) define 'patient capital' as funds which can be invested for between five to ten years and state that 'in order to invest fully in their staff and upgrade their production processes, companies need long-term investment security' and it is through this 'patient capital' that employers are able to make the requisite organizational changes to embed skills into their wider business strategy (OECD, 2010a; Ashton, Lloyd and Warhurst, 2017). This concurs with Gospel's conclusion that levies can prompt employers to 'think rather more long-term and strategically about training' (Gospel and Casey, 2012, p.51). This is critical, as if the levy achieves this, it presents the opportunity for government policy to reverse the story of employer disengagement from training. The levy therefore is a public policy initiative that seeks to encourage employers to take a considered, strategic and long-term approach to training provision.

"Take Care of the Pence, and the Pounds Will Take Care of Themselves"

The above quotation is attributed to the Whig politician, William Lowdnes (1652-1724) and the sentiment expressed sits comfortably with the famous

decision of American Airlines to remove one olive from their in-flight salad and in the process save themselves $30,000 a year or the way in which Northwest Airlines managed to save themselves $500,000 a year in 2008 by no longer slicing the limes that they served in their soft drinks into 10 pieces but rather into 16 pieces (Morris, 2018). And so, it is natural to expect there to be employers who approach the levy with a highly strategic mind-set and are focused upon extracting the maximum value from their (levy-obligated) training investment.

At present the levy is a low percentage payment (0.5%) and the experience of the halfpenny (which was 0.5p) in the UK may provide a relatively recent and illustrative example of some of the issues associated with such a low (0.5) value as well as the opportunity presented by the levy being set at this level.

The halfpenny was introduced in 1971 and withdrawn from circulation in 1984, ignominiously being regarded as 'Britain's least favourite coin', with Conservative MP, Anthony Beaumont-Dark observing that "most people don't even bother to pick them up when they drop them" (cited in Roberts, 2012, p.98). Just as some people didn't bother picking up halfpennies, it is inevitable that a levy set at 0.5% will be written off by some non-training employers as simply a cost but this may yet prove to be a transient position. In the coming years if the levy payment rate were to rise as has been the case with the Republic of Ireland's National Training Fund levy, which has risen gradually in the budgets of 2018, 2019 and 2020 (Republic of Ireland Department of Education, 2020) then the employers' response may well change. It may be that if a similar pattern of increases were to emerge in the UK, non-training levy-paying employers may look towards the experience of training employers who are currently engaging with levy-funded training before deciding whether (or not) to commence levy-funded training themselves.

Irrespective of whether or not future increases in the levy occur, there is a pressing need to understand the experiences of employers who have opted to pick up the halfpenny and elected to engage with levy-funded training. A number of questions are worthy of consideration. What prompted them to do so and in what ways do they expect to benefit? Have they been able to access the training that they require? Are they satisfied with the quality of levy-funded training? Is it encouraging employers to adopt a strategic mind-set towards training? And are

there design or implementation issues which might be impacting negatively upon the employers' ability to utilise the levy productively?

It appears reasonable to suggest that the levy has been set at a level which is modest enough to give it political durability, and this begs the question as to whether the UK's 'halfpenny levy' might indeed be the stimulant that prompts employers into taking the early steps of a long journey towards a better and more employer-led training system.

The following section considers the literature on levies, the varying forms that levies take alongside the experiences and lessons from other countries with training levies. This is with the intention of aiding understanding of the potential impact of the levy on employers and training as well as the pitfalls that may be encountered upon the way.

Training Levies

At the outset, it is worth re-emphasising that a core task of a training levy is to serve as a finance-raising instrument which performs the role of increasing employer contributions to training (Billett and Smith, 2003; 2005; Johanson, 2009; Müller and Behringer, 2012; OECD, 2017a).

Levies are a part of the national fabric in the UK and range from theatre restoration levies (Hutchinson, 2016) to the Premier League transfer levy (Chandler, 2019), and notwithstanding the controversy surrounding the introduction of the levy it is important to note that training levies are a widely adopted policy lever which are utilised in over 60 countries (Johanson, 2009; ADB, 2014). In spite of their frequent deployment, the existing literature on training levies is acknowledged to be relatively sparse and the World Bank economist Amit Dar highlights this apparent paucity when stating that 'rigorous evaluations of the effectiveness of levy programmes are extremely uncommon' (Dar et al., 2003, p.6). In fact, it is Dar who is recognised to have provided not only the 'most comprehensive' (CIPD, 2019, p.9) but also the 'nearest to a meta-analysis' of training levies (Gospel and Casey, 2012, p.17). This relative lack of academic interest may be viewed as slightly surprising given the regularity with which governments have turned to levies and their status as 'one of the most commonly used techniques for generating

resources from employers' (Dar et al., p.1). Alternatively, their absence may be simply deemed a logical consequence of levies (until the surprise re-introduction by George Osborne) having been, from the time of the Margaret Thatcher government (Stevens, 1999; Gospel and Edwards, 2012; Gambin and Hogarth, 2015), largely off the UK political agenda and not being required in countries such as Germany which are regarded as demonstrating the gold standard of apprenticeship training. The system of vocational training (in Germany) has been described as the 'the crown jewel of the German model' (Thelen, 2013, para.16) as a result of the high number of relatively well-paid and skilled jobs it is able to produce and the way in which this helps promote social cohesion.

Further testimony to the limitations in both the scope and rigour of levy evaluations is provided by Gospel and Casey (2012, p.16) who state that 'unfortunately the literature is diffuse and unstructured' which concisely summarises the widely acknowledged shortcomings in the provision of extensive and systematic research on levies (Dar et al., 2003; Cedefop, 2008; Johanson, 2009; Gospel and Casey, 2012; CIPD, 2019).

Rationales for the introduction of a training levy may vary between countries as levies are inevitably to a greater or lesser extent contingent upon the national context (Müller and Behringer, 2012; Kuczera and Field, 2018). A particularly common justification for a training levy is, as explained earlier, to redress a market failure which is perceived to have arisen because employers are under-providing training, having made the calculation that to invest in general training in a context of unrestricted labour mobility will create a poaching externality (Chapman, 1993; Baker, 1994; Ziderman, 2003; OK and Tergeist, 2003; Johanson, 2009; Gospel and Casey, 2012; OECD, 2017a). Levies are notable for being greatly appreciated as a tool of government as a consequence of their pliability (Billett and Smith, 2003). The levy in the UK is an example of this, it is an unusual levy because it restricts liability for payment to larger employers.

A more radical perspective contends that given employers already benefit considerably through the state's largesse in providing compulsory education, it is not unreasonable to expect them to contribute financially to further skills development beyond this (Kuczera and Field, 2018). This may be a controversial

viewpoint, but it is one that highlights a reluctance to allow employers to entirely excuse themselves of any notion of responsibility for skill development and thereby lay all responsibility for skills training at the door of the public purse and the individual. This is a pertinent issue, as following a period of deep and far-reaching government austerity, the question of 'who pays for skills?' is increasingly contested territory (Keep, 2014; Gambin and Hogarth, 2017b). The introduction of the levy in the UK represents an unambiguous and definitive governmental answer that large employers should and would contribute more.

Further to their revenue gathering remit, a number of broader ambitions are frequently attached to training levies (Johanson, 2009; Gospel and Casey, 2012). The political rhetoric accompanying the introduction of a levy may well identify it as a key component in a wider effort to restructure the economy (Müller and Behringer, 2012). Alternatively, it may be explained as a means by which to help a country's firms to become increasingly competitive or to retain a leading position in the international market (ibid.) as the possibility of achieving both of these aspirations will indeed be augmented by an upskilled workforce (Cedefop, 2008).

As indicated and as would be expected from their widespread international utilization, training levies come in a variant of guises and do not conform to a strict one-size-fits-all application (Dar, 2003; Johanson, 2009; Gospel, 2012; Müller and Behringer, 2012; Ziderman, 2016). There are variations in their governance and in the way in which they collect and spend funds (Gasskov, 2001; Johanson, 2009; Gospel, 2012; Kuczera and Field, 2018). Levies might be voluntary or statutory and coverage may be universal, sectoral or regional (Gospel and Casey, 2012). A training levy may take the form of a graduated tax with contributions being determined and rising on the basis of profits or payroll/firm size (Müller and Behringer, 2012).

The two main types of levies may be categorised as 'revenue-raising' and 'disbursement' levies (Kuczera and Field, 2018, p.62). Broadly speaking, a revenue-raising levy focuses upon increasing the supply of skills and a disbursement levy upon increasing employer demand for training (ibid.). The following sections outline these different forms of levies in greater detail.

Revenue-Raising Levies

A revenue-raising levy operates by ensuring that 'firms are taxed to generate revenues to finance training provided by the public sector' (Dar et al., 2003, p.1). The fundamental goal is to provide the means of funding a significant increase in the supply of skills (Müller and Behringer, 2012). The additional funding which is assigned to (usually public sector) training institutions enables them to generate this further supply of skill. A levy of this nature is designed to safeguard the skill supply by providing a 'sheltered and reliable source of financing training' (Gasskov, 1998, p.28). Revenue-raising schemes are particularly popular in Latin America, to such an extent that they are often referred to as the Latin American model (Gasskov, 1994). A revenue-raising levy is adept at developing national training systems that produce high levels of pre-employment and in-service training (Dar et al., 2003). They show great proficiency in expanding public sector training provision but exhibit minimal (if any) inclination towards becoming a stimulus for increasing employer-based training (Gasskov, 2001; Dar et al., 2003; Johanson, 2009). It may be that this ambivalence towards, and lack of encouragement for, firms to engage with training, is in itself a moot point, as employers themselves can resent the fact that revenue-raising levies seldom permit levy-paying employers the right to access funds and in such circumstances employers are more likely to view/dismiss this form of levy as a mere tax (Dar et al., 2003).

A notable and more positive feature of the revenue-raising model is in its capacity to bolster the skills supply whilst enabling disadvantaged groups to access training and being able to cater for the training needs of small employers (ibid.). This is a notable point as smaller employers can at times appear to be the collateral damage of levy systems (Lee, 2006; Johanson, 2009). Less promisingly, revenue raising levies can also create skill surpluses and become debilitatingly cumbersome in their bureaucracy (Gasskov, 2001). Employer exasperation at the aforementioned excessive bureaucracy is exacerbated when it is accompanied by public training provision that is regarded as being sub-standard or of a low quality (Dar et al., 2003). In such circumstances, employers feel aggrieved that their payments are helping to maintain and support an inefficient system that can appear indifferent to

their training needs (ibid.). A revenue-raising scheme leaves the potential political temptation to divert funds raised for training to other areas of need and by so doing thoroughly undermines employer confidence in the system. Gasskov (1994) cites Colombia as one such example of levy-funded training moving into areas of training provision that are entirely disconnected from the training needs of levy-paying employers.

Disbursement Levies

The fundamental aim of a disbursement levy (also known as incentive-based schemes) is critically and as previously indicated to stimulate employer demand for training (Müller and Behringer, 2012; Kuczera and Field, 2018). There are variations within the category and it is also important to note that there can be a degree of blending between disbursement and revenue-raising levies, but essentially a disbursement levy enables employers to draw upon funds for training of their choice provided that it adheres to specified criteria (Dar et al., 2003; Kuczera and Field, 2018). The incentive of potential reimbursement or payment exemption aims to steer employers towards providing previously unoffered training (OECD, 2017a). The ideal outcome is for training to become entirely employer financed while presenting government with the opportunity to ensure quality by making the levy funds available subject to the meeting of specified standards (Gasskov, 1994).

Where the apprenticeship levy is concerned, this is principally a disbursement levy, as levy-payers are able to support training by drawing from their levy account (Kuczera and Field, 2018). However, levies can be to some extent hybrid (Johanson, 2009; Ziderman, 2016; OECD, 2017a) and have their own idiosyncrasies, the apprenticeship levy for example is not sectorally-based and is only payable by large employers. A key attraction of a disbursement levy to employers is the opportunity it presents for them to not only claw back but also to make productive use of their levy payment (OECD, 2017a). A disbursement scheme permits levy-funded training to be delivered in-house or by an approved training provider. This form of levy seeks to engage employers with training directly and to foster a more purposeful employer training culture (Dar et al., 2003). Singapore

provides a striking example of the potential of this form of levy to greatly increase employer training (ibid.). A Skills Development Fund was established in 1979 (SSG, 2018) which proved highly successful in expanding training and led to the number of individuals being trained tripling by the end of the millennium (Dar et al., 2003).

There are a variety of ways in which a disbursement levy may operate and there is an expectation that the form of levy chosen influences employer behaviour (Dar et al., 2003). Levy disbursement schemes may reimburse employers for the provision of particular types of training (Dar et al., 2003; Johanson, 2009). This is the form of levy that has been utilised in countries such as Malaysia and Kenya and is found to have a tendency towards establishing ad hoc rather than systematic programmes (Dar et al., 2003). A disbursement levy may also take the form of a levy-grant scheme which intends to avoid an ad hoc approach but rather intends to encourage a systematic approach as grant payments are issued on the condition that a systematic strategy is in place and employers are therefore expected to formulate their training accordingly (ibid.).

A further approach to a disbursement levy is to reduce the employers' levy payment obligations in accordance with the amount of training being delivered which is the route taken by France (Gasskov, 1998; 2001; Greenhalgh, 2002). In cases where employers are providing particularly high levels of training they may become entirely exempt from any payment obligations (Müller and Behringer, 2012). This form of levy quite reasonably does not expect employers to elect to undertake training that is inappropriate or surplus to their training needs as this would run counter to their interests and therefore the training that is occurring appears to be demand-led (Gasskov, 1998; Dar et al., 2003). The simplicity of a scheme such as the one outlined above also has the further added advantage of 'freeing firms from the bureaucratic fatigues of levy payment and subsequent grant claim - potential cash flow problems are avoided' (Ziderman, 2016, p.12).

In France, we find not only the UK's closest non-English speaking neighbour but also a country with an economy a similar size to the UK (the UK is the 6th largest and France the 7th largest economy in the world (Statistics Times, 2020) which has a well-established levy (Müller and Behringer, 2012). Greenhalgh's (2002) research, which considered the training levy in France, is particularly relevant with

respect to the potential for introducing a training levy to the UK. As mentioned earlier, the new Labour 1994-1997 government-in-waiting considered a levy before blinking at the prospect of undermining their pro-business credentials (Stevens, 1999; Hoque, 2003). Greenhalgh's research coincided with an acknowledged concern in the Blair government at the low skills in the adult workforce which followed The Final Report of the National Skills Task Force (DfEE, 2000). Ultimately, the report held back from recommending a training levy although it did recognise that some members (a minority) had contended that a levy was the requisite step. Interestingly, Greenhalgh's judgement differed to the Final Report by concluding that on balance a training levy was in fact appropriate for the UK (Greenhalgh, 2002).

It is, however, recognised that the variations in the skill systems and labour markets are so great that it is unlikely to be viable to look towards a wholesale transport of 'one way' or 'best practice' with training or levies (Müller and Behringer, 2012, p.38) and caution should be exercised in the attempt to draw the conclusions regarding generalizable rather than the highly contingent impact of training levies. President Mitterand's France and South Korea have tried to transpose the celebrated German dual-system to their countries with relatively dismal results (Culpepper, 2001; Lewis, 2007) and Australia made an ill-fated attempt to implement France's levy system (Cox, 2009).

The next section will continue to look in further detail into the experience of other countries with levy schemes and consider the ways in which the experience of others may speak to the likely experience of the impact of the levy on employers and training in England.

Training Levies: From Paris to Canberra, From Canberra to Kuala Lumpur

A recurring question surrounding disbursement levies is whether they provide strong enough incentives to overcome employer hesitancy to engage in additional training provision (Gasskov, 2001; Dar et al., 2003). It may be that this reluctance can be a factor in the suggestions of a possible correlation between disbursement levies and some degree of deadweight training (Dar et al., 2003; Müller and Behringer, 2012; OECD, 2017a). Deadweight training is the funding of

training that would have occurred anyway (Kuczera and Field, 2018). Gospel and Casey (2012) recognise that although a training levy has the capacity to raise the quantity and quality of training it may also lead to 'gaming' by employers who use levy funding for training which would have already been provided.

Gambin et al. (2016, p.28) highlight the fact that 'little is known about the level of deadweight training or substitution resulting from training levies'. This is understandable as it would appear unlikely that employers would wish to openly acknowledge such practices. It may well be the case that it does occur, but conclusive evidence of this is likely to be hard to come by. It is also the case that 'deadweight loss and additionality are not clear-cut concepts' and that 'there is a degree of variation associated with their definition and classification' (BIS, 2012c, p.10) as 'partial additionality' may well be 'still delivering value […] for example, even though the training would have happened, they [employers] may now provide better supervision or allow the employee to spend more time training off-the-job, which all contribute to qualitative additionality' (ibid., p.11).

The possibility of the above mentioned qualitative additionality occurring is a consequence of the regulations that may be attached to training which will in turn need to be met for training to be eligible for levy-funding (Kuczera and Field, 2018). In these circumstances, an employer may wish to continue with training that was occurring before the levy was introduced but in order to do so, the employer will need to make it levy compliant. In the case of the apprenticeship levy, two of the principal regulations attached to levy-funded training are the requirements for a minimum training duration of twelve months and for a minimum of 20% off-the-job training (ESFA, 2020a). It may well be that the minimum duration and off-the-job requirement are in excess of the training that the employer was previously providing and so the longer duration and additional time for off-the-job training are likely to produce a qualitative additionality.

A balance needs to be struck between a levy insisting on the requirements that ensure training quality whilst not making demands that employers perceive to be excessive and prompt them to disengage from training (Gasskov, 2001; Müller and Behringer, 2012). It may be a tightrope, but it is one that a levy which seeks to stimulate employer demand for training whilst simultaneously raising the quality of

training (as is the case with the apprenticeship levy) must find a way to negotiate successfully. At best, Kuczera and Field note (2018, p.68) that this may result in the substitution of 'training of variable quality with good quality training' and they also highlight the need to consider the qualitative additionality as well as the quantitative additionality with respect to the levy in England (ibid.). At worse, the result may be (as mentioned at the beginning of the paragraph) employers disengaging from training.

There is evidence which indicates that the 'complicated regulations concerning training requirements and approval' played a role in the levy in South Korea being abandoned (Müller and Behringer, 2012, p.34). In 1976, the South Korean government had elected to introduce a training levy in response to skill shortages in the workforce (Ball et al., 2001). Initially, the levy had some success, but it was not sustained as the number of employers that opted to train fell from over two-thirds between 1977-80 to less than 20% between 1991-1993 (ibid.) and sustained employer demands to abandon the scheme (Müller and Behringer, 2012) led to the establishment of a different training system (Ball et al., 2001) with the failure being partly attributed to the Byzantine regulations which had 'hindered training provision through excessive regulations' (Ra and Shim, 2009, p.46).
In Hungary, employers also concluded that excessive government control of funds had inhibited the effectiveness of their levy (Dar et al., 2003).

With respect to the regulations attached to the levy in England, a minimum duration of 12 months for levy-funded training and the requirement for, at least, 20% off-the-job training are (as previously noted) mandatory for levy-funded training (ESFA, 2020a). These are both significant commitments which would appear to preclude whimsical, ill-conceived training engagement by employers. There may be training that is better delivered over a shorter, more intense period than 12 months, and if such training were to be artificially dragged out to become levy compliant it would be sub-optimal (although the 'dragging out' would essentially be 'on the company's time' so it is unclear why an employer would wish to do this).

Furthermore, as previously indicated, if training were extended to be eligible for levy-funding then this may be a qualitative additionality as there is also training

that would benefit through being given over a longer period and that an extension to make such training levy compliant would represent a positive gain.

There will be cases of training which are (and remain) less than 12 months in duration that employers value and wish to continue with, and such training will be at their additional expense (as it is not levy compliant). This raises an interesting and important broader question of whether learning and development budgets will be adjusted or reduced because of the levy or will the levy represent an additional training resource (as intended) for the employer to develop additional training (that was not happening prior to the levy). Therefore, in light of this, it will be important to investigate the views of employers regarding the regulations that have been attached to levy-funded training (in order to assure quality) with an eye to understanding how problematic/restrictive (or not) those who are engaging with levy-funded training perceive them to be.

A further pertinent example for the levy in England is the Australian Training Guarantee Levy which proved to be a short-lived experiment that was introduced in 1990, suspended in 1994 and then abolished in 1996 (Hall, Buchanan and Considine, 2002). This followed deleterious coverage of the impact that the levy was having and came in spite of evidence that it had increased training across sectors and safeguarded training during the recession at the beginning of the decade (Fraser, 1996; Hall, Buchanan and Considine, 2002). The levy had seen private sector spending on training rise by more than 50% (Hall, Buchanan and Considine, 2002) and moreover, it was also argued that the levy had helped to foster a more strategic mind-set as 'it created widespread awareness of training as an element of business strategy' and 'provided an opportunity for many employers to focus attention on their training strategies' (Fraser, 1996, p.vii).

The levy in Australia had far greater coverage than UK's levy as it required payment by all employers with a payroll of over AU$200K (£110K at the present exchange rate) and was introduced at 1% (which is double the rate of the UK levy), rising to the French level of 1.5% in 1992 (Gasskov, 2001). The levy proved to be largely unpopular with employers (Teicher, 1995; Billett and Smith, 2003) and there were damaging allegations of fraud (Fraser, 1996). There were indications that public hostility was a consequence of the administrative costs incurred rather than

the notion of the levy itself (Teicher, 1995; Fraser, 1996). Subsequently, Hall, Buchanan and Considine (2002) reported that following the demise of the levy, Australia's training expenditure became low (when assessed against comparable countries) and argued that the levy should be modified and then re-introduced.

The UK levy could be viewed as a modified version of the Australian levy. The UK levy is at a lower rate, excludes most employers from payment and is not excessively burdensome administratively. The UK's levy may be more modest (in scope and payment rate) than the Australian levy but this may give it greater durability and without durability there is rarely a lasting transformation.

The levy-grant system which was introduced in the UK in 1964 is of clear and great relevance. The levy was introduced with all-party support as a part of the Industrial Training Act (Gospel and Casey, 2012) and was subsequently dismantled by the government of Margaret Thatcher in the 1980s (Stevens, 1999; Gospel and Edwards, 2012). The Act was memorably described as having been introduced by the Conservative Government 'in their death-bed repentance period just before the 1964 General Election' (Prentice, 1972, para.4) following substantial pressure and in actuality was largely implemented by the Labour Government of Harold Wilson.

Various factors were regarded as leading to the demise of the levy-grant system (which does remain voluntarily in place in a few sectors, most notably construction) including insufficient support from employers who viewed it as both an additional cost and as an unnecessary government interference (Ashton and Green, 1996; Gasskov, 2001; Müller and Behringer, 2012). This disenchantment coalesced with the neo-liberal economists who regarded the Industrial Training Boards (ITBs) that had been established as a part of the Act as being without a 'basis in economic logic' (Lees and Chiplin, 1970, cited in Wikeley, 1990, p.355). They found themselves within the cross hairs of Ted Heath's Conservative Government in 1970 only to be reprieved by a concerted protest from the CBI and TUC (ibid.). The reprieve proved to be relatively short-lasting and the majority of the ITBs were abolished by the Secretary of State following the Employment and Training Act 1981 and Industrial Training Act 1982 (Wikeley, 1990; Gospel and Casey, 2012).

Senker (1992) and Gospel and Casey (2012) noted that they were tripartite (including educational, trade union and employer representation) and in their first five years of operation covered 15 million people and raised the quality of training. Nevertheless, they were swept aside by the decisive winds of political change that were ushered in with Margaret Thatcher's Conservatives who were to form the UK's second (the other being Labour's 1945-51 government) truly transformative post-war government. As Stevens (1999, p.17) stated 'the Conservative government of the 1980s changed the focus of policy. With the revival of faith in the market, the training levy was regarded as unacceptable interference'.

The literature widely acknowledges that employer buy-in is essential (Ziderman, 2003; Dar et al., 2003; Smith and Billett, 2006; Johanson, 2009; ADB, 2014; OECD, 2017a) and is best achieved through consultation of employers and incorporating them into the design and management of the levy (Smith and Billett, 2006; ADB 2014; Ziderman, 2016). The levy in Malaysia has been highlighted for its success in placing employers at the forefront of training (Johanson, 2009) with this being attributed to reduced bureaucracy, involving employers in governance and wide dissemination of the business case for training – particularly with regard to increasing competitiveness and raising productivity (ADB, 2014). Employers were reimbursed with over 70% of the amount that they had paid in the levy with training authorised for 5.3 million employees (ibid).

It does appear that the UK government has heeded some of these lessons to try and achieve employer buy-in as following the announcement of the levy, there was a consultation with employers and steps taken towards making apprenticeship training employer owned, including incorporating employers into the design of the standards for levy-funded training (BIS, 2015a). However, it has been noted that universal (rather than sectoral) levies, such as the levy introduced in the UK, can struggle to successfully achieve employer buy-in (Gasskov, 2001; Müller and Behringer, 2012). A further factor that may negatively impact employer engagement with a disbursement scheme is provided by Dar et al. (2003, p.5) when stating that 'employers never recover their levy contributions in full'.

The importance placed upon achieving employer buy-in creates the need for understanding of the extent to which employers perceive that their training needs

are indeed being met by levy-funded training as well as whether there is employer acceptance or otherwise of the regulations (attached to) and general implementation of the levy.

A further noted obstacle that can hinder a disbursement levy from achieving the employer buy-in which is necessary to achieve its objectives is a widely recognised tendency for disbursement levies to work to the advantage of larger rather than smaller employers (Gasskov, 2001; Greenhalgh, 2002; Ziderman, 2003; Johanson, 2009; OECD, 2017a). For example, in Singapore in the 1980s, just 2.2% of employers with no more than 10 employees applied for levy-funding. This was in marked contrast with the 25% of employers with no more than 50 employees who applied and in very stark contrast with the 100% of employers with 200 or more employees who applied. The situation improved slightly towards the close of the 1990s with an increase to 14% of employers with no more than 10 employees applying but the discrepancy between small and large employers remained (Johanson, 2009; ADB, 2014).

There are two principal factors that hinder smaller firms with disbursement levies. Firstly, in the absence of remedying measures, smaller employers are likely to be constrained by their size as they may have neither the resources nor the capacity for training (OECD/ILO, 2017b). Secondly, larger employers may be more adroit (because of their larger workforce, resources etc.) at working the system to ensure that they claim back their full entitlement which may leave smaller employers viewing the levy as a conventional tax rather than as an available resource which is there to be utilised for training (Gospel and Casey, 2012). The decision taken by the UK Government to limit the levy to those employers with a payroll of over three million pounds, will exclude all bar the smaller employer with the most exceptionally well-remunerated employees from liability, and this may enable the levy to circumnavigate problems which are associated with disbursement levies that have a wider coverage than the levy which has been introduced to the UK.

Nevertheless, there will still remain vast differences in size between employers who are required to pay the levy and it would be highly unlikely that there will be parity of experience for all levy-paying employers or for that matter

for all employees within an organisation. Müller and Behringer (2012, p.39) note that 'the issue of equality does not pertain only to company size, but also to the skill level of workers'. Greenhalgh (2002) found evidence of the levy in France producing a slightly more equitable training distribution than was the case in the (pre-levy) UK. Training in the UK tended to favour the best positioned and most capable employees (ibid.). However, in spite of its levy, France does not entirely escape the shadow of what has come to be known as the 'Matthew Effect' (Rigney, 2010) which is when the best placed and most employable receive the most training. Goux and Maurin (1997) studied French training rates after the levy was introduced in 1971 and found that between 1972-1977 training of those highly placed in the occupational ladder (managers and technicians) was at a rate that was 3.5 times higher than that of unskilled workers.

The principal aspiration of the levy in England is to create deeper employer engagement with training and with this goal in mind, the finding of a larger French study between 1986-1992 is able to offer some encouragement. This research found that French firms were spending 3.3% of their wage bill on training (Carriou and Jeger, 1997, cited in Greenhalgh, 2002, p.251). This was significantly higher than France's 1.5% levy (and far higher than the UK levy of 0.5%) although lower than the 4% which the authors prescribed to be the optimum percentage of wages to be spent on training. Notwithstanding the importance (and perhaps limitations) of optimum percentage evaluations, the most critical takeaway is the extent to which employers in France had become willing to invest in and engage with training after the introduction of the levy (Gasskov, 2001).

The literature indicates that it is important for there to be parity in competition between government and private sector training providers and that the system allows for increased competition (Dar et al., 2003). On one level, this does not appear to be a particular concern in the UK, as there is an abundance of private sector training providers but on another level, there is great concern as much training before the levy was criticised as being provider rather employer-led (Chankseliani and James Relly, 2015; Wolf, 2015). Levy funds in the UK are to be utilised solely for training which is in accordance with Johanson (2009) emphasising the need for levy funds to be exclusively used for training.

Ziderman (2016) highlighted that levies should be accompanied by efficient administration and was re-iterating a point that had been made by Dar et al. (2003, p.8) who had stated that 'administrative efficiency and transparency is crucial'. With the levy in the UK, steps have been taken which intend to achieve this, as the Apprenticeship Levy Policy Paper (HMRC, 2016) recognised the need for a straightforward system of collection. This has been put in place by the straightforward means of receiving levy payments via Pay As You Earn (PAYE) collection. The process of distribution is however more complicated and potentially problematic, most particularly with respect to the devolved nations. Levy-paying employers with employees located in England are able to control their funding through the Digital Apprenticeship Service account, but 'if the employer is levy-paying, with operations based wholly or partly in Scotland, Wales or Northern Ireland, they will need to engage with the relevant funding authorities for funding apprenticeships located there. As apprenticeships are a devolved policy, authorities in each of the UK nations manage their own apprenticeship programmes, including how funding is spent on apprenticeship training' (HMRC, 2017, para.2). There may be some cause for concern in this and it will be important to seek to understand if the implementation of the levy in this regard has been straightforward or problematic for employers.

To return to the key role that the levy has been tasked with, stimulating employer demand for training, the literature (perhaps unsurprisingly) indicates that levies are more impactful during periods of economic growth (Dar et al., 2003). An example of this would be the increase in training in Singapore which occurred during a period of strong economic growth (Müller and Behringer, 2012). This is a part of the pro-cyclical nature of training and the tendency to create new 'training positions' (apprenticeships) in boom times but under-create such positions in trough periods (Lerman, 2017, p.181). Felstead and Jewson (2014, p.299) found that training which was regarded as non-obligatory (rather than obligatory on the grounds of health and safety etc.) was 'most immediately vulnerable in times of economic hardship'. The apprenticeship levy might be expected to offer a measure of protection to non-mandatory training as the requirement to pay the levy negates

the logic (or essentially the possibility) of cuts and training thereby becoming an early casualty of an economic downturn.

The way in which a levy prevents employers from ceasing their training contributions may become a helping hand which allows training to become more ingrained into the modus operandi of employers in England. There will need to be a change in employer mind-set for this to occur because as Keep and Mayhew (1999, p.12) report that a number of employers view training as 'a third-order issue' which is only considered after 'product market and competitive strategy, and consequent second-order decisions about work organization and job design' have been decided upon. However, the introduction of the levy raises the possibility that there may be employers who decide to assign a greater importance to training as a consequence of the levy.

As indicated previously, the literature recognises that the national context may have a profound influence upon the ability of a levy to operate successfully (Ziderman, 2003; Smith and Billett, 2006; Sung, Raddon and Ashton, 2006) and the following section will consider this further.

The National Context and Training

'Levy-financed training funds do not operate in a vacuum; their effectiveness is linked not only to the processes, policies and governance of the fund itself, but also to factors beyond the training fund, such as those relating to enterprise development and the education and training system' (Palmer, 2020, p.44).

Much evidence indicates that, with respect to training, the more regulated approaches associated with the German-speaking countries significantly outperform the training provision of the voluntarist predominantly English-speaking countries (Wilson, 2000; Steedman, 2001; 2010; Deissinger, 1997, 2015). The highly influential 'Varieties of Capitalism' (Hall and Soskice, 2001) literature identified differences in the predisposition of 'liberal market economies' (LME) and 'co-ordinated market economies' (CME) towards training provision as one of the defining characteristics of the differences between a 'LME' and a 'CME'. It has been noted that the most successful levy systems operate within an industrial relations

structure that embraces tri-partite decision-making including not only employers but also employees and sectoral-level networks (Sung, Raddon and Ashton, 2006; Cox et al., 2009) or smaller centrally controlled economies, such as Singapore, where employers may be more accepting of public policy intervention (Smith and Billett, 2006; Cox et al., 2009).

In the UK, employers seldom (if ever) welcome government intervention (Finegold and Soskice, 1988; Noble, 1997; Gospel and Edwards, 2012) and many of the defining characteristics of the post-war settlement, such as extensive collective bargaining, union coverage and density have fragmented and are now but a pale shadow of their former selves (BEIS, 2019). They had become established parts of the industrial relations landscape and were the norm for much of the post-war consensus (1945-1979) and continue to be commonplace today in many other European countries (particularly Germany and Scandinavia) but not in the UK (Keep, Lloyd and Payne, 2010). Industrial relations in the UK simply appear more fractured than that which is found on much of mainland Europe (ibid.), with the UK having patchy collective bargaining and generally (especially in the private sector) weak employee representation, with only 13.2% of private sector workers being union members (BEIS, 2019).

It may be that this lack of a supportive industrial relations framework presents a significant barrier to achieving successful employer engagement with training following the implementation of a levy system. The Government has sought, partially at least, to address the issue of institutional support, by establishing the Institute for Apprenticeships (Institute for Apprenticeships and Technical Education - IfATE). However, although the Institute has a number of employers on its board there is (revealingly) no trade union representation (TUC, 2017b) and therefore (in what may prove a damaging omission), concepts such as 'social partnership' do not appear to be a part of the plans for the levy in England.

The Initial Reaction in the UK

As mentioned in the first chapter, the early reported reactions of employers to the levy were overwhelmingly negative (Frith, 2015; Murray Brown, 2015; Casey, 2016; CIPD, 2016b; Waller-Davies, 2016), which given the pre-eminent position

employers hold, presents an immediate cause for concern. This may be unsurprising as the levy is essentially a new tax and the only popular new taxes tend to be those that are paid by others. It was therefore highly unlikely that those employers who were liable for payment would welcome its introduction. Most particularly, as employers in the UK have historically proved reluctant to invest in, or provide, training (Finegold and Soskice, 1988; Heyes, 2000; Coffield, 2002). Nevertheless, it is striking just how unenthusiastic and at times hostile the employers' response to the levy has been (Allen, 2015; Frean and Mackie, 2018; Jeffery, 2018). The Institute of Directors labelled the levy as a payroll tax with the potential to reduce the competitiveness of the country (Ruddick, 2015) and others concur, including the influential Confederation of British Industry's (CBI) (former) Director General, Carolyn Fairbairn argued that the sheer scale and scope of the levy could damage UK competitiveness (Fedor, 2016).

Critics of the levy contend that, in addition to placing an unreasonable financial burden upon employers, it is also ill-thought out. Chief executive British Retail Consortium's (BRC) Helen Dickinson claimed that "a lack of flexibility in what the funds can be spent on is preventing retailers from making the most of apprenticeships" (cited in Stevens, 2017, para.5). Neil Carberry of the CBI emphasised the fact that employers "have repeatedly made clear that the current design of the apprenticeship levy system is not effective" (ibid., para.7) and the CBI (2020, p.20) continues to express its dissatisfaction, reporting that 'most businesses' utilisation rates of levy funds remain low, due to the restrictive nature of how the funds can be spent'.

Notwithstanding the (arguable) tendency of the news cycle and print media to disproportionately focus upon negative or alarming stories, the reported reaction of employers to the levy is clearly worrisome, most particularly as the levy intends to place employers at the heart of levy-funded training (HM Government, 2015). In order for the levy to flourish in England, there will need to be a reasonably positive interaction between employers and the levy (Smith and Billett, 2006; OECD, 2017a; Kuczera and Field, 2018). In the absence of positive employer buy-in, it is highly unlikely the levy will make the inroads necessary (to begin) to overcome the market failure in training.

The research will seek to gain an understanding of the extent to which the negative reported comments (about the levy) were reflective of the interviewees initial reaction to the levy. Some of the reported responses raise an important question as to whether it is the design of the levy that is at fault rather than the levy itself. The research therefore intends to explore employer views of the levy, from the time of its first announcement until their experience of having engaged with levy-funded training.

The levy in England does not have an upper age limit for training and levy-funded training is permitted for the upskilling of existing employees, nevertheless the UK government have been unambiguous in their terminology and elected to call the levy 'the apprenticeship levy' rather than the more generic title of a training levy. Given this, the next section will focus upon the issues with apprenticeships in England that the levy is seeking to address.

The Apprenticeship Levy and Training Quality

For many years, apprenticeships in England have been held in relatively low regard by international standards (Steedman, 2001; Ryan and Unwin, 2001; Brockmann, Clarke and Winch, 2008; 2010). Wolf (2015) was well-aware of the deep-rooted problems, most particularly surrounding programmes of dubious quality, that had entangled themselves with England's apprenticeships. 'Fixing a Broken Training System: The case for an apprenticeship levy' advocated the levy as the means by which to not only raise revenue but also to re-establish a credible apprenticeship system (Wolf, 2015). A system of training that was able to withstand close examination of its processes and the quality and value of its training and not one that was only superficially effective i.e. by having high numbers but for the most part lacking meaningful training.

There are some world-class apprenticeship programmes in England incorporating the pride entailed in complex skill acquisition (Fuller and Unwin, 2008; Wolf, 2011; Fuller, 2016), but also there have been some 'sham' or poor-quality apprenticeships (Brockmann, Clarke and Winch, 2010; Richard, 2012; Ofsted, 2015). There is an acknowledgement that there has been 'gaming' by some employers and most particularly providers (Keep and James, 2011). Vast sums of

public money have been involved and there have been parliamentary investigations, the most infamous of which involved a company called Elmfield Training, which provided training for (the supermarket) Morrisons and received over £60 million of public money for doing so (Wolf, 2015). The training received the second lowest ranking possible by Ofsted (Ofsted, 2013) and yet the company made a profit of £12 million in 2010, and the CEO, Ged Syddall, issued a dividend to himself of nearly £3 million (FE Week, 2012). Most surprising of all was the scale of the 'apprenticeship' programme, with 40% of Morrisons staff being categorised as apprentices, representing an extraordinary 10% of all the UK's total apprentices (ibid.).

A key deficiency that has long been associated with apprenticeships in England has been a consistent absence of clearly specified standards (Steedman, 2001; Ryan and Unwin, 2001; Hogarth, Gambin and Hasluck, 2012). This absence of standards has been addressed by the compliance required for levy-funded training (the move from frameworks to standards) and this is vitally important as their absence has been identified as a primary cause of, directly or indirectly, enabling low-level and short-term induction programmes to be inappropriately described as apprenticeships (James, 2010; Richard, 2012).

The perennial concerns regarding the quality of English apprenticeships often focus upon on certain sectors - including food production, retail or care provision (Ofsted, 2015). And it may be that areas of apprenticeship success, such as engineering, which combine a clear skill need with a strong sense of occupational identity are becoming increasingly atypical examples of much employment that is found in the UK's largely service economy (ONS, 2016). In areas of the labour market, with less defined occupational identity/skill needs such as hospitality or retail, an ambivalence may have developed towards the need to provide quality training (Lewis, Ryan and Gospel, 2008; Lanning and Lawton, 2012). If this is the case, it will be a testing but important challenge for the levy. Firstly, the levy will potentially need to overcome an employer mind-set which may have become ambivalent towards training. Secondly, in these circumstances, the levy would then seek to prompt employers into re-evaluating the potential gains that may be made through engaging with levy-funded training. The challenge that this presents cannot

be under-estimated. Most particularly, as the low skills/low cost model has been characterised as requiring the ideal worker to simply have 'two arms and two legs' (Grugulis, 2007, p.5).

The low skills/low cost model embodies a business strategy which has resulted in much training (if occurring at all) being of a poor quality or what have been described as 'sham' apprenticeships (Brockmann, Clarke and Winch, 2010). Wolf identified 'a collapse in traditional apprenticeships' in England (Wolf, 2011, p.154) and this is evidenced by many tasks in training of this nature merely utilising pre-existing low-level skills (cleaning or making tea for example) and containing negligible learning potential (Ofsted, 2015). Apprenticeships of this kind are reminiscent of the worst of work experience. This overall situation has been exacerbated by the UK's voluntarist preference as the lack of regulation allowed a situation to arise that permitted 'calling many things apprenticeships which, in fact, are not' (Richard, 2012, p.4) and thus further diminishes the apprenticeship 'brand' (McIntosh, 2005; Richard, 2012; Sloman, 2014).

The low esteem of the apprenticeship brand is a factor in the majority of the most academically capable young people opting for the higher education route (Lee, 2012). This problem is compounded by the poor quality of career guidance regarding apprenticeships that is available to young people (Steedman, 2010). To a large extent, the absence of the most academically gifted young people from apprenticeships, combined with the social inclusion aspiration which seeks to include those regarded as low-achievers in apprenticeships, are likely to be additional factors in compromising training quality (Payne, 2002). For apprenticeships to become more attractive to young people with the highest level of choice, they need to firstly overcome this 'brand problem' and they must establish a large scale non-university route to employment which offers solid career progression (Brockmann, Clarke and Winch, 2010; Hogarth, Gambin and Hasluck, 2012).

It is self-evident that without the probability of good career progression the most capable potential apprentices are unlikely to be recruited. Given that apprenticeships remain, after higher education, the leading route to employment, this is not an outcome that befits such a status. The disappointment attached to

this assessment is heightened by the significant investment that has been made to expand the number of apprenticeship places under successive governments (Payne and Keep, 2011; Lee, 2012) and by the fact that, in spite of the expansion of HE, the majority of young people continue to not attend university and deserve better.

In recent years, many apprenticeships in England have led to a Level 2 (GCSE equivalent) intermediate qualification but troublingly without the opportunity for further progression (Hogarth, Gambin and Hasluck, 2012). Level 2 qualifications are not particularly well-regarded by either apprentices or employers (Richard, 2012) and this lack of progression to Level 3, which is a respected advanced qualification (equivalent to two A-levels) is a profound concern (Steedman, 2010; Pullen and Clifton, 2016). At present, there are an insufficient number of high-quality apprenticeships developing intermediate skills and this not only inhibits efforts to reduce skills shortages but also hinders social mobility (Kirby, 2015). Social mobility is impeded because, for apprenticeships to be a tool of social mobility, there needs to be the opportunity for progression and skill development (Fuller and Unwin, 2017). Level 2, itself, could be a valuable entry point qualification, facilitating social mobility, provided that the apprentice is able to progress through the levels.

A further notable issue with apprenticeships in England is that the award of apprenticeship places has strongly tended to favour workers aged over 25 rather than young people (Kirby, 2015; Lanning, 2016). In France, Germany, Austria and Switzerland apprenticeships are solely available to young persons who are 25 or under whereas in England (and Australia) apprentices who are over the age of 25 are extremely common (Steedman, 2010). This may be viewed as being problematic as apprenticeships have a crucial role to play in the transition to work for young people. Indeed, the influential Richard Review of Apprenticeships explicitly acknowledged that these issues should be addressed (Richard, 2012). Furthermore, young people who do secure a place on an apprenticeship programme often remain in a precarious position as apprenticeships in England are not designed to necessarily lead to further employment.

The issue of poor training quality is intended and expected to be eradicated by the quality assurance criteria and regulations which have been attached to levy-funded training (ESFA, 2020a). The term ‘apprenticeship’ which had at times been

misused and could be misleading was given protection by law through the Enterprise Act 2016 which provided apprenticeships 'the same legal treatment as degrees and the term "apprenticeship" will be protected by law, to prevent it being misused. The Enterprise Bill, allows the Government to take action if it is misused by training providers' (Powell, 2020, p.14).

The rules for levy-funded training (ESFA, 2020a, p.11) state that it 'must provide for a practical period of work and training that lasts for a minimum duration of 12 months' and furthermore that 'at least 20% of an apprentice's normal working hours, over the planned duration of the apprenticeship practical period must be spent on off-the-job training' (ibid., p.14). To oversee the process, the Institute for Apprenticeships (which later became the Institute for Apprenticeships and Technical Education - IfATE) was established with the remit to assist employers in the development of training standards and to ensure the quality of these aforementioned standards (Powell, 2018). The standards would be employer-led but in order to safeguard quality they would in all cases require approval by the IfATE to qualify for levy-funding (NAO, 2019). In addition, all training providers must be approved and included in the official Register of Apprenticeship Training Providers, in order to be eligible to receive payment for levy-funded training (ESFA, 2020a). These are highly significant changes which require understanding of whether employers view them as having had a positive, neutral or negative impact.

An Employer-Led System with Employers 'In the Driving Seat'?

Wolf (2015) recognised that the issue of training quality was systemic. The practice of 'payment by results' has had the unintended consequence of encouraging low quality training programmes. As Wolf (2015, p.5) states: 'for any provider of education and training, long, difficult courses are very high-risk. Large numbers of short, easy ones are preferable because risks of failure are spread, and because they will be easier to pass anyway'. The problem is exacerbated by the high number of training providers in the UK which are private for-profit companies (Kuczera and Field, 2018). If funding is based upon results, then lower level training obviously becomes more attractive and profitable (Chankseliani and James Relly,

2015) (i.e. it is far easier to train somebody to change a tyre than it is to train them to replace an engine. Therefore, in such circumstances, a for-profit training provider is likely to opt to concentrate on providing training that is based upon the acquisition of the low-level skills needed to change a tyre and not the far more testing advanced skills required to change an engine, if payment is contingent upon results). The training offered by training providers might not be scrutinized by employers, as the funding has in recent years been transferred directly from the government to the training provider usually in the form of subsidies (Gambin and Hogarth, 2017a).

Keep (2015, p.13) importantly also noted the inherent shortcomings of 'the model of apprenticeship that has evolved over the years has been one where employers are usually the more or less passive recipients of externally provided training services, rather than the actors who lead on design and delivery'. The pre-levy system was described by Wolf (2015, p.5) as having 'helped form, and now perpetuates, the dysfunctional mismatch between what the government pays for and what the labour market demands' and 'created major vested interests' (ibid.). This reference to 'major vested interests' has echoes of Mancur Olson's (1982) argument of institutional sclerosis developing in the absence of a profound 'exogenous shock' (such as foreign occupation following defeat in war).

Olson had sought to explain the marked difference in the post-war economic growth of West Germany and Japan in comparison to that of the UK (and the USA) (Olson, 1982). Essentially, Olson presented a persuasive although counter-intuitive argument that political stability enables 'special' or vested interests to form which are hindrances rather than facilitators of economic growth. The hope attached to the levy is that it provides an exogenous shock that prompts employers to re-evaluate their training engagement. Training funds will no longer directly transfer from government to training provider but rather from government to employer to training provider (Gambin and Hogarth, 2017a). The intention of this amendment is to 'nudge' (Halpern, 2015) employers towards greater scrutiny of training and to break the self-defeating cycle of training which is not fit for purpose and does not meet labour market demands.

A core component of an employer-led system is the aspiration to place employers 'in the driving seat' (HM Government, 2015, p.2, pp.21-22). The new approach intends to cease making employers the passive recipients of training with 'English Apprenticeships: Our 2020 Vision' (HM Government, 2015, p.2) stating that 'nobody understands the skills employers need better than the employers themselves. That is why we are placing them in the driving seat. They are designing apprenticeships so that they focus on exactly the skills, knowledge and behaviours that are required of the workforce of the future. A levy will put employers at the heart of paying for and choosing apprenticeship training and place the funding of apprenticeships on a sustainable footing. Employers will choose between high quality education and training providers or be able to train their apprentices themselves'.

The levy does not have the luxury of starting from a blank piece of paper, the proverbial (and Olsonian) clean slate. Far from it, instead, the government is confronted with the immense challenge of trying to rebuild the ship, not in a dry dock, but when at high seas. After all, employer retrenchment from training runs deep (Finegold and Soskice, 1988; Coffield, 2002; Wolf, 2011; 2015; Green et al., 2016), there are many recurrent failings with training quality and apprenticeships themselves, as outlined, have struggled for a number of years to establish a credible position as an attractive alternative to higher education (Lee, 2012). In spite of these obstacles, it remains the case that the government has decisively placed its chips on the ability of the levy to re-engage employers with training and to thereby provide the means to overcome a market failure in training (BIS, 2015a).

The shake-up prompted by levy-funded training aims to move from a 'provider-led' (Chankseliani and James Relly, 2015) system to an 'employer-led' system (HM Government, 2015; DfE, 2016). The intention is to definitively recalibrate the relationship between employers and providers with employers empowered 'to choose an apprenticeship training course, find a candidate and choose a training provider' (HM Government, 2015, p.23) and for funds for training to be released directly from the employer to the training provider 'through the Digital Apprenticeship Service' (ibid.).

The clear policy intention is to place employers 'in the driving seat' with training and to cease provider-led training. This raises the obvious question as to what extent (if at all) employers believe that there has been a transition and that levy-funded training has enabled training to become increasingly employer-led.

The Fortunate Forsaking of the Three Million Target

There has been a persistent concern with training in England that quality has often been forsaken in the pursuit of increased numbers. Many experts are adamant that quality is in fact undermined and that apprenticeships are devalued by the numbers driven focus (Brockmann, Clarke and Winch, 2010; Keep and James Relly, 2016; Fuller, 2016). The government has invested considerable political capital into levy-funded training and has actively encouraged much of the focus to be upon the headline-grabbing and oft-stated policy commitment of creating three million new apprenticeships by 2020 (Rawlings, 2015; CIPD, 2016a; Lucas, 2016; Greening, 2017). To draw such focus upon a numerical commitment may be construed as having been either an admirably bold or an unnecessarily foolhardy political move. It had the potential to allow the government to be held hostage to a myriad of foreseeable and unforeseeable impediments to achieving their target. The Conservative Party had previously had their fingers burnt by a much-publicised failure to meet their 2010 election manifesto commitment of reducing immigration to tens of thousands (Hampshire, 2015) and so the repetition of the numerical strategy with apprenticeships may represent a surprisingly unlearnt lesson. Nevertheless, the government had, as described in the first chapter, made the 'commitment to create 3 million apprenticeships by 2020 [which] will be enshrined in law' (BIS, 2015b, para.1; Powell, 2018). However, by 2018, it was becoming increasingly apparent that the government were far from on course to achieving their 3 million apprenticeships commitment and they began to decline to comment or answer questions on the subject (Casalicchio, 2018). The Education Secretary (in 2019) Damian Hinds, when repeatedly pressed by the Chair of the Commons Education Select Committee, Robert Halfon eventually conceded that three million apprenticeships would not be achieved by 2020 (Coughlan, 2019).

The failure to meet a commitment which was launched with such fanfare and repeated with such frequency, may in normal times have been enormously politically damaging, but recent political years in the UK have been very far removed from normality and the failure appeared to have passed largely unremarked upon. The initial decision to commit to 3 million new apprenticeships was not the consequence of a well-thought through process that had carefully evaluated the number of apprenticeships needed. The former Minister for Apprenticeships, Anne Milton told the House of Lords Economic Affairs Select Committee that she had "absolutely no idea" (Milton, 2018 cited in Ryan, 2018) how the target was set although Nick Boles, another former Minister for Apprenticeships, who first proposed the levy in government, has been more forthcoming. He (extraordinarily) explained that when preparing the Conservative Party's 2015 election manifesto "there was this feeling that you can't say two and a half million – that sounds a bit tame, nobody would be excited by that – so we're going to say three million" (Boles, 2017, para.30). One may be hard pressed to find a better example of policymaking on the hoof, a charge that was often thrown at the David Cameron government (Roberts, 2006; Smith, 2010; Stacey and Parker, 2015).

The twist in this slightly shambolic tale may be that the gradual reluctant shedding of the numerical target may represent a critical turning point in the plausibility of the levy achieving its transformational aspiration of delivering employer-led training. For the government to have placed a huge numerical target centre-stage in a new training system that claimed to be employer-led was to place a contradiction at the heart of the new system. It is a contradiction that Keep and James Relly (2016, p.25) highlight 'despite the usual rhetoric about apprenticeships needing to become "employer led", the government has unilaterally and with no prior consultation set an overriding target for expanding apprenticeship numbers' and employers 'have no prior ownership of or investment in this figure' (ibid.).

The fact that the government has forfeited their commitment to 3 million apprenticeships (Burke, 2018) has essentially kept alive the possibility of a genuinely employer-led training system emerging from the levy. A continued fixation upon meeting an arbitrary numerical target would have completely

undermined the whole premise of training becoming employer-led. As Keep and James Relly (2016, p.25) argue: 'one of the dangers with politicians making targets the centrepiece of any skills policy 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'. The abandonment of the 3 million figure means that the door certainly remains ajar, for training to become increasingly employer-led without being undermined or distorted by the need to meet an unhelpful and arbitrarily set government target.

Review and Research Questions

This chapter outlined potential explanations for the profound decline in employer engagement with training in the UK. The chapter took into account the UK's institutional context as well as broadening its scope to consider the relevant literature emerging from the international experience of levies and the various impacts that levies had made upon employer training in different countries.

The poaching externality is commonly given as a principal cause of market failure in training (Streeck et al., 1987; Stevens, 1996; Brunello and De Paola, 2004; Gospel and Casey, 2012) and it has indeed been cited by George Osborne (2015) as a reason for the introduction of the apprenticeship levy (as it had also been with the Industrial Training Act 1964). However, the chapter also recognised that the literature indicates there is uncertainty as to the true extent that poaching is occurring although Wolf (2015) noted that the danger posed by a perceived risk of poaching is akin to that of the proven reality. The chapter also considered the potential issue of there being a low employer demand for skill in the UK.

The literature review demonstrated that whilst training levies are in place in many countries there is an acknowledged scarcity of detailed appraisal (Dar et al., 2003; Johanson, 2009; Gospel and Casey, 2012). In spite of this, it was possible to draw upon case studies which were highly pertinent to the introduction of the levy in the UK, with the experience of the training levies in Australia (Fraser, 1996) and France (Gasskov, 2001; Greenhalgh, 2002) being foremost amongst these. This

engagement with the experience of training levies in other countries enabled potential design and implementation issues to be established and discussed.

The success (or otherwise) of the levy is almost entirely contingent upon employer response (Ziderman, 2003; Dar et al., 2003; Smith and Billett, 2006; Johanson, 2009; OECD, 2017a). The principal aim of this research is to understand the experience of employers with the levy and the effects of the levy on the training behaviours of employers. The apprenticeship levy presents, a once in a generation opportunity, to examine whether a training levy can counter a perceived market failure and re-connect employers with training. The research will seek to further understanding of the potential for public policy to stimulate employer demand for training by engaging with the nuances of employers' interaction with the apprenticeship levy.

Employers may feel that the introduction of the levy satisfactorily removes free-riding and poaching concerns (Ok and Tergeist, 2003; Gospel and Casey, 2012; Gambin and Hogarth, 2017a) and allows them to address skill gaps or shortages through training. The apprenticeship levy is a valuable and natural experiment through which to engage with multiple issues including, the (potentially changing) image of apprenticeships and the issue of whether employers are receiving the quantity and quality of applications which they seek for their training programmes. Cumulatively the gathering of empirical evidence on these matters will provide valuable data regarding employers' attitudes to training, apprenticeships and the levy.

In spite of the Chancellor introducing the levy at a relatively low rate of 0.5% of payroll (compared to 1.5% in France), there was still loud condemnation from much of the business world against it (Frith, 2015; Murray Brown, 2015; Casey, 2016; CIPD, 2016b; Waller-Davies, 2016). Notwithstanding, the misgivings of some that the levy is set too low (and should include more employers) or others that there should be no levy at all, the levy which has been introduced is the levy that must be researched. The key question is whether this levy can overcome employer resistance and succeed with the task of stimulating employer demand for training. There may be reasons to anticipate that a relatively low levy will be unlikely to be

able to re-engage employers with training but the challenge facing the levy also brings to mind one of Aesop's Fables.

The north wind and the sun had held a contest to see which was stronger. The matter was to be determined by seeing which of them could cause a passing traveller to remove their cloak first. The wind would seek to force the traveller to remove their cloak whilst the sun would seek to 'nudge' them into removing their cloak. The wind blew, with increasing ferocity, but this failed to have the intended impact as it only caused the traveller to wrap themselves ever more tightly in their cloak. By contrast, when the sun was shining, the traveller quickly chose to remove their cloak.

The sun had outmanoeuvred the wind and successfully influenced the traveller's behaviour. The wind had tried to force the traveller (as a higher levy would with employers and training) but had only had the effect of creating resistance in the traveller. Is it possible that at 0.5%, the halfpenny levy may be able to gently 'nudge' employers towards engaging with training in the manner that the sun had once won its contest with the wind?

Research Questions

The overarching aim of the apprenticeship levy is to overcome a market failure in training and to stimulate employer demand for training. The research seeks to evaluate the ability of the levy to achieve this through the following research questions:

1. To what extent is the levy able to address employer concerns regarding the risk of training and potential free-riding and poaching by other employers?
2. What evidence is there that the levy is succeeding in stimulating employer demand for training (i.e. causing additional training to occur that would not have happened in the absence of the levy) and encouraging a long-term and strategic approach to training?
3. How do employers view the mandatory requirements that training must comply with in order to be eligible for levy funding and to what extent

do employers perceive levy-funded training to be placing the employer ‘in the driving seat’ with training?

4. What has been the impact of levy-funded training on the quality of training and the perception of apprenticeships?

CHAPTER THREE
Methodology

Underlying Assumptions and Design of the Study

The research investigates the impact of the apprenticeship levy upon employer training behaviour and the overarching question of whether the levy can stimulate employer demand for training by removing impediments (such as the threat of poaching) which can inhibit employer engagement with training. The research will seek to explore the experience of employers with levy-funded training and understand the approach and ways in which employers are engaging with levy-funded training. Further to this, there is the issue of whether the levy (through the eligibility requirements for levy-funded training) is raising the quality and perceptions of apprenticeships.

The reflections of employers on the levy are critical to understanding the rationale for their approach to, decisions about and experience of levy-funded training. While quantitative methods could be (and have been) used for preliminary investigation into the apprenticeship levy by for example gathering numerical data regarding the number of apprenticeship starts and completions, the number of apprenticeship starts by level or age etc. (CIPD, 2018), the research in this study is focused upon the nuances and underlying processes of employer engagement with the levy.

Qualitative research enables issues to be raised and explanations outlined that quantitative methods are ill-suited to or are simply unable to tackle (Hesse-Biber, 2011). It can develop understanding of the employers' experience of the levy by providing the means by which to enter the nooks and crannies of employer interaction with levy-funded training. This research seeks to understand (Silverman, 2020) the employer experience and is strongly committed to the examination of issues from the perspective of the participant (Liamputtong, 2019). This is a factor that makes a qualitative approach the most appropriate research method for a study of this nature. The focus is upon the 'how' and 'why' questions (e.g. the levy intends to create conditions which will encourage employer training by removing

the threat of poaching, to what extent is the levy achieving this and if not, why not?) rather than the 'how many' questions and this is a principal reason why a qualitative approach has been selected for this study (Hesse-Biber, 2011; Silverman, 2017). By following a qualitative approach, the means are offered to explore the employer experience of the levy (based upon their own accounts) which can in turn expand and deepen knowledge of the impact of the levy upon employer training and of its capacity to stimulate employer demand for training. A distinguishing feature of qualitative research is that the data is gathered and presented 'in words rather than numbers' (Miles and Huberman, 1984, p.21) which permits 'analysis that retains complexity and nuance' (Ritchie et al., 2014, p.4) and in conjunction with its inductive nature (Ritchie et al., 2014; Silverman, 2020) these are the factors which provide the rationale for electing to make this research on employers and the levy – a qualitatively-based study.

The philosophical underpinnings of qualitative research are customarily associated with interpretivism whereas positivism is typically linked to quantitative research (Ritchie et al., 2014; Bhattacharya, 2017). Positivist perspectives usually depend upon knowledge which offers an unambiguous and accurate portrayal of the world (Bhattacharya, 2017) and the facts within a positivist paradigm are presumed to exist separately and not to be dependent upon the activities of the researchers and participants (Silverman, 2020). Interpretivists, by contrast, highlight the significance of not only observation but also 'the cultural and historical interpretations of one's social world when conducting inquiry' (Bhattacharya, 2017, p.59). Such polarity has been questioned and although qualitative and quantitative researchers remain strongly associated with particular paradigms, it is also the case that interpretivists and positivists may at times 'borrow' from each other and the border between the two can be fairly porous in places (Miles and Huberman, 1984). Miles and Huberman (1984, p.20) acknowledge this when writing that 'without our realising it very clearly the paradigms for conducting social research have shifted beneath our feet, and most people now see the world with more ecumenical eyes'. Some researchers advocate pragmatism, which is to select the approach that they deem to be most suited to addressing their particular research questions (Seale at al., 2004), whilst Lin (1998) suggests that it is unnecessary to place the positivist and

interpretivist approaches at odds with each other but rather maintains that they can complement each other.

The information gathered for this research is obtained through the participants' perceptions and interpretations and the research follows the approach which Ritchie et al. (2014, p.22) define as being placed 'within a broadly interpretivist frame'. This allows interpretation to be both supported by and firmly grounded in the data whilst also enabling the research approach to strike a good balance between the inductive and the deductive (Richie et al., 2014). Therefore, the planning and design of the study built upon and were rooted in existing theory and studies (ibid.). The data collection and the early stages of the analysis are focused upon developing understanding of the participants' perspectives and experiences which are then explored. The findings are later evaluated within the context of the existing knowledge and the literature that has been discussed in the second chapter.

Data Collection Methods

The research aims to provide understanding of the employer perspective and experience of the levy in order to process the impact that the levy is having upon employer training behaviour. The research is interview-based as qualitative interviews can be formulated to enable the detailed investigation of others' opinions, experiences and motives (Rubin and Rubin, 2012) and to explore the underlying logic behind perspectives/behaviours (Mosley, 2013). Moreover, qualitative interviews are considered to be most appropriate in research areas that are lacking well-developed theory (Gallagher, 2013) which characterises the present situation with the levy. Firstly, this is because the literature on training levies is relatively scarce and secondly because the apprenticeship levy is without precedent in England as a non-sectoral levy which is only payable by large employers. Furthermore, although the levy was introduced in April 2017, the implementation enabled employers until May 2019 to decide how to engage (or not) with levy-funded training (after which point their levy funds began to expire). This means that the employer experience of the levy and the data gathered in the interviews will be 'fresh' with employers in the early stages of becoming accustomed to levy-funded

training. Employers are having to adapt to an entirely new situation which requires them to comply with the specified criteria for levy-funded training. It will be of value to collect data regarding this inevitable period of adjustment by employers as the scenario presented by the levy is likely to have presented both opportunities and challenges to employers and it is an area that lends itself to being most effectively explored and understood through interviews.

Further to this, interviews are chosen because 'unlike some data, such as documents or observations, it includes the participants' explicit interpretations and understanding of events' (Ritchie et al., 2014, p.180) and this is of immeasurable value to research which seeks to focus upon the perspective of employers on the levy. It also allows data to be captured which includes the personal views and opinions of the interviewees. This is valuable because they are likely to have influenced the way in which the levy has been utilised in their companies. Moreover, as the levy affects such a wide range of employers, interviews provide the most efficient means of accommodating the multiple experiences and viewpoints that such diversity is likely to entail and are the most appropriate mode by which to gather data that is intended to further understanding (general and specific) of employer interaction with the levy.

Given this, the research in its entirety is conducted by way of semi-structured interviews. Such interviews do not constrain the ability to respond spontaneously and appropriately to the data that the interviewee is providing. This flexibility is particularly important and may include where appropriate altering the order of the questions to enable better flow from a previous answer or to use follow-up questions for clarification, deeper engagement or exploration of emerging themes or topics that are of value to the research (Bryman and Bell, 2007). Crucially, this flexibility does not impinge upon the overall consistency of the data but rather is likely to enhance it and may even provide some space for the idiosyncrasies of each participant's experience to emerge while steadfastly seeking to capture the (all-important) recurring issues that emerge across the sample (Ritchie et al., 2014).

An interview guide (Bryman and Bell, 2007) was prepared and this included a list of interview topics and questions that were based upon the literature review.

The guide represented a plan for the interview that served as an aid (rather than a constraint) and which provided structure and segue between issues without limiting the interviews to the prepared questions (Rapley, 2004). The interview guide is included in the Appendix. Open-ended questions were used in order to present the participants with the opportunity to give detailed and informative answers while also bringing into focus and placing a spotlight upon those issues which were most important to the interviewees (Barbour, 2014). These answers were (if necessary) followed up by specifying and probing questions (Bryman and Bell, 2007), with participants being invited at times to provide examples to support their answers. For instance, the interviewees might be asked to elaborate upon any issues or differences that they encountered with regard to the provision of levy-funded training for new employees compared to those which they encountered with levy-funded training for existing staff.

The interviews were up to 90 minutes in duration and were typically between 35 and 45 minutes. The interviews were conducted at a time and location of convenience to the interviewee. The interviews were conducted between June 2019 and February 2020 either face-to-face or over the telephone dependent upon the preference of participants, who were geographically spread throughout England. As responding to 'the needs of individual participants' is essential for a good qualitative interview (Nathan, Newman and Lancaster, 2019, p.404) careful attention was paid to their preferences regarding the organisation and set-up of the interview. Face-to-face interviews, with one exception, were held in the interviewees' office or a private space within their organisation (the exception was held in a hotel). All interviews were carried out by the researcher and the role of the researcher is discussed later in this chapter. In total, one hundred and two interviews were held with one hundred and seven participants. Ninety-eight of these were individual interviews conducted with the person responsible for training within their company, three interviews were conducted with two participants from the same company (and both contributing to the interview) and one interview was with three participants from the same company (all of whom contributed to the interview). The additional interviewees were included at the suggestion of the initially-recruited participants who recommended their colleagues' participation.

This did not constrain the interview but rather contributed towards a dynamic atmosphere and provided additional insights. In order to provide confidentiality, interviewees appear in the following chapters under an abbreviation 'INT' followed by a number from 001 to 102. Where a company was represented by more than one interviewee additionally letters (a-c) are used after the number. The interviews were recorded and the participant information sheet (regarding the research) was provided to the interviewees prior to the interviews. Signed consent was obtained from the interviewees for the use of their interviews in the research. The recordings of the interviews were later sent to a reputable company for professional transcription, the transcripts were subsequently verified against the recordings for accuracy by the researcher and kept securely. Further details regarding this are provided in the final section of this chapter.

All the interviews were conducted after May 2019. This was important as it meant that the interviews were able to secure interviewees' views after the specified two years that had been allocated to employers to commence their levy-funded training had passed. From May 2019, unused levy funds had begun to expire and were no longer available in employers' levy accounts for levy-funded training. Conducting the interviews after the two years allowed by the government for decision-making on levy-funded training by employers had elapsed enabled definitive data to be gathered on employer training decisions following the introduction of the levy. Had the interviews commenced earlier, this would have been before non-training employers had begun to lose levy funds (if they had not already commenced levy-funded training) and could lead to the risk of inadvertently gathering data that may have (unintentionally) reflected employers' training intention or non-intention rather than what they actually did in reality. There are various reasons why an employer's initial intention to train may be waylaid and fail to materialise (a sudden organisational changes/restructure or after review deciding that the requirements for levy-funded were unsuited to their organisation at that time) or alternatively employers who had previously professed themselves to be unwilling to engage in training may perform an about-turn as the moment approaches when their levy funds begin to be forfeited if they do not train and they therefore decide to engage with levy-funded training before this occurs.

By conducting all the interviews after May 2019, the risk of producing inaccurate or non-definitive data for the first two years that the levy is in operation has been avoided. This has ensured the gathering of reliable data from which to build understanding of employers' responses to the levy, their approaches to training (strategic or otherwise), and their concerns about and reflections on the levy in this period.

Before discussing the selection of the participants, the following section will explore the role of the researcher.

The Researcher's Role

It has been recognised that researchers play a very important role in qualitative research (Seal et al., 2004; Liamputtong, 2019). Interviewees and the information they provide might be influenced by 'social similarities and distances' between themselves and the interviewer (Silverman, 2011, p.136). Researchers may also choose different approaches and behaviours when conducting interviews. For example, the interaction can be neutral with minimized interviewer 'presence' or reciprocal where the interviewer discloses their personal biographical details and is willing to share their own experiences with the interviewee (Rapley, 2004). Ritchie et al. (2014) suggest that the style of interviewing should be adjusted in accordance with the goals of the research. This research is soliciting the professional views of interviewees on levy-funded training and whilst recognising that complete neutrality may not be achievable (ibid.; Rapley, 2004), a neutral approach was selected as the most appropriate interviewing mode. The interviewer saw their role to be of 'gathering and documenting a rich account of the participant's knowledge, experiences or thoughts on a topic' (Nathan, Newman and Lancaster, 2019, p.404) whilst remaining 'neutral but interested' (Rapley, 2004; p.22). The interviewer should 'allow interviewees the space to talk at length' (ibid.) while maintaining the conversation with questions and (where appropriate) probes. There was evidence of some success with this approach with a number of interviewees commenting towards the end of interviews that they had found the questions to be helpful in facilitating their reflections upon their interaction with levy-funded training. One interviewee (INT050) said that it was "a really useful

reflective conversation for me" and another even described the experience as "cathartic" (INT060).

The researcher is a mature student with many years of experience in business as an employer (with both entrepreneurial and managerial experience) and also in the charity sector. This previously obtained experience provided practical knowledge and understanding of the employer's perspective and of the allocation of funds (as in their previous role the researcher had been responsible for the allocation of funds). Furthermore, this previously obtained experience helped the researcher to understand the behavioural norms of a corporate/business environment and to establish rapport with interviewees.

Selecting Participants

The efficacy of qualitative research is not dependent upon being statistically representative but rather qualitative research seeks to provide an in-depth understanding of the research issues. An appropriate means of doing this is through non-probability sampling and purposive sampling is a leading example of this approach (Ritchie et al., 2014; Liamputtong, 2019). Purposive sampling is based upon 'a deliberate selection of specific individuals, events, or settings because of the crucial information they can provide, which cannot be obtained as adequately through other channels' (Liamputtong, 2019, p.18). It offers the opportunity to recruit suitable interviewees on the basis of certain characteristics which aid the scrupulous examination of the research questions (Bryman, 2012). The data for this research was collected from a wide range of private sector levy-paying employers. Although the levy is payable by all UK employers (with a payroll of over £3 million), the research decision was made to restrict the selection of interviewees to the private sector.

There were a number of reasons underlying this decision, one of the most important of which was that employers in the private sector engage in substantially less training than their counterparts in the public sector (Ashton and Green, 1996; Shury, Davies and Riley, 2008; Green, 2013). Therefore, as the private sector is where the employer retreat from training is most profound, it is the sector most in need of the levy to stimulate employer demand for training. Equally, as mentioned

in the previous chapter, employers in the private sector are more likely to have the poaching concerns (Shury, Davies and Riley, 2008) which the levy intends to redress.

A further reason was that public sector employers, with over 250 employees, have been set 'the public sector apprenticeship target' of 2.3% apprenticeship starts for either new or existing staff (DfE, 2018) and targets do (and are intended to) influence behaviour. It is likely that some levy-funded training in the public sector will be occurring as a consequence of the target whereas there are no such targets in the private sector. Private sector employers are commercial entities which will be free to choose whether (or not) to engage with training, and in the private sector, as there is only the levy to stimulate employer demand for training (i.e. there are no targets), the private sector is expected to provide clearer information regarding the capacity of the levy, in its own right and without assistance from targets, to stimulate employer demand for training. There is most certainly also a need for research into the impact of the levy on the public sector (and comparatively upon both sectors) but this research has decided that because the private sector is where the greatest decline in employer training has occurred, is where the strongest concerns about poaching lie and is not influenced by targets, it is the private sector which will be the most appropriate focus for this research into the ability of the levy to stimulate employer demand for training.

The employers interviewed were all engaging (to some extent) with levy-funded training. This was a deliberate decision that was made upon multiple grounds. Firstly, it was mindful of the fact that the levy had been introduced at a low level. At a low level, it was always unlikely to cause a profound change of course in many non-training employers. In the second chapter, the levy was termed 'the halfpenny' levy because it was set at the rate of 0.5% and just as with the halfpenny ("most people don't even bother to pick them up when they drop them", Anthony Beaumont-Dark, cited in Roberts, 2012, p.98) it would appear to be inevitable that at 0.5%, the levy would not be forceful enough to persuade all employers to engage with levy-funded training.

The reasons for the person not picking up the dropped halfpenny are likely to be along the lines that the halfpenny is a low-value coin, the value of which did

not merit the effort that would be entailed in picking it up. Rather than focus upon understanding the reasons for not picking up the halfpenny, this research has by contrast chosen to focus upon understanding the reasons and motivations of those who have indeed chosen to stoop down and retrieve their halfpenny coin and engage with the levy-funded training that their levy payment of 0.5% of payroll entitles them to. This is an important and interesting question and it is through qualitative research into their experience of levy-funded training that data may be gathered that will enable findings into the potential for the levy to stimulate employer demand for training (this research also recognises the need for research involving employers who are not engaging with levy-funded training).

This is the alternative to a quantitative approach which would present an incomplete picture if it were to solely focus upon a fall in apprenticeship numbers. If taken at face value, this fall would appear to indicate that the levy is not stimulating employer demand for training. However, this strictly numerical approach is insufficient grounds to draw such a conclusion as much training (prior to the levy) was subsidised and regarded as low quality with apprenticeships often lasting a matter of weeks or months and not the minimum duration of 12 months that is required of levy-funded training. Levy-funded training intends to definitively raise the quality bar of training whilst enabling employers to access the training that they require. Therefore, it is by engaging with the experience and views of those employers who are engaging with levy-funded training that understanding may be developed of whether through the provision of quality and relevant training, the levy is able to stimulate employer demand for training.

In seeking to determine whether the levy can stimulate employer demand for training it is important to understand employers' motivations and reasons for engaging with levy-funded training. The all-important question, with respect to the capacity of the levy to stimulate employer demand for training, is whether additional training is occurring that would not have occurred in the absence of the levy and data regarding this may be gathered during the interviews. Moreover, there is the need to understand whether employers are approaching levy-funded training with a strategic and long-term mind-set and if the levy is, as intended, removing employer concerns about poaching. Employers who are engaging with

the levy are able to share their experiences and views on the levy's implementation and in particular, the areas which employers deem to have been problematic or successful. The interviews will present the opportunity to gain an understanding of whether employers regard levy-funded training as raising the quality of training and as becoming increasingly employer rather than provider led. Furthermore, the interviews will enable exploration of the issue of whether employers feel able to recruit candidates (that they view as) of the calibre that is likely to encourage employers to further expand their engagement with levy-funded training.

It is through interaction with these training employers that a sense of the levy's potential can be established because of, as reference was made earlier, 'the crucial information they can provide, which cannot be obtained as adequately through other channels' (Liamputtong, 2019, p.18). As previously mentioned, research which includes those employers who have elected not to engage with levy-funded training will be of value, most particularly as there is no reason for the decision not to engage with levy-funded training at this stage to represent a permanent or final decision. However, for the purposes of this research it is self-evident that employers who are not engaging with levy-funded training are unable to reflect on the experience of engaging with levy-funded training and provide the data that this research requires. Almost certainly, there will be non-training employers who will be monitoring the experience of training employers with levy-funded training. If those training employers appear to be extracting value from levy-funded training, this may well encourage others to follow suit. A hesitancy (rather than a point-blank refusal) in some employers to engage with levy-funded training is entirely to be expected, as with new initiatives, such as levy-funded training, there will always be 'first movers', 'early adopters' and 'late adopters' (as well as those who will have no interest in engaging with levy-funded training in any circumstances). If the experience of those employers engaging with levy-funded training is for the most part successful, it may well be that the levy will be able to further stimulate employer demand for training. The chosen methodological approach of qualitative research which is based upon semi-structured interviews is the approach that is best equipped to gather data on the experience of employers

with levy-funded training and the capacity of the levy to stimulate employer demand for training.

The individuals interviewed, as a part of the sample of levy-paying employers who were engaging with levy-funded training, were all able to provide the relevant and required information about their company's approach to the levy-funded training. Purposive sampling enables the selection of specific 'information-rich cases' (Patton, 2015, p.264) and the individuals with whom the interviews were conducted were responsible for training in their company (or sufficiently senior to make training decisions).

With apprenticeship training, there has been great variation in cost and quality across different sectors/industries. For example, low-quality apprenticeships have been associated with retail and hospitality (Ryan and Unwin, 2001; Ryan, Gospel and Lewis, 2006; Brockmann, Clarke and Winch, 2010) while sectors such as engineering have long-established traditions in apprenticeships. The sample therefore included informants from a wide range of sectors in order to capture a range of employer perspectives. The levy is a universal levy (i.e. non-sectoral) for employers with a payroll over of £3 million and interviews were conducted with 102 employers (107 interviewees) from a broad range of sectors which can divided into the following groups (Table 1):

Table 1. Participating employers (by sector)

Sectors	**Number of interviews**
Manufacturing	20
Utilities	5
Construction & Engineering	10
Retail & Wholesale	12
Transport	3
Hospitality (Hotels & Accommodation, Restaurants, Pubs & Bars)	13
Media & Telecommunications	5
Financial Services	11
Professional & Business Services	19
Health & Social Work	4
Total:	*102*

Interviewees were recruited in a number of ways. Firstly, through social networking as the researcher vigilantly sought out opportunities to recruit potential future

participants and to maximise the possibilities offered by the researcher's pre-existing contacts. Examples of this included reaching out to personal contacts that the researcher had made over the previous twenty years and initiating conversations and exchanging details with participants at multiple events and conferences that were dedicated to the levy, apprenticeships and training. These included (but were not limited to) the Apprenticeships4England Conference 2016; the three-day FE Week Annual Apprenticeship Conference in 2017, 2018 and 2019; a number of Westminster Employment Forum events that were dedicated to the levy, apprenticeships and training; Chartered Institute of Personnel and Development (CIPD) events that were dedicated to the levy, apprenticeships and training as well as events that were hosted in the House of Commons and dedicated to the levy, apprenticeships and training. In addition to this, the researcher also had individual meetings with representatives from Unionlearn (the learning and skills organisation at the Trade Union Congress) and the Chartered Institute of Personnel and Development (CIPD) given their expertise and ability to provide potential further contacts. Levy-paying employers engaging with levy-funded training (and the individuals with responsibility for training) were also identified through publicly available information (statements made in the media, information on companies' websites and in specialist training newspapers) and then invited to participate in the study by email, LinkedIn or by telephone.

The process of recruiting participants also involved snowball sampling – 'asking participants for recommendations of acquaintances who might qualify for participation' (Robinson, 2014, p.37) with a particularly useful contact able to suggest a number of employers potentially interested in participating. The participants were not personally known by the researcher prior to this study and participation was completely voluntary.

Analysis

The interviews generated extensive and in-depth insights. The intention was to seek to ascertain the perspective of employers on and their experiences with the levy whilst simultaneously seeking to understand the factors which underpin their attitudes and decision-making processes on the levy and levy-funded training.

There is great complexity inherent to this and in the effort to first unravel and then make sense of this complexity it was decided that thematic analysis would be the most appropriate approach (Braun et al., 2019). Thematic analysis involves 'identifying, analysing, and reporting patterns (themes) within data' (Braun and Clarke, 2006, p.6) and offers 'a rich and detailed, yet complex account of data' (ibid., p.5) while giving the opportunity to move beyond description and interpret multiple facets of the data which address the research questions (Boyatzis, 1998).

The analytic approach adopted by this research fell in step with the approaches described by Braun and Clarke (2006) and Ritchie et al. (2014) and moved from a thorough inspection of the data to an interpretive analysis. The process started with the 'data management stage' (Ritchie at al., 2014), which included 'familiarisation' – i.e. 'immersing' oneself in the data whilst making notes about issues of interest to the research, developing initial set of codes and organising the data (Braun et al., 2019). The term 'code' is understood in this context as 'a word or a short phrase that symbolically assigns a summative, salient essence-capturing and/or evocative attribute for a portion of language based or visual data' (Saldana, 2016, p.4). Codes were applied to the 'alike' data pieces in order to group them together and analyse further. The initial list included a mix of codes that were emerging from the data and the issues which were discussed in the literature review which were becoming identifiable in the data (Braun et al., 2019).

As the codes at the early stage were used to 'label' and organise the data they were descriptive and broad. For example the initial list included the following codes: approach; levy-funded training (this included sub-headings of 'existing staff', 'new starts' and 'levels'); delivery; relationship with training providers; trailblazers; reforms (including sub-headings of '20% off-the-job'; 'end-point assessment'; 'frameworks to standards'); impacts; retention; poaching; perception of apprenticeships; perception of the levy; barriers. The codes were further refined and reapplied as the data extracts that were collated under each heading were reviewed for coherence. As the number of codes was growing in the process, a record of codes and their descriptions was maintained and regularly revised in order to 'assess its current content and possible evolution' (Saldana, 2016, p.27). For example, the code 'approach' was defined as 'any description of strategies,

motivations and reasoning behind using levy-funded training' and was subsequently divided into the following sub-headings: 'pipelines and succession'; 'addressing skills gaps and shortages'; 'development and engagement'; 'recouping the levy'; 'social mobility and diversity'; 'retention tool'. In the process of coding, the codes evolved and were renamed, merged or split further.

As the interviews provided rich and plentiful data, the data management process made it 'easier to access and interpret' the data (Ritchie et al., 2014, p.297). The extracts under each heading and sub-heading were further reviewed by 'mapping the range and diversity of views and experiences, identifying constituent elements and underlying dimensions' (Ritchie et al., 2014, p.285) which enabled more analytic rather than descriptive concepts and themes to be developed (Braun et al., 2019). These themes were then further revised, defined and 'checked against the whole dataset' as suggested by Braun et al. (2019, p.285). Summaries of and notes about the data as well as analytic memos were maintained throughout the process. Once the themes were distilled, they were considered within the wider context of existing research and literature and incorporated into the write-up of the findings. The views of researchers are divided regarding the use of numbers in presenting findings of a qualitative study. While Ritchie et al. (2014) argue that it is best to be avoided, Seale and Silverman (1997, p.380) consider that it may 'help readers gain a sense of how representative and widespread particular instances are'. In the effort to further the understanding of the reader, as to the prevalence of particular views or perspectives amongst the interviewees, the research has occasionally used 'simple counts' (ibid.) in presenting the findings.

Nvivo was used to facilitate the process of data analysis, notably at the data management stage when it aided the organisation, inspection and displaying of data more efficiently (Grbich, 2013; Bazeley, 2019). It has also been argued that the use of qualitative data analysis software (QDAS) 'may also help increase the rigour of analysis' (Ritchie et al., 2014, p.289) due to its capacity to aid both the systematic examination of the data and ease the locating and retrieval of information, sources and context. With the interpretative level Nvivo assisted with investigating patterns by enabling the running of coding queries, the organisation and storing of analytic 'memos' as well as providing a means to visualise emerging thoughts regarding the

relationships between the various codes. The use of QDAS however did not 'obviate the crucial role of the researcher within the analytical process' (Ritchie et al., 2014, p.290), but rather acted as a tool that encouraged and aided deeper and more rigorous engagement with the data (Bazeley, 2019).

The data analysis was an ongoing part of the research occurring alongside the data collection and included regular revisions of the codes and themes as well as revisiting the original data in order to verify ideas and look for new evidence and was undertaken as an iterative process (Merriam and Grenier, 2019). At the point when no new themes were emerging was the point at which it was deemed appropriate to cease conducting interviews as sufficient data for the research had been obtained (Morse et al., 2002).

Validity, Reliability and Research Limitations

Reliability and validity are important concepts used to assess the quality of research (Bryman and Bell, 2007). However, the value of the notion of validity and reliability in qualitative research has been widely contested as they originate in the natural sciences (Ritchie et al., 2014). Some researchers replace these concepts with other terms such as 'rigour' or 'trustworthiness' and use credibility, transferability, dependability and confirmability as a criterion alternative to the one in quantitative research (Bryman and Bell, 2007; Liamputtong, 2019), while others continue to utilise 'reliability' and 'validity' in qualitative research. While recognising that the terms validity and reliability may be 'imperfect' Ritchie et al. (2014, p.354) argue that these concepts can in fact be applied to qualitative research 'in their broadest sense as referring to the 'stability' of findings and how authentic and credible they are'.

Validity is 'traditionally understood to refer to the 'correctness' and 'precision' of the research reading' (Ritchie et al. 2014, p.356) and has been considered for the purposes of this study as offering an assurance that the data was appropriately collected and rigorously analysed, that the findings are credible, grounded in the data and may be applicable to groups of employers other than the sample (Liamputtong, 2019). As this study is based upon interviews the validity of the research findings is dependent upon 'the accuracy of the information provided

by the informant' (Mosley, 2013, p.21) as they may intentionally or unintentionally omit certain details. For example, Mosley (ibid.) noted that 'decision makers, when asked to reflect upon past events, may strategically misremember or revise their accounts, and likely in a way that is favourable to them'. The information obtained was therefore assessed by considering the 'metadata' that was available to the interviewer. This included knowledge of the context, evaluating 'the internal consistency of the interviewees' answers, the biases revealed by the interviewee, and the points of hesitation during the interview' (ibid.).

A consistent approach was taken with the research which provided ample opportunity for participants to express their views and included continuous reflections and checks for 'accuracy of fit' (Ritchie et al., 2014, p.360) of emerging themes and concepts. The data was collected from and considered in the light of other sources of information such as government reports on apprenticeships and the apprenticeship levy and other documents and materials that were available in the public domain.

Reliability is understood to be producing reliable research findings that would be expected to be replicated in other studies – i.e. the expectation that they would be repeated 'if another study using the same or similar methods was undertaken' (Ritchie et al., 2014, p.355). It may be that the replicability of this research is limited due to the uniqueness of the moment in time that the research was undertaken (in the early stages of the levy as employers initially become accustomed to the imposition of it). As mentioned earlier in this chapter the data collection started immediately after the two years which were allowed for employers to decide how to use their levy had elapsed. While this important delay in data gathering barred the risk of the inadvertent inclusion of speculative or uncertain data regarding the initial impact of the levy on employer behaviour, as time passes, employers' attitudes and approaches to using the levy may (and would be expected to) further evolve and/or change due to various factors, for example the success or otherwise of employers with levy-funded training or changes being made to the levy. It is therefore unlikely that it will be possible to replicate the study exactly (because of the particular 'moment in time' that the data was gathered). However, notwithstanding these necessary caveats the rigour of the

approach that the research is based upon is indeed intended to maximise the potential for replication by demonstrating 'as much as possible of the procedures that have led to a particular set of conclusions' (Seale, 1999, p.158).

A further caveat is the potential for self-selection bias in the sample as the participation in the research was voluntary and 'individuals who consent to be involved in interviews may be different to those who do not, in ways that are not related to sampling criteria' (Robinson, 2014, p.35). However, voluntary participation is one of the core principals of ethical research and must not be neglected (Becker, Bryman and Ferguson, 2012; Robinson, 2014). Over one hundred employers were interviewed for the research and these employers were of varying sizes and located throughout England. The employers were spread across a number of sectors and were involved in the production of goods and services for a wide range of markets. These factors help reduce the likelihood of bias being introduced into the analysis.

Ethical Considerations

The study is interview-based and involves interaction with humans and therefore the ethical aspects of the research have been considered thoroughly to ensure the safety and well-being of the participants. The research followed the principles outlined in The Warwick University Research Code of Practice, The Economic and Social Research Council Research Frameworks and The Warwick University Humanities and Social Sciences Research Committee (HSSREC) Guidelines for Research Students. WBS Research Ethics Form and Checklist were submitted at the MPhil Upgrade and PhD Annual Review stages and approval was granted.

The study did not present any obvious threats to the well-being of the participants. However, considering their high positions at private companies, confidentiality was very important as well as the anonymity of the interviewees themselves especially as their personal views on the subject may have differed from their companies' positions and their employment and reputation could be affected. Potential interviewees were sent the participant information sheet which explained the goals of the research, the details of participation, anonymity arrangements and how to withdraw from participation should they wish to do so. Research data was

anonymised after data collection through allocating numbers to the interviews. Anonymity of individuals as well as the companies they worked for, confidentiality and privacy were ensured and protected through omitting detailed descriptions of locations or other details that may be traced back to participants when presenting the findings. A signed consent form was obtained from interviewees for each interview, which confirmed their agreement for the interview to be audio recorded. The interviews were sent for transcription to a reputable company compliant with data protection regulations and recommended on the list of Warwick University suppliers. The data was stored on the researcher's firewall protected and password-locked laptop.

CHAPTER FOUR
Free-riding, Poaching and the Apprenticeship Levy

Introduction

The first of the research questions seeks to answer the question "to what extent is the levy able to address employer concerns regarding the risk of training and potential free-riding and poaching by other employers?" As discussed in previous chapters, the literature on training levies has identified a levy as offering the means to redress a market failure in training and thereby to ameliorate the poaching externality concerns of many employers (Upchurch, 1997; Ok and Tergeist, 2003; Gospel and Casey, 2012; OECD, 2017a). Poaching externalities are identified as one of the primary reasons for employer under-investment in training (Streeck, 1989; McNabb and Whitfield, 1994; Stevens, 1996). The Chancellor made direct reference to these concerns, as a part of the justification for the introduction of the levy, when noting the predisposition of a number of large employers "to take a free ride on the system" (Osborne, 2015).

As acknowledged in the second chapter, Keep (2006a, p.5) noted that whilst it is commonplace for governments to cite market failure as providing the grounds for intervention, there is also reason for caution as 'there is very little reliable data on either the scale of poaching or its impact upon employers' training decisions'. Although neither the evaluation nor provision of data regarding the scale of poaching are within the scope of this research, it is worth remaining mindful of Wolf's comment that 'the perception that it [poaching] is likely can be just as destructive in its effects' (Wolf, 2015, p.14) and so uncertainty regarding scale does not signify that these concerns are either paper or toothless tigers. The second part of Keep's statement regarding poaching and training decisions, however, is an area in which this research is seeking to contribute.

In order to evaluate the ways in which the levy has impacted and is impacting upon employer poaching concerns with respect to employer engagement with training, this chapter initially seeks to explore and develop understanding of employers' views on poaching.

Employers' Views on Poaching and Retention Issues

There were those employers who expressed themselves as unconcerned about the risk of training employees who may subsequently leave for another employer. For example, INT009b stated that "it has never been an issue" and similar views were expressed by sixteen other interviewees. However, in the vast majority of cases there was some degree of concern. For example, INT030 stated that there was "always a risk" and INT015 regarded it as "an occupational hazard".

The interviews revealed that most of those who expressed concerns about trained employees leaving were considering it under a broader umbrella of general retention issues rather than specifically as a poaching threat. These employers did not appear to associate their retention issues directly with other employers utilising poaching strategies, with INT033 emphasizing that "there's a thousand reasons why somebody joins or leaves the company". A range of factors which may impact upon retention were identified by interviewees and these observations were based upon both their experiences and evidence accumulated from engagement exercises with employees (exit surveys, feedback etc.). A number of the reasons that employers identified were considered to be outside of the employers' control, for example a change in employees' personal circumstances and work choices (such as a career change that involved moving to a different industry). Factors that employers did feel that they possessed the agency to influence included organisational culture, pay, development and progression opportunities.

"Being a good employer" (INT019) or "making it a great place to work" (INT080), maintaining a high reputation for their employer brand was seen by interviewees as one of the most important aspects of retaining employees. This view was supported by examples of employees who left and later returned because of the working environment/conditions. Those who said that retention was generally good in their companies and not a concern also tended to connect it with organisational culture/working environment with INT028 explaining:

> *The way in which we treat our people as well, the way we remunerate them, support them, look after them, a lot of people remain with our company and have very, very long careers. We've*

never been concerned about training people and then seeing them depart.

Exactly the same quote (perhaps heard at a training event or read in a training article/book) “train people well so they can leave but treat them well enough so that they don’t want to” was used by four interviewees (INT017, INT019, INT078, INT079) to illustrate and support viewpoints such as the one expressed above.

The risk of losing employees due to differences in pay was, however, acknowledged to be a factor. As offering higher pay to someone trained by others is at the core of poaching, this could indicate that poaching strategies may have been involved even if it is not perceived as such or explicitly emphasised as such by the interviewees. It may have become such an established part of the landscape of work to change employers for higher remuneration that it was neither seen as poaching nor was the language of poaching attached to it. Perhaps becoming a poaching variant of the quote attributed to Charles Baudelaire “the greatest trick the Devil (poaching) ever pulled was convincing the world he (it) didn’t exist”.

The role of pay was particularly noticeable in relation to low-wage employment and some jobs with particularly high-turnover, examples of which were drivers, chefs and carers, where it was recognised by interviewees as commonplace for employees to frequently and readily move from one employer to another for slightly higher pay. This was illustrated by INT071 saying that employees “will change companies for 50 pence an hour” or INT025 even going as far as to suggest that “people will move down the road for 10p more”. Geographical location was a further additional factor that enabled and constrained employee movement between employers. Retention could be particularly problematic for employers in larger cities (with London being the standout example) as there were more opportunities to move around, with INT001 saying:

…if you take London for example, people are always on the move because you can just move around so much easier, and the hospitality industry is notorious for people moving from one location to another because they can then get slightly more pence an hour for example because over a year that will all add up, and just because

the way it works within London, the network, these people can move around a lot easier.

Retention was persistently viewed as an industry-level problem by those in Care, Retail and Hospitality. With the latter, in addition to the factors already discussed in this section, retention problems were also linked to the perception of employment within hospitality often being viewed as somewhat transitory. For example, a recurring view among interviewees was that people often "fall into hospitality" (INT008) rather than viewing hospitality as "a real job" (INT054). This was particularly the case with entry-level positions and younger employees who were perceived to work in the industry while deciding what they wanted to do in life, with INT086 expressing their frustration:

> *One of our biggest challenges is… so I think there's a mentality as the teenagers are coming though into the industry now, there's also this kind of thought from mum and dad that "actually, we don't want you to work in hospitality forever because it's not a career and you're not going to make a good earning from it", when actually we've got some really great case studies within our industry where somebody's gone from a back of house worker to now sitting on the board of directors, and actually they're not somebody that's perhaps gone through university education, they just worked well within the business.*

Even though specific poaching concerns were rarely expressed by interviewees, the prevalence of general retention concerns amongst the employers in combination with the retention issue that is presented by the pay differentials existing between employers invites closer investigation of the ways in which this correlates with employer training. The complexity of this is furthered by a lack of training and development actually being cited by interviewees as potentially one of the reasons for employees leaving, with INT005 explaining their rationale behind using levy-funded training for upskilling their existing employees:

> *…from our employee engagement surveys a particular population of people told us that they didn't feel that they had enough learning and development and career options or choice. So maybe that was a*

reason why they were leaving so it's retention tool and engagement tool.

This suggests that there are employers who believe that training and development may in fact be able to aid the retention of employees. If training is a tool for retention, then this may provide an impetus for further employer engagement with levy-funded training. Indeed, it became apparent from the comments of a number of interviewees that training in conjunction with the presence of opportunities for progression is perceived as both highly valued by employees and also regarded by employers as a particularly strong mechanism for retention.

This interplay between employers, training and retention is considered in further detail in the following section.

Training as a Tool for Retention

The loss of some employees was generally recognised as being a somewhat inevitable fact of life and prompted little angst. If employees opted to leave for pastures anew it was seen as inconvenient and undesirable, but it was also accepted as largely unavoidable. As INT094 succinctly phrased it: "that's just life, you know, you've just got to put up with it". The overall picture painted by the employers interviewed was that it did not constitute a reason to either curtail or have an impact upon their wider training plans. A number of interviewees expressed in different ways the need to preserve training in spite of the inevitability of some employees leaving, and this sentiment was encapsulated by the adage that INT015 drew upon to explain the importance of training "there's only one thing worse than training people and they leave and that's not training them and they stay".

As such, the perspective of employers on training, risk and retention was neither naïve nor indignant but rather appeared to be reasoned and worldly. The interviewees were well aware that training was likely to increase the desirability of their employees to other employers and that they could potentially by training their employees be creating a 'flight risk' but the general view among interviewees was that in spite of this risk, training remained a risk that was well worth it and

necessary to take. Most of the employers interviewed did not express or show any inclination towards reducing or ceasing training because of retention concerns. By contrast, as indicated earlier, many employers focused on the potential for training to have a positive impact upon retention, with INT077 saying: “as much as that may happen [losing an employee after training], it may also be a fantastic retention tool for us as well”. INT034 had found within their organisation that training had aided retention:

> *We've done some correlation between intent to leave and training development. There's a strong correlation. People who get trained and developed stay longer than people who don't. We do very much see it as a retention tool.*

Therefore, the option of being deterred from or opting not to train employees because of concerns about the risk of employees consequently leaving was on occasions perceived to be short-sighted as well as counter-productive. It was felt that by seeking to negate the risk of losing trained employees, employers following the non-training path would inadvertently create a further and more damaging risk of losing not only the better engagement and performance that employers associated with training but potentially also losing employees. As INT051 explained:

> *I think for me, it's if you don't invest in growing and developing your staff, then you run the risk of losing them because they disengage and they don't feel that they can build or grow a long-term career with you.*

Moreover, training was regarded as being a prerequisite to meeting the demands of a fast-changing work environment and continuous learning is required as INT052 said “in order to just remain good at what your company does, let alone to do anything else” and INT085 concurred stating that “we need to upskill to meet the demands of the future, we have massive infrastructure requirements”.

There was also some evidence that employers could be relatively unperturbed about the possibility of other employers free-riding on their training investment as they acknowledged that they were likely to both benefit and lose in this regard. This was demonstrated when INT061 observed:

> *You win some, you lose some and I equally will... I'm sure we'll recruit people that have done apprenticeships in other businesses. I think we've been quite relaxed about it. I think there's no other way to do that.*

Although a view such as this was only explicitly expressed on one other occasion, it may be an indication of an outlook that may become more prevalent if more employers engage with levy-funded training. If more employers are training, then they are likely to become less concerned about losing a trained employee as they will be aware that they will also be able to recruit an employee who has been trained elsewhere.

A further point which was made recurrently by interviewees was that employees who left may on occasion return. This view was represented by INT005 stating: "they could go and leave us, they could get skills experience somewhere else, because of the great relationships they've got with us they might come back". If this were to happen, it would be viewed as a positive because the employees would have added to their experience and knowledge by working elsewhere. Furthermore, it may also lead to better engagement and performance as the employee may have recognised that the grass was not necessarily greener on the other side of the fence.

Interestingly, there were indications on a sectoral-level of employers adopting a broader perspective which acknowledged that they formed a part of a larger sectoral picture. An example of this was found in hospitality where there were cases of interviewees recognising that they worked in a sector which was beleaguered by retention problems and that by providing good quality training they might be able to play a part in helping to improve the overall reputation of the sector. INT089 expressed this as having an "understanding that we are part of that bigger piece and we're actually going to help the industry through the quality we give". Such sentiments were less commonplace in the construction and manufacturing sectors but were noted among those employers who had interdependent relationships with smaller employers in their supply chains and accordingly recognised the importance of training occurring beyond their own organizations and throughout their respective wider sectors.

Although as noted earlier, employers were not unsettled by the possibility of their employees being poached by non-training employers, an interesting related theme emerged. Alongside viewing training and development as a tool that could assist retention, it also became apparent that employers felt that training and development might actually be able to turn the tables on expectations of free-riding and poaching. Training and development need not lead to the risk of losing employees to non-training employers but rather and importantly provided the means to attract employees from non-training employers to themselves. As INT035 noted:

> *It's massively part of the retention programme. The reason people come to work for us out of all of our competitors is because we train. People have come from our competitors to us because they've been with our competitor for years and never had any training. We offer training from day one, we have personal development plans all the way through.*

Even employers who were less inclined towards singling out training as playing a particularly important role in retention did not dismiss its role, but rather placed it as one of a number of contributory factors (i.e. organisational culture, pay, progression opportunities etc.) but again, these employers were not overtly troubled by poaching concerns. INT080's view was that "training can help retention but I think it goes beyond just training" and INT062 expressed the following view:

> *We realise if they really like it here and we give them a good experience, they'll want to stay. So it sort of…we've got control of that to a certain extent. And obviously there are some reasons why they might want to leave. But generally, people like working here and want to stay at the end, so it's not a huge problem.*

With levy-funded apprenticeship training and retention, it was common for interviewees to anticipate that it would significantly strengthen the bond between employer and the employee. There is a logic to this, as a levy-funded apprenticeship makes a far more substantial training offer (in terms of duration and time that is allocated as solely for training) to the employee than other (likely much shorter) workplace training opportunities. Those who believed that it would have a

positive impact on retention were often strongly convinced of this, as INT016 stated: “I think the apprenticeship is a great way of actually helping to build that loyalty and retention”. The conviction was on occasion further supported by statistical evidence, with INT089 explaining that:

> *It does help retention. I think the levy stats we've looked at, we're three times more likely to keep somebody if they're on an apprenticeship than not on an apprenticeship programme. That's had a really good impact.*

The positive impact of levy-funded training was predominantly ascribed to the employees on levy-funded programmes (most particularly new start apprentices but also with existing staff) feeling valued, and subsequently developing loyalty towards the company as a consequence of the employer opting to invest in their training and development. The important role of such factors should not be under-estimated as they are pivotal in establishing an environment within which employees wish to remain. This was illustrated by the following comment from INT102:

> *You know, as a human being, you feel indebted to people who have kind of like, you know, taken you on, put you in at a junior level, given you training and development, you feel more…yeah, I just think you’d feel more indebted. I think there is definitely a case of loyalty and better retention.*

INT018 also remarked that “many of the apprentices that we have, we get great loyalty from them. So, we don't find that by us investing in apprenticeships that we then lose them to other people”.

The interviews revealed that there were two further ways in which employers identified levy-funded training as being particularly able to aid retention. Firstly, it was through the quality of the offer that employers demonstrated (by placing the employee on a levy-funded apprenticeship) their willingness to invest in the employee. This was most particularly the case with longer-term programmes such as degree apprenticeships which were high-value and highly sought after by employees with INT006 saying “with the guys we've got on our degree programme absolutely that's how to retain them”.

The second way was unambiguously and thoroughly pragmatic. Levy-funded training was at the bare minimum expected to retain employees for the length of the programme (a minimum duration of 12 months for levy-funded training) – as it therefore presumed that people on the programmes would be less likely to leave. This was of particularly pertinent interest (but was not confined) to retention-problematic industries where there were interviewees who believed that levy-funded apprenticeships would shortly or had already enabled an improvement in staff turnover figures. INT100 noted their improvement in turnover: "from the business perspective, our turnover has reduced significantly in the whole business and for apprenticeships within the business, it's 20% lower than the company turnover, so we feel that, once they're under apprenticeship, they will be more committed to stay with the business as well".

The duration of the programme was naturally a minimum retention expectation and the hope was that once the employee had achieved their qualification that the pragmatic constraints of levy-funded training upon the employee would have been supplanted by a positive bond having developed between the employee and employer through the training.

In a number of interviews, employers emphasised that there was an overall need to approach training and career progression in a holistic manner and to recognise them as a package rather than as separate, unconnected entities. INT036 was of the view that employers should not be overly concerned about the potential risk of losing trained staff, as employees will not (usually) be thinking that "I'm going to leave the business and take this knowledge with me and go and do something else" but INT036 was equally clear that employees who engage in training do "want opportunities to do something more than what they're doing now… you know, generally".

There was a strong employer consensus on the need to match levy-funded training with progression opportunities and that this would require careful organisational planning, most particularly in order to ensure that there were roles available for new employees to move into once they had completed their training. Employers tended to view engaging with levy-funded training without having a pre-

prepared plan for the provision of post-training opportunities for new employees as being fraught with retention risk.

INT095 explained that with new employees they obviously do not wish to "train them up, invest all that time and effort in them for them to walk away and take those skills elsewhere". This particular interviewee (INT095) had some significant recruitment advantages (which would not be applicable to most other employers) as was evident in the following statement:

> *locally, particularly here in [employer's location] nobody pays manufacturing rates like [employer's name] […], a lot of local people and parents, relatives have worked here for the majority of their lives. They know it pays well so people want to get into [employer's name].*

Nevertheless, in spite of these advantages, they had formulated a recruitment plan that was based upon "succession planning" and identifying "whose position or what position are they likely to fill in two years' time or three years' time" and then recruited accordingly observing that:

> *The people that we're attracting tend to be your school leavers. From the company point of view, they're happy that they're school leavers because they want them to grow with the business rather than coming with maybe ideas from different companies.*

The importance of putting in place progression opportunities for new employees on levy-funding training programmes alongside integrating them into the wider organization was recognised by a multinational company that has its UK headquarters in London. With interviewee INT031 stating that as the employer, they "make sure that we find an attractive way to retain them when they finish" and that they had "organized lunch and learns and masterclasses with our entire executive team over a period of about nine months so that they would just raise their profiles so that our exec would know who they were, what they did, what they contributed".

Progression opportunities were unsurprisingly also viewed as being highly important with respect to the upskilling of existing staff. However, if there was a lag before a suitable position was to become available (provided that it was not for a

prolonged period) employers did not appear to be unduly concerned by retention issues with providing levy-funded training to existing staff. The interviewees' expectations of a positive outcome rested on the assumption that most employees would view the decision that had been made to invest in them with levy-funded training as a positive indication of the value that the employer placed upon them and because of this recognition the employee would be inclined to respond positively. Furthermore, to the benefit of both employers and employees was the knowledge that the employees would in effect be 'locked and loaded' for the moment that an appropriate progression opportunity did (expectedly or unexpectedly) present itself. The perception of levy-funded training as having a positive retention impact was highlighted by INT026 stating that through the provision of levy-funded training, they were able to "show our staff that we consider their future, we consider bettering them. And it's something that I think is a retention positive".

Employers did acknowledge that there would inevitably be times when there was no foreseeable or only very limited opportunity for further progression of existing staff. The interviewees recognised that on such occasions this may well become a factor in an employee electing to leave, but in such circumstances, there were employers who were inclined towards accentuating the positives. There were even employers who expressed the view that by training their existing employees to a level that enabled them to further progress their careers (albeit with a different employer) was not without its compensations to the training employer. The consolation to the employer was based upon the belief that as the employees were departing as well-trained individuals this would enhance their reputation. As INT078 expressed, "I don't have a problem with people leaving us because in most cases, they go [the name of the employer], what a great organization to be with and word gets out" or INT066 remarking that "when they leave, you know, they are representative of the firm".

Most likely it is because employers are acutely aware that the departing employee will (in their initial period with their new employer) be seen as being representative of the training employer and that this will impact upon the training employer's reputation that it seemed on occasions as if departing employees were

leaving with a blessing for fair winds and following seas. It is one thing for an employer to criticize a new employee who leaves after benefitting from training but to criticise an experienced worker for leaving who has given (many) years of good service would be unwise and unjustified on multiple levels and so there is pragmatic good sense in the 'silver linings' approach taken by the interviewees regarding the departure of experienced trained employees. This approach allows the employee to leave with an honourable discharge rather than under a cloud even though the reality of the situation is often likely to be sub-optimal for the training employer.

There were interviewees who recognised that there could be a debate or tension within their organisation regarding the risk of training people who may leave and those who were seeking to utilise training as a tool to enhance organisational performance and retention. INT083 acknowledged this stating "that's certainly an argument that I say we as the L&D team have with the rest of the business" but for the interviewee the advantages of training were self-evident as if you were "upskilling somebody and utilising their skills while being upskilled, it can only be a win-win to the organisation". Moreover, INT083 also viewed the non-training route as being both counter-productive and riddled with unintended consequences as "actually, the more restraint that you have on people to not want them to be upskilled and you don't want them to go anywhere else, the more you'll find that people will go elsewhere".

Although the majority of the interviewees clearly favoured the argument that the benefits associated with training made it better to train people in spite of the risk of them subsequently leaving, there were occasions (as INT083 above highlighted) when inter-organization debate or tensions on this matter were apparent. The following example illustrates the risk of a blockage that impedes the implementation of training emerging out of a line-management reluctance to enable employees to receive the opportunity for training because it would certify their skills (and thereby provide them with a portable qualification) rather than solely meet a business need. As INT055 conceded:

> *There are obviously some people that want to keep people in the position they're in because they're good at the job and worry if we give them a qualification that just enhances their CV and they might*

leave us. I think they're few and far between. I'd be wrong to say we don't have any with that view, but I think they're few and far between.

The Levy - Strengthening Employee Retention Strategies

The research broadly found that employers do not directly attribute the positive impact of the levy on training opportunities in their company to the alleviation of the concerns which they may have had about poaching and free-riding. An element of this non-attribution may be that the language and notion of poaching may appear slightly antiquated to the ear and outlook of the modern employer. Although, the concept is not to be viewed as redundant because it is still commonplace for employees to be enticed into taking their skills to a new employer for higher remuneration.

However, employers in the sample were drawn towards pro-actively engaging with the formulation of retention strategies. This appears preferable to the unattractive alternative of perceiving themselves as helpless victims whose training strategies may be swept aside by poaching. Therefore, the interviewees preferred to approach the issue from the more favourable and empowering perspective of retention rather than the passive powerlessness that poaching implies of employers. In fact, many employers were placing training at the forefront of their retention strategies. These strategies appear to have been widely strengthened by the imposition of the levy as for many interviewees the levy provided additional funding that was ring-fenced and solely available for training.

Moreover, the levy unravels the logic for large employers to poach or fear poaching due to the fact that all large employers are now involved in the funding of training. In spite of this, not all employers who are choosing to move onto the front foot with their retention strategies will necessarily recognise (nor do they need to) that the training landscape upon which they are operating has had the threat of poaching tamed by the levy. The critical issue is not whether employers (unfailingly) articulate recognition of the way in which the levy has removed barriers to training such as poaching. The key point is what the employers are doing and the impact that the levy is having upon their calculations regarding the risks and benefits of

training. As costs for training are already unavoidably incurred by the levy, this provides the basis for the levy to perform its role as a stimulus for employer training whilst also dovetailing with the employers' retention strategy.

The interviews revealed a potentially highly significant impact of the levy which had stemmed from the 'use it or lose it' nature of employer levy payments. It became apparent that the levy was prompting additional training in problematic areas of retention (where training beyond compliance would not be expected to otherwise occur). Employers who were afflicted by long-term retention issues had begun opting to use levy-funded training as a mechanism that sought to overcome this problem. This was a clear example of the levy directly prompting training that would not have occurred in the absence of the levy. As Brunello and De Paola (2004) have noted 'employees with higher turnover rates are less likely to receive employer provided training' but in the new context created by the levy, there were employers who were indeed willing to engage with training in these problematic areas of high turnover because they recognised it as a potentially risk-free opportunity to attempt to ameliorate the issue. Employees would be expected to wish to complete their training programme and even if after training employees did still continue to leave this would not have a negative impact upon the employer's 'bottom line' (as the training had been paid for through their compulsory levy payment). The levy had therefore presented the employer with a 'no lose' opportunity to provide additional training and to seek to reduce turnover. As INT088 explained:

> *For us, you know, we've got X thousand pounds sitting there waiting to be spent, you know. If we're turning over chefs at 175%, if we can get a real core population of those guys onto an 18-month apprenticeship, you know, we can drastically change that turnover figure...*

The interesting finding that emerges from this is that rather than limiting the training of those groups of employees with the highest rates of turnover which would be the usual response in the context of retention issues and potential poaching, there were examples of the levy causing employers to adopt the slightly counter-intuitive approach of training in the face of high turnover and exploring

whether training may even in problematic areas of turnover be a tool that can increase retention. The fact that this pragmatic approach is being enacted is a direct product of the levy and because employers' levy-payments are ring-fenced and only accessible for training.

Employers are likely to make further pragmatic or innovative training choices as they become more familiar with the possibilities offered by levy-funded training. As previously noted, from the perspective of retention it is important for employees to have the opportunity to progress and INT079 outlined how training and progression had enabled their retention strategy to greatly reduce turnover:

> *So the figures are showing at the minute that 95% of our apprentices all go on to progress to do another apprenticeship. That's our strategy. […] We end up with our apprentices, pretty much staying with us permanently. So, four years ago, our turnover with apprentices was probably around 50%. We're on the retention rate of 95% now. So, if you offer progression, your people will stay because they know that we're investing in them and we believe in them.*

With respect to the overarching ambition of the levy to stimulate employer demand for training, the research indicated that not only was the levy showing itself as capable of this, but that the levy was also succeeding in prompting employers to combine retention strategies with higher levels of training. An example of the levy encouraging higher-level training and aiding retention was provided by INT032 who explained that traditionally they had trained engineers up to level four. However, as a consequence of the levy, they were now able to use levy-funded training to combine additional skill development (at levels higher than they were providing pre-levy) in a way that aided retention. INT032 explained that this was achieved "by offering them up to level six, which can keep them between another three to five years". Therefore, the employer simultaneously strengthens their skills and retention strategy whilst INT032 also emphasises that the employee is in the enviable position of being "the individual [who] gets a free degree and pay" so "it is an absolute no-brainer for the candidates" as "they come out after five years with probably £100,000 in salary and no debt". This scenario enables the employer to raise the organisation's skill levels and to present the employee with a

highly attractive training proposition and this surely represents, by most estimations, a significant win-win for both the employer and the employee. It may also be expected to have (in many cases) a highly positive impact upon retention.

Training Agreements

The issue of training agreements was to feature in some of the interviews. Thirteen of the employers interviewed explained that they had used such agreements. Training agreements intend to install a constraint (on the individual level of one employer) against poaching (Brunello and De Paola, 2004; Cedefop, 2012) but (to the consternation of those employers who had been using them) the use of such agreements is prohibited by the regulations that are attached to levy-funded training. The use of training agreements clearly indicates concern about the possibility of losing trained employees but in spite of the reservations expressed by those employers who had previously used them (and could continue to do so for non-levy funded training) all had nevertheless elected to proceed with levy-funded training.

It may be possible to draw a comparison between the impact that training agreements may achieve vis-à-vis the impact that the levy may achieve, by considering individual pay negotiations and collective bargaining. Individual pay negotiations may be able to benefit some employees, but it is collective bargaining that can work to the benefit of many employees (Milner, 2015). The levy intends to remove the rationale for free-riding and poaching and by doing so can achieve a systemic impact whereas training agreements cannot achieve an impact beyond those employers who use them. Furthermore, training agreements will often be weighted in favour of the employer (rather than the employee) and this may be viewed as providing additional support to the decision to preclude them from levy-funded training (ESFA, 2019).

Summary of Chapter Four

The chapter initially sought to develop an understanding of the employers' perspective of the risk entailed by training employees who may subsequently be

poached by free-riding employers. In spite of general retention concerns, most employers did not explicitly express significant concerns about training and poaching, but on the contrary, many emphasised the importance of training from the perspective of retention. The role that employers viewed levy-funded training as being able to play in retention was explored and understanding developed of the ways in which employers had made decisions about how to enable levy-funded training to meet their needs and evolve into an effective retention strategy.

As indicated, the interviews demonstrated that employers tended to view the potential risk of trained employees leaving under a broad umbrella of general retention concerns. Employers identified multiple factors which may play a part in employees electing to leave. Chief amongst these reasons were the working environment, pay, development and career opportunities (as well as the employees' personal circumstances) and employers interviewed could certainly not be accurately characterised as anxiously scanning the horizon on the lookout for free-riding employers who may be intent upon poaching their trained staff. However, in the vast majority of cases employers did view retention as a highly important matter and had or were looking to formulate an appropriate approach that would aid its achievement. Many of these strategies bestowed upon levy-funded training a central role in providing a basis for employee loyalty through the provision of training and progression opportunities.

Although the interviewees showed some concern regarding the risk of losing employees after training, there was a clear and strong consensus that the necessity and (wide) benefits of training far outweighed the associated risk. Whilst the terminology of poaching was seldom used by employers, employers often expressed the desire to retain trained employees. A relatively small number of employers who had previously utilised training agreements were concerned that such agreements did not comply with the criteria for levy-funded training. In spite of their reservations and disquiet, all of these employers had nevertheless decided to engage with levy-funded training.

The introduction of the levy had encouraged some employers to further and others to initiate the use of training as a retention tool and most importantly in both cases this had led to training that was only occurring because of the levy. One

such example of additional training taking place as a consequence of the levy was in high-turnover industries where there were employers who had introduced levy-funded training with the primary goal of reducing turnover. Equally importantly there were also examples of levy-funded training prompting employers to engage with training at a higher-level than had previously been the case.

In conclusion, the chapter investigated the issue of whether the levy was helping to remove employer concerns about training and subsequent poaching by free-riding employers. The research found that the interviewees did not explicitly adopt such language to express their concerns about employees leaving but rather focused upon implementing levy-funded training in ways which would work to the advantage of and strengthen their overall retention strategy. Most importantly, levy-funded training was found to be encouraging a number of employers to engage further with training. Furthermore, although the negative risk that is often associated with training from the perspective of employers is that it may have the undesired consequence of prompting employees to leave, the evidence from the interviews was that levy-funded training was in fact being implemented with the clear intention of providing employees with a reason to stay. This was because the levy had prompted a number of employers to carefully formulate retention and progression strategies in concert with their levy-funded training. By offering levy-funded training in conjunction with the opportunity for progression, employers sought to enable training to strengthen (not loosen) the relationship between employer and employee which would reduce turnover and strengthen retention.

The next chapter will continue to consider the ability of the levy to stimulate employer demand for training and the approaches that employers have chosen to adopt and develop with levy-funded training.

CHAPTER FIVE
The Effects of the Levy on Employer Training Engagement

'Skills are a long-term form of investment, and increasingly for many UK firms the concept of long term is either measured in months or has simply lost its meaning'

E. Keep (2015, p.29)

Introduction

There is concern that a short-term outlook may have become so entrenched in the mind-set of UK employers as to largely preclude the sanctioning of (voluntary) employer investment in training (Finegold and Soskice, 1988; Lloyd, 2002; Cox, 2013; Keep, 2015). The employer tendency in the UK is to focus upon the short-term rather than to adopt the longer-term perspective which substantive training will often require (Gospel and Pendleton, 2003). This reluctance to invest in training thwarts the potential for long-term approaches to be developed which can "plant trees, under whose shade you do not expect to sit" (Henderson, cited in Fitzhenry, 1993, p.265). In adopting this short-term approach, employers may simply be responding to the demands for shareholder value and of the financial markets but nonetheless the prevalence of an essentially short-term perspective is deeply problematic for skills training as substantive training customarily requires time and offers an uncertain return (Keep, 2006a). Hence, short-termism is a notable factor in the reasons 'why the market for investment in skills may be subject to failure' (ibid., p.2).

The levy intends to play an instrumental role in deepening employer engagement with training and this issue is of paramount importance to the research as the principal remit of the levy is to stimulate employer demand for training. In addition, there is also the critical question of whether the levy is encouraging employers to adopt a strategic approach to training in the anticipation of this bearing longer-term fruits.

This chapter therefore seeks to answer the research question of 'what evidence is there that the levy is succeeding in stimulating employer demand for

training (i.e. causing additional training to occur that would not have happened in the absence of the levy) and encouraging a long-term and strategic approach to training?' The data in this research is extracted from interviews with employers who have elected to engage with levy-funded training in order to explore their position and develop an understanding of the approach they have subsequently elected to take.

An Overview of Employer Responses to the Levy

The interviews revealed that the initial reactions of (the interviewed) employers to the announcement of the levy had divided into those who saw it as a tax (and in some cases dismissed it as such at first), those who viewed it as an opportunity, and those who felt it was a combination of the two. The notion of the levy as a tax is not unreasonable as a levy is defined as such. However, the apprenticeship levy only becomes a tax if an employer opts not to draw from their 'levy pot' by choosing not to engage with levy-funded training. It is by offering this means to access their levy payment for the provision of training that the levy seeks to become a stimulus for employer training.

The imposition of the levy created a cost to all employers but a cost without any return to those employers who decided not to engage with levy-funded training. Therefore, as employers could extract value from the cost that had been incurred by opting to engage with levy-funded training, the levy presented an unexpected opportunity for employers to choose to deepen training engagement. There were employers, such as INT036 who recognised in the levy the chance to no longer be confined to hypothesising about potential (and likely undelivered) training initiatives, with this being the moment "to stop talking and start putting actions in place". INT043 stated that their company "saw it simply as a catalyst" for training. The announcement in the Budget of such a dramatic sea change was understandably accompanied by a degree of uncertainty with INT099 remarking that "the finer detail, which we know more about now, was not clear [at the time]" but in spite of this a number of the interviewees perceived the levy to represent an extraordinary opportunity with INT102 commenting that "once it was explained to me, I was incredibly excited".

Those interviewees who prior to the levy had had a very limited training budget or had felt that they were required to fight an uphill battle for the sanctioning of training were particularly likely to view the levy as an opportunity. This sense of the possibilities offered by the levy was further amplified in sectors such as retail which were under financial pressure (most particularly on the high street). For example, INT027 explained that despite having strong personal aspirations to "grow training" this had not proved achievable in a climate of acute cost-cutting in the sector: "retail being retail and the pressure at the moment on retail, in the last few years, we hadn't had much of a budget to be able to do that" before explaining further that "because retail is so tough at the moment, that all the budgets are being stripped right back". However, in the light of the levy placing training on the corporate agenda INT027 saw the introduction of the levy as presenting the moment to "get the business to invest in some training".

Such sentiments were shared by other interviewees who were similarly constrained by a limited budget as they too recognised the value of any port in a storm. INT081 said that because of their limited training budget, they had "embraced" the levy as it was a "really nice kind of alternative or a new option for us to explore". One leading retailer, INT065 was greatly enthused by the levy as it had led to an extraordinary "500% increase in my training budget for the company" whilst a further employer in retail INT002 sensed a real opportunity as "I think the levy has afforded us the ability to develop a really quality driven programme". The levy was enabling employers whose training budgets had been reduced (or in some cases decimated) as a consequence of market pressures to re-engage with training and the interviewees in this situation were keen to maximise the training opportunity proffered by this unexpected turn of events.

The enthusiasm was not universal and the eulogising about the benefits of training was regarded as unnecessary preaching to the choir by some employers who were already engaged in extensive training. However, in the majority of these cases as the interviews proceeded it became increasingly apparent that the root of this discontent was not in actuality based upon a high-minded objection to the government promotion of training but rather on more practical and financially motivated concerns. INT035 explained that "we were already running training in

the business which we couldn't use the levy to fund" whilst INT058 was one of a small group of employers who remarked that the levy essentially represented a move from subsidy to (more) employer-funded training, when reflecting that their training "fees [had been] paid for directly by the government" whereas now would become "an extra charge to payroll".

With respect to the first point, there were those employers who felt aggrieved that to maintain the training which they were currently offering would require two payments. The first payment would be for the continuation of their current training and the second payment was the levy. The issue for these employers was often that the 20% off-the-job training (required for levy-funded training) did not fit with their business model and neither did they necessarily need a minimum training duration of 12 months (required for levy-funded training). They would therefore be unable to utilise as much of their 'levy pot' as they would like (without fundamentally changing their training to comply with the levy-funding requirements). The frustration of their predicament was captured by INT057, "why change what we're doing to make it fit [the levy] to spend the money, when what we're doing is already really successful?". Employers in construction were often particularly aggrieved as they were already required to contribute to a mandatory sectoral levy and in addition to this were now required to also pay the apprenticeship levy. This was a significant issue of discontent for most employers in construction.

There were interviewees who noted that their companies had initially been dismissive or unconcerned by the levy but had subsequently re-evaluated their stance (in the light of the size of the payment that the levy required of them) which provides a clear indication that the levy is able to focus the minds of employers towards extracting value from the levy (which can only be achieved through training). This point regarding the focusing of minds was clearly expressed by a professional services firm as INT010 described the resultant change in attitude when confronted by the numbers:

> *We didn't really pay any attention to it if I'm perfectly honest. It was only at the point that we started to look at the payroll side and realize that we were going to be actually paying a fairly substantive*

cost and that we started to look at what benefits we could get out of the levy.

The individual with responsibility for training has a pivotal role to play and impacts upon the extent to which the training opportunity offered by the levy is grasped. Within the wider organisation the levy provides a (potentially rare) moment in the company spotlight to the individual(s) with training responsibilities and by so doing presents them with a chance to shine and demonstrate the value of both themselves and training to the company. This was most apparent with respect to individuals who had recently taken over an employer's training responsibilities and had subsequently persuaded employers who had (prior to their appointment) been inclined towards writing off the levy as a tax or were unaware of the potential benefits of levy-funded training to engage with levy-funded training. INT076 described such a situation:

> *I think they did almost resign themselves to the fact that the money would just go to waste and then I came in post and set them straight […] because we put 'X' thousand pounds in every month and could find a meaningful use for it. We now have candidates on the programme, and we are using our levy budget.*

Although all the employers interviewed represented companies which had decided to engage with levy-funded training, there was great disparity in enthusiasm shown towards the task. Employers, such as INT098 were looking to "fully embrace" the levy whereas the most common perspective entailed employers who were seeking to "make the best out of the situation" (INT028).

There were employers who had engaged with levy-funded training from the outset although this tended to be the exception rather than the norm. The levy came into effect with the commencement of the 2017 tax year and employers were granted two years from this point to commence levy-funded training before the funds in their levy accounts would start to expire. Many employers remarked on the value of this period of time as they had sought to evaluate whether there was an appropriate levy-funded training path for their organisation and if so what it was. The two-year allocation had been extended by the government from eighteen months (DfE, 2016) and INT050 was representative of many employers when

explaining that the allocated time was “definitely an influencer” because it enabled the interviewee’s company “to go and investigate on forums, attend conferences and find out information”.

As mentioned in previous chapters (and considered in detail in the following chapter), training that was eligible for levy-funding needed to meet strict criteria and the sheer volume of information that employers were required to absorb in order to make informed choices undoubtedly necessitated considerable time. Further to this, the information which was being released was not always seen as sufficiently comprehensive and often raised a number of additional issues or points that required clarification. The information released in the early days of the levy was reported by employers as often not addressing their concerns and to be “rushed” (INT009c). For example, INT077 remarked that “the information that was available to employers was quite poor when it all first launched, there were a lot of unknowns”.

The information-gathering phase took substantial time for many employers. As INT050 testified: “we spent a year just gathering information, to be honest”. Employers were generally cautious at the start, emphasising the need to “take time” and “work it all out” (INT050) or as INT016 phrased it to “make sure we get it right”.

The Levy as a Stimulus for Training

The levy is set at 0.5% of payroll and this has certainly focused the minds of some employers towards training and how to extract value from their levy payment, as INT096 revealed that the view within their organisation from the outset was that they “can’t actually afford” to write off the levy and “must see a value return”. The impetus to utilise the levy appeared to often at least partially stem from an unwillingness to simply forfeit their payment. This sentiment, which was present in a number of interviews, was typified by INT005 saying that the company “wanted to do something with the levy rather than see it as a sunk cost”. INT038 also admitted that their engagement with levy-funded training was: “directly attributable to that money. We don't want it to go to waste”. INT003

highlighted the intra-organisational impact and discussion that the levy had provoked:

> *we do report on it. And it's very interesting, I think on the latest FD [Finance Director] report last month, and suddenly we were getting loads of interest, people saying "What are we doing to spend the levy?" And so it's suddenly heightened because they've seen it as a cost to the business because of that first hit that we've taken.*

Comments such as these indicate that the levy (even at its present relatively modest level) can indeed agitate employers into training. INT089 described the levy as "a forcing hand" that was able to nudge employers towards engaging with new training that would not have otherwise occurred as they admitted that: "it gave us an opportunity to actually put something in place that we've never done before". INT040 noted that they had shifted their focus towards levy-funded training for new employees as a consequence of the levy and that the levy was the reason that they had "made an effort to recruit apprentices" and had chosen to commence "a new apprenticeship programme". INT039 also recognised that the levy had acted as "a prompt to actually hire apprentices or upskill our current workforce". INT065 went as far as to unambiguously state that "the levy has created the fact that we've now got apprentices within the business". Overall and most importantly, there was clear evidence in seventy-two of the one hundred and two interviews that the levy was achieving its principal goal which was to create additional training that would not have happened in its absence.

The training that was occurring as a consequence of the levy was either additional training (in terms of increased numbers training) or training which had become available in new areas as a consequence of levy-funded training. The first point was illustrated by INT072 who reported that whilst there had been some training of existing staff prior to the levy they were "doing it on a bigger scale now". With respect to the second point INT079 explained that there had been a clear increase in "the variety of apprenticeships that we can now offer" and INT013 provided specific examples: "for the very first time, for example, we have got apprentices in food technology, in finance, business administration, something we didn't do in the past". INT074 was a further example of a company that had

expanded its training on account of the levy, previously they had trained accountants but had opted to take advantage of the opportunity presented by levy-funded training to “broaden that now to include digital skillsets” as the company sought to respond to “the fact that our business and the needs of our clients were diversifying”. Importantly, the levy had granted them the means to act swiftly in response to changing needs.

One of the unifying themes that became detectable in the interviews was that the introduction of the levy had been clearly noted in the highest echelons of organisations. The coverage in the media and promotion of training by the Government had aided awareness but it was the impact that the levy would have upon the ‘bottom line’ which was seen by the interviewees as being the strongest contributor to, as INT067 described, being able to “have the conversation [about training] at the highest levels” and had “definitely opened up a different level of dialogue”. INT036 was to reflect:

> *Before I had that [the levy funding] whenever I was talking to a business director about training and developing staff the conversations would go really, really well until you started talking about how much it was going to cost them.*

INT036 was employed by a major multinational company and elaborated as follows:

> *It's seen as a positive thing that actually we now don't have to go up to our global business and justify thousands and thousands of pounds being spent on training providers for this new talent that we're bringing in. We only have to justify the cost of them being in the business and that's now the reason, et cetera. It actually makes that conversation a little bit easier.*

And the interviewee continued later to describe the impact of the levy:

> *It's an enabler to move things forward faster I think. It takes that pressure away from the department directors to have to approve and plan that budget and have got that ‘sign off’ from their global team.*

The importance of the point about ‘sign off’ was reiterated by a further employer INT083 stating: “definitely, it’s far easier to get things signed off when you’re already paying the cost for it”. The levy has initiated a considerable change

in the dynamics of intra-organisational conversations regarding training budgets. Many of the interviewees regarded the levy as having 'loosened the purse strings' for training and as having significantly eased the pathway for training to receive authorization.

To a large degree, the success that the levy was achieving in stimulating employer demand for training could be attributed to the straightforward nature of the question being posed by the levy - spend it by engaging with levy-funded training or lose your levy payment. It is an offer that intends, by having already lightened the employers' wallet, to acquire their attention and to influence their training behaviour. Many of the interviews revealed that this approach was indeed often able to achieve the desired effect.

It was common practice for employers to adopt a dual approach to levy-funded training that sought to utilise the levy to train both new employees and also to utilise it for the upskilling of existing employees. There were those employers who opted to focus their levy-funded training in its entirety on either new employees or onto their existing employees but in the majority of cases employers elected to train a combination of the two.

Those who used the levy exclusively or predominantly for the training of existing staff typically attributed this to the structure and stability of their organisation which did not require an expanded workforce. INT048 was clear that "we don't need to increase the size of our workforce" and INT060 explained that the lack of "entry-level roles" precluded the need for their engagement with levy-funded training for new employees. A recurrent theme amongst those who engaged solely with levy-funded training for new employees was the conviction that the requirements attached to the levy-funded training (such as the minimum length of programmes and 20% off-the-job training) essentially disbarred them from being able to use levy-funded training for the training of existing employees as they maintained that their business model would be unable to accommodate such a substantial absence from their main role.

Importantly, there were very few cases of employers having had their training budgets reduced following the introduction of the levy. The rare cases that had, such as INT090 (who reported that their training budget had "reduced slightly

on previous years") tended to report only a marginal impact. However, a small number of interviewees did express at least some concern that there was the possibility this may become the case in the future (which may be an area for further research). At present, for the vast majority of employers the funds that were available for levy-funded training were quite literally the "additional money" that INT085 described them as. This was because they were in addition to their pre-existing training budget and therefore employers in this position were able to devise a training strategy that incorporated both levy-funded training and where needed other training. As INT038 stated: "it's enhancing our organizational development rather than detracting from the current". INT086 was to explain that:

> *My budget sits under the operations budget. So, I'm very lucky to kind of, what the kind of need is for the restaurants, we kind of dictate that at the beginning of the financial year, and then on top of that I also have the apprenticeship levy so however we decide to use that on an annual basis, that's an additional pot of money for us.*

The willingness of levy-paying employers to continue engaging in training which is not funded by the levy provides evidence that the levy is not causing employers to contort training so that it can be funded by the levy. The strict criteria that training must meet to be eligible for levy-funding appears to have played a part in removing the temptation for employers to attempt do so. The levy intends to be the catalyst which leads to not only greater but also more strategic usage of training and the continuation of pre-levy training, in combination with employers engaging with levy-funded training is a positive indication that the levy may be able to achieve this. With respect to drawing the benefits of training, the financial motivation that the levy provides to train should be seen as a beginning and not as an end. The policy intention is that the levy will firstly, initiate a counter-attack against the decline in employer training and secondly (through the eligibility requirements for levy-funded training), set employers on a training path whereby long-term and strategic engagement becomes the rational option for employers.

A Strategic Employer Approach to Levy-Funded Training

The interviews revealed that whilst an aversion to allowing the levy to become a sunk cost was in many ways the cattle prod that was able to 'encourage' employers into engaging with training, the dominant view amongst employers was that spending their 'levy pot' simply for the sake of spending it was to be avoided. INT063 was categorical that "there has to be a business case" for engaging with levy-funded training and INT019 confirmed that it was not a reason to place new or existing employees on training programmes "that we don't need, that aren't relevant, that weren't going to be of an advantage to us or our employees". Many of the interviewees emphasised the importance of their approach (in terms of what it sought to achieve and the motivations for it) with INT078 saying "it's got to be the right thing for the right reason". On occasion, there could be intra-organisational disagreement over what constituted the appropriate and correct approach as the following quote demonstrates with respect to higher-level management training (an issue of some controversy which is considered further in this chapter). INT011 commented that "there was a view that they wanted to look at higher-level management, but I have not permitted that to go ahead because that is not where we need to be investing".

The training requirements that must be met to be eligible for levy-funded training intend to assure quality and in the process the demands that are attached to levy-funded training deter employers from training with a purpose no greater than recouping their levy payment. New employees who are on a levy-funded training programmes will become fresh additions to payroll which in turn creates administration costs as well as there also being the recurrent issue of 20% off-the-job training (which is explored further in the following chapter). Therefore, it is both understandable and likely that employers will remain pragmatically cautious about their new start training engagement. This caution was clear when INT012 explained that they "were quite adamant" they would not over-indulge in new employee training merely as a means of recouping their levy payment "because it would still cost the business anyway". Although, employer caution may be a limiting factor in realising the hope that the levy can swiftly expand the (non-HE) transition to work

opportunities available to young people, neither is there a case for excessive pessimism, as the aforementioned interviewee's organisation (INT012) is indeed engaging with levy-funded training for new employees.

It is reasonable to expect that an employer approach which engages with levy-funded training and the recruitment of new employees in a considered and thought-through manner and that intends to strategically align levy-funded training with wider business needs will prove more sustainable than a rushed and over-enthusiastic embracing of new employee training would (without fully considering neither the cost nor the business need). The approach of the above-mentioned interviewee was a representative example of the many (but not all) employers who were seeking to strategically engage with the levy.

There were a few albeit atypical cases wherein attention did appear to be inordinately focused upon maximising the spend from their levy account. This was epitomised by INT022 reporting their approach to levy spending as follows "we won't lose any and I've made sure about it" and such levy spending was the aspiration of INT047 who said that "I'm hoping we will use all the levy because I'm pushing it like crazy now". Spending the levy for the sake of spending the levy is the antithesis of a strategic approach and although a stated determination to do so was most unusual, it did to some degree as the previous two quotes demonstrate occur.

However, there was a clear consensus amongst the vast majority of interviewees that they did not wish to merely spend the levy for the sake of spending it, as to do so would simply be to cut off their nose to spite their face. Employers typically sought to first evaluate and then implement levy-funded training that would be able to make a contribution towards addressing their needs and aiding their overall business strategy.

There were those employers who had strategies previously in place for training but in most of these cases these strategies were in need of alterations or adjustments in order to comply with the requirements of levy-funding. Most of the employers in this situation saw these adjustments as an opportunity to re-appraise their training strategy in order to address organisational needs. For example, INT085 stated that "whether by design or just by coincidence, it's forced us to move into a more, you know, think about the future in terms of what we need in the, it

helped us do that". INT025 also explained the wide effect of the levy on their organisation:

> *It certainly has helped us change our strategy. It certainly made us focus more on apprenticeships and it certainly helped us focus on the skill gaps that we need to address and the whole recruitment strategy around apprenticeships.*

There were other interviewees who had previously been engaging with training (which they had been satisfied with) and these interviewees were frustrated by having 'to fix something' that they didn't view 'as broke'. Nevertheless, the interviewees in this position had not remained laden by their frustrations and had sought to find an accommodation the reality of levy-funded training. As INT094 remarked: "if a levy system is what we have to work with, then we'll work with it".

The interviews suggest that as the levy is an on-going payroll-based liability it is able to divert employers towards a more considered and strategic approach to (levy-funded) training. As INT031 explains, with respect to their levy-funded training of new and existing employees that "you plan on how you're going to build an apprenticeship strategy in the long term".

Unsurprisingly, as employers acclimatised to levy-funded training, some employers were able to find their sea legs more quickly than others. There were often underlying reasons for this, such as employers who had little previous experience of training or those who were upscaling their training as a response to the introduction of the levy. INT008 was an example of an employer who had begun modestly with training and their approach to levy-funded training had evolved as a consequence of their positive experience of it. Once they saw "it work more and more", INT008 had been encouraged to consider further ways in which they could utilise levy-funded training to meet other organisational needs, "we could do this in a different area. Oh, why don't we try this? We could do that in that area" (INT008). INT061 had also been prompted by the success of their initially experimental engagement with levy-funded training to be moving towards a deeper and more strategic approach, INT061 explained that they were "changing over from just trying to test a number of apprenticeships and fill some gaps and thinking

strategically about how we best use our levy to benefit the business and attract the right individuals into our organisation".

Effective training can be a slow process which often requires patience and the levy has recognised this by attaching a minimum duration of one-year to its training but nevertheless, the slow nature of training (most particularly that with a long-term strategic intent) can cause intra-organisational frustration and the need to manage expectations as INT081 explained "they want things done yesterday rather than in two years' time, so I think we are continually having discussions around that".

The previous chapter noted that levy-funded training was able to assist retention and by strengthening the bond between employer and employee improve motivation and engagement. There are further ways in which levy-funded training is being utilised by employers to meet strategic needs and these fell into three areas. Firstly, employers who were seeking to use the levy to address skill gaps and skill shortages. Secondly, to develop pipelines and enable succession planning. Thirdly, as a mechanism to increase workforce diversity and facilitate wider social mobility. Although this division may be a helpful tool in understanding the strategic approaches that employers are broadly adopting with levy-funded training, perhaps inevitably more prominence is given to some rather than other areas by employers. Furthermore, there are overlaps as leadership and management training for example may be used in each area. It might be to enhance succession planning, to address skill gaps or to facilitate greater diversity in the leadership of the organisation. The use of the levy for leadership and management training will be therefore considered independently in the next section before outlining the use of the levy in the three previously identified areas above.

Leadership and Management

The development or furthering of leadership and management skills was at the forefront of many employers' strategic thinking with regard to how to extract the greatest value and benefit from levy-funded training. Leadership and management training was particularly focused upon the upskilling of existing

employees, in regard to the aforementioned skill gaps and succession planning. With respect to developing leadership and management skills of existing employees to promote greater diversity within the leadership of the organisation, employers did not make reference to this.

Employers regarded leadership and management training as offering a prudent means of improving the quality and reliability of succession planning, it was essentially 'a stitch in time saves nine' approach to succession planning that was initiated by the levy. For example, INT076 says:

> *We didn't have any succession plan in place and we didn't have a talent management plan in place. So they were the first things that I wanted to look at. What previously had been done when a middle or senior manager left the business, actually, we just did a real hurried recruitment process.*

The introduction of levy-funded training had provided employers with the opportunity to invest in the leadership and management training without incurring the additional costs which may have been amongst the foremost reasons why it had not been previously occurring. By equipping employees with the requisite leadership and management skills, a succession plan is being put in place that is ready for when the next expected or unexpected managerial vacancy occurs, and the organisation should as a result of the levy-funded training be able to absorb this without barely breaking step.

Levy-funded leadership and management training was also often being utilised to support managers who were at times regarded as having gaps in their skills. This was particularly the case in retail and hospitality and was partly attributed to a lack of previous investment with INT027 acknowledging that prior to the levy they "haven't actually spent a lot of money on training our management in soft skills". As INT027 considered the issue further they came to the conclusion that employees could often be promoted and become managers "not necessarily for their management skills", but rather because they were "the best sales people or they were the best merchandisers or the best buyers".

There is no reason why the attributes that make an individual a good merchandiser or buyer would automatically lead to them being an effective

manager as they are not regarded as being an inter-changeable skill-set. INT005 also noticed that retail managers “might have had the experience of retail but maybe not the people knowledge and the people side of managing a team in retail”, whilst INT006 highlighted a problem of a similar nature in hospitality when observing that there are “lots of accidental managers”. This was a memorable term which seemed to encapsulate much of the issue and why with access to levy-funded training the interviewees were so keen to engage managers with further training. Such training offered the ability to add general and specialised as well as theoretical knowledge to the practical experience of their managers.

However, this training did not always follow a seamless path as INT056 described their efforts to launch a level 4 levy-funded programme for general store managers encountering difficulties as they “found that their actual ability level was below where we anticipated it would be” and the training had to be reset at level 3. These were inevitable ‘live and learn’ moments although the same pitfall was avoided by INT076 who before commencing levy-funded training opted to “run an in-house programme first to get them all to a level and assess what people’s capabilities were” before moving individuals onto levy-funded management training.

In addition, it was regarded as greatly important to address these leadership and management skill gaps not only because managers are a central pivot in the successful functioning of an organisation, but they will also often play an important role in supporting new employees. As INT001 commented “they [managers] play a key part in supporting the apprentices on their career progression”. Fifty-nine of the employers interviewed reported utilising levy-funded training for the development of leadership and management skills (at various levels).

However, there were also twelve employers who whilst recognising the value of leadership and management training chose not to engage with levy-funded training for leadership and management. The reason for this was that they regarded the requirements for 20% off-the-job training and the minimum one-year training duration as prohibitive barriers. This was most particularly the case with professional services, with INT010 explaining the reason as being “because the only

thing we have to sell is our time" and therefore they felt unable to sanction training which would involve 20% off-the-job training.

A further issue that inhibited the adoption of levy-funded leadership and management training was the concern that levy-funded training may not address specific employer needs. Therefore, there were employers who simply preferred to run their own internal programmes rather than use levy-funded training for leadership and management training. For example, INT028 commented: "we want to train our managers in our own specific way". Most interestingly, at the time of the interview, INT092a had instigated a comparison of levy and non-levy funded leadership and management training in order "to see which is most effective".

The most popular levels to utilise levy-funded leadership and management training were at level 3 and level 5 but there were also employers who were utilising Level 7/MBA programmes and these were not without controversy. There were a number of employers who either expressed doubts or advocated such training. On the one hand INT011 reflected:

> *I think there's a very clear place for apprenticeship which is about starting out in a career or where you're perhaps retraining into a career. But if you look at, you know, if you put a senior manager through a level 7 management apprenticeship, what I would be questioning really is what value would that be bringing.*

Whilst, on the other hand INT043 enthused about the benefits that levy-funded MBAs brought them:

> *That's a great way for us to take in real rising stars within the middle to upper levels of management and give them a real boost around strategy. One of the really nice outputs from that programme is that anyone who participates has to solve 'a significant business problem' as part of their programme. It's great! […] The company's getting X chunky challenges solved for us by part of this programme. They're gaining real leadership skills along the way.*

It is easy to see the appeal to employees in potentially being enabled by the levy to undertake such expensive qualifications. INT052 was acutely aware of this noting that they received requests about MBA training on "an almost normal daily

basis". However, rather than automatically authorise training the interviewee felt that "organizations need to be mindful about where they are applying their levy funds and taking strategic view to it". Their first question (to themselves) to aid their decision-making process was "would you fund that MBA if as an organization you were paying for it directly?" and not to simply release funds because as "they [the individual making the request] say, 'Well the funds are sitting there' …". INT052 continued to further explain their viewpoint "if what we're doing is just putting a handful of people through MBAs each year utilising those funds…you miss the purpose behind the levy". The interviewee felt that usage of the levy was intrinsically linked to a wider purpose, "for me, it's around how can you use those levy funds to level the playing field". This is an issue that will be returned to later in this chapter.

Generally, with management training the research showed that while there is some scope for using management training in order to maximise the use of the levy, it is largely seen as necessary and beneficial by employers with INT065 saying that they are now seeing "real different levels of performance". INT087 also said: "our first line team leader, supervisor level of management and that has been an absolute benefit to us". It is understandable that employers have sought to invest in management training with their levy-funding as it has been long regarded as an area of weakness in the UK (Mosley, Winters and Wood, 2012; Winterbotham et al., 2018). The interviews also indicated that there was some concern regarding high-level (high-cost training) "because I think there is opportunity to misuse" (INT052) and if a disproportionately high percentage of an employer's levy account is being spent on high-cost training for the highest echelons on an organisation there will inevitably be those who raise a question mark over the appropriateness of this.

Addressing Skill Gaps and Skill Shortages

The lack of digital skills has been estimated as an annual cost to the UK economy of £63 billion pounds (BCS, 2020). With the levy, employers were turning towards digital skills training as an area (and in the case of INT066 "the only area") where they were able to find a valuable training addition that matched a growing

business need with levy-funded training. For example, INT075 said: “we have recognised we have a big skills gap which is probably very similar to a lot of organisations around data analytics”. The availability of the levy funding according to INT075 “gave an opportunity to put much bigger numbers of, much bigger cohorts through that particular level 4 apprenticeship”. INT060 expressed this as “a really good match in what the levy can offer and what we're looking to do”. INT073 also explained: “the levy and the standards give us an opportunity to, you know, invest in that [upskilling] a bit more particularly in the digital standards […] so, we’ve got some opportunities there to develop our strategy”.

There was the potential for employers to expand their training provision in this area, in some cases by moving from solely upskilling to the specific recruitment of new employees on levy-funded IT and digital skills training or in other cases, as with INT074 (whose levy-funded training to this point had been focused upon new starts) as a potential area for upskilling:

> *I think the one area for us as a firm where I would consider it [upskilling] is in the digital space, I think this isn’t just our sector, but generally the need for a greater level of digital skill capability is needed at all levels.*

A growing and more expansive role for automation, alongside the increased use of Artificial Intelligence (AI) and a requirement to manage and maintain big data are at the forefront of technological expectations. In fact, big data was described by INT034 as “a critical new skill” and explained that they had been able to use “apprenticeships in the last year to plug strategic capability gaps in data, AI”.

The research found that a number of employers were seeking to use levy-funded training as a part of their approach to the future of work. Their focus in this principally fell upon the upskilling or re-skilling of existing employees but there were also cases where as with INT038, employers were recruiting “young people into roles which weren't in existence before”. The examples that the interviewees provided of this were mainly related to their digital presence, digital marketing or data analysis and cyber security. There were also examples of employers being mindful with their levy-funded training of the need to equip those employees

whose current skills were likely to become obsolete with the new skills that their continued employment would require. As INT077 explained:

> *And really, we've been looking at where we may be able to make efficiencies due to our RPA [robotic process automation] strategy and looking at those staff and where actually then we can upskill them and move them into a slightly different area of the business because we want to retain that talent. We don't want to lose it just because we put an automation process in.*

This is an area where higher-level levy-funded programmes are playing an important role in the upskilling or reskilling of employees. The data gathered from the interviewees indicated that in addition to the levy encouraging greater long-term and strategic planning it was also enabling employers to invest in (through levy-funded training) high-value and high-skill training that would not have been occurring otherwise. As INT063 explained:

> *We're moving towards the electrification and therefore upskilling or reskilling our employees with regards to electrical engineering. So that's only a very recent thing. But yes, if the levy hadn't been there, I'm not sure what options we would've used because we certainly couldn't have paid university fees.*

Thus, the introduction of the levy and the availability of levy-funded training moves employers towards seeking to provide training solutions that respond to emerging or long neglected skill needs. As INT083 noted "in terms of the skills gaps that we have here, the levy was a simple solution in closing some of those gaps". The interviews also demonstrated that levy-funded training was commonly utilised as a recruitment tool for the vacancies that employers had difficulties in filling. For example, INT033 was seeking to redress the timeless challenge of skill shortages and chefs by using levy-funded training: "we have a big skills gap there, a big black hole. If we can find new chefs through a different avenue then we will do". INT001 also referred to the shortage of chefs: "So for the skill shortage of chefs, very much we use the apprenticeship recruitment to bring in young people that are interested in working in, in the kitchens, so that works very well". INT008 had encountered profound difficulties recruiting beauty spa therapists saying that "it's a struggle to

find spa therapists, rarer than hen's teeth, so actually we need to train people" and levy-funded training offered the means to do this. INT059 provided a further example of employers using levy-funded training for new employees to overcome problematic recruitment through the implementation of a levy-funded training programme:

> *I think, it was in a particular area of the business in recoveries where we just couldn't seem to recruit into that area. We decided to do a campaign and we've got quite dense population of apprenticeships in that team now.*

As was highlighted in the previous chapter, interviewees recognised it as important to combine levy-funded training with the opportunity for progression and INT044 was an example of an employer who had recognised this when in response to profound recruitment difficulties in particular areas of IT they had elected to utilise levy-funded training to recruit new employees. As the interviewee (INT044) explained, "certainly with the analysts, there was difficulty recruiting into these IT areas so the decision was made to go down the apprenticeship route" but crucially they tied this in with "a clear progression for them when they've completed that apprenticeship programme".

That these employers were seeking to address skill gaps and shortages by attracting new employees on levy-funded training programmes is evidence of the levy succeeding in creating employer demand for training that is strategically beneficial to the employer and the levy is achieving success with this across a range of roles that require varying levels of skill.

Developing Pipelines and Enabling Succession Planning

A further reason for utilising levy-funded training as a recruitment tool and to develop talent was because a number of the interviewees were mindful that they had considerable numbers of skilled staff who were approaching retirement age. INT003 explained that after the introduction of the levy: "we're working on some more strategic themes […] we know in the next five or ten years a lot of our electricians and gas fitters will be reaching retirement age so it's about how do we

start bringing people in there to get them ready to take on those roles in the future".

The levy enabled employers to take the necessary steps and strategically organise the training for new or existing employees so that they would be ready to meet the looming pipeline and succession challenges. There were examples of the levy helping to provide the stimulus for employers to develop strategies intending to create the necessary pipelines by the recruitment of new employees on levy-funded training programmes. As firstly INT011 and then INT038 explained:

> *We have a strategy called Apprenticeship 2020 which is starting to change the way that we do things and build these really strong pipelines and create many more opportunities than we do at the moment because I think for the size of organisation that we are, our early careers or new starts and apprenticeship is very low, and this needs to be…this, I think, for me personally, this is a massive opportunity for us as a business to get some brilliant talent in that we can nurture and grow and develop and keep with us.* (INT011)

> *There was a shift in the thinking. We've taken on a couple of young engineers, 16 and 17. We had a gap in our provision. We haven't taken on one for a couple of years. I said now is the time to start that pipeline again. Equally, next year, I'm hopeful that we'll take on another six.* (INT038)

Some of the employers interviewed offered extremely attractive levy-funded training programmes to new employees. Employers cited examples such as a new employee who had forsaken a place at Oxbridge to begin a highly specialised levy-funded training programme with a leading manufacturer (INT018) or another employer (INT024) explained that they had new employees on levy-funded programmes who had "turned down the likes of Durham" and the interviewee emphasised the calibre of recruits "so, it's definitely not people that couldn't get

into a good university. People that have chosen to do this route for whatever reason, so we're very happy".

INT018 referred to the value of being able to recruit new employees for high-level levy-funded training because of "where we struggle to get the number or the quality of graduates that we required or we felt the output with a university wasn't necessarily what we wanted" and therefore levy-funded training had the beneficial effect of enabling recruitment which "was about meeting our skill needs and strengthening our skills requirement". There were also other examples of employers who were using levy-funded training to develop talent and who noted financial advantages in doing so. INT047 observed that developing internal pipelines enabled their organisation to "reduce the amount we spend on recruitment" and INT074 also highlighted the financial advantages of developing talent:

> *…you've got a choice either to buy in expertise which can be costly, or you home grow that expertise, and if you recognise there's a need over a longer period of time, actually home growing it and offering an apprenticeship often works out to be the better model in terms of both longevity of the individual, but also financially as well.*

Many of these issues are likely to become far more pressing and the need to 'grow one's own talent' all the greater as the ramifications of the UK's decision to leave the European Union become more apparent. There are numerous ways in which the impact of such a momentous decision will be felt but the pertinent one for this section is the impact of employers (presumably) having less access to the workforce of continental Europe. At the time of the interviews there was much general concern because of uncertainty and expectations were expressed of a negative financial impact. INT097 (manufacturing) remarked that Brexit had been a contributory if not decisive factor in "everybody's cutting costs" and that "budgets are very, very tight" and INT086:

> *I guess at the moment we still don't really know what that looks like. I would say at the moment two-thirds of our workforce are probably made up of European nationals and, you know, depending*

on what that looks like moving forward we really don't know, so we are a little bit nervous about that.

Increasing Workforce Diversity and Facilitating Social Mobility

The research found evidence of the levy enabling employers to realise plans which extended beyond their specific needs and that intended to have a wider societal benefit. Such employer plans might often for a multitude of reasons fall by the wayside but by engaging with levy-funded training for new employees, employers are presented with a mechanism which allows them (if they so wish) to engage more deeply with their realisation. The levy certainly has the potential to act as a catalyst in this regard, as INT024, a professional services employer, demonstrated when explaining their recruitment approach for levy-funded training:

> *It was really looking more along the diversity element, so what more could we do? We had a very strong graduate programme, picking up students from university. But we felt that there was more we could be doing to bring on people post A-Level, who maybe didn't want to go to university or couldn't go to university for whatever reason. So, we thought there was a definite gap there. And actually, we may well then broaden the range, and I suppose move away from the more typical perspective of Russell Group universities and public schools and things. So, it was trying to access a different talent pool, more than anything else.*

It would be easy to dismiss the notion of expanding recruitment to look beyond Russell Group Universities and Public Schools as being hardly revolutionary, but the disproportionate number of high-value opportunities that are absorbed by the alumni of the 15% of UK higher education institutions which are Russell Group (Russel Group, 2014) and the 7% of UK students who are privately educated (Steedman, 2010) make this conscious extension of the recruitment pool by an employer offering high-value employment significant.

There were cases of employers who had a disproportionately male workforce (or roles within their organisation that were disproportionately male) were exploring ways in which to utilise levy-funded training to achieve an improved gender balance. INT017 remarked: “I must say it's helped us put a focus on and try to go out and find more women from a diversity perspective to do more engineering, hands-on technical type kind of role”. The potential offered by levy-funded training to make significant inroads into achieving this through recruitment was being explored by some employers. For example, INT049:

> *I think it will just broaden…you know the diversity of our people as well, we've got, you know, serious challenges around needing more women in the rail industry. And when some of these organizations…80% male, 20% female. We absolutely have to change that. So again, it's looking at opportunities like apprenticeship programmes to start bringing in more diverse talent […] we’ve got a very deliberate strategy around train drivers […] to make sure that every training course that we deliver next year is 50/50, you know when you, again, to do that, we need to do some different stuff on attraction.*

The levy-funded training which employers were utilising that incorporated a desire to enhance social mobility was (mainly) at entry-level roles. INT006, an employer in hospitality, explained they “aim to take from those not in employment education and training” (NEETS) and to provide them with an opportunity “to climb that ladder to management if they wish”. Many of the employers that offered lower-level levy-funded training highlighted the progression opportunities that were made available to new employees, with INT102 highlighting that they have “mid-level managers that have come in through apprenticeships”.

There was evidence of some employers strongly pursuing social mobility objectives with higher-level levy-funded training, most particularly in professional services and on occasions in manufacturing. INT018, an internationally-renowned manufacturer described levy-funded training opportunities as “a great vehicle for social mobility and that degree apprenticeships are part of that”. This employer has made deliberate provision to direct programmes towards the young unemployed

and “just under a third of our English apprenticeships were taken from the 20 most disadvantaged boroughs in England”.

INT064 is a highly prestigious employer that provides levy-funded training opportunities for new employees at level 6 and level 7, explaining that level 6 in their company is entry level into the profession. They place a strong emphasis upon social mobility with their levy-funded training and make “bringing people from disadvantaged family backgrounds” into the organisation a priority. The employer explained that they have a partnership with a charity that supports young people from under-represented groups and has recruited a number of new employees onto their levy-funded training programme as a consequence of this partnership. This is a highly important initiative as for example only 10% of apprentices in England are from Black, Asian and minority ethnic (BAME) backgrounds in spite of people from these backgrounds making 25% of the applications (Crook, 2020).

Partnerships with third-party organisations and charities which sought to facilitate social mobility and counter inequalities had been established by some employers to extend access opportunities to their levy-funded training programmes. INT050 worked with charities which were helping disadvantaged young people by “creating networks where people wouldn’t necessarily have those networks” and INT031 had undertaken an impressively comprehensive approach which they described as follows:

> *We engaged with this third-party researcher to identify schools in areas of low social mobility, not just around London but across the UK. Then we reached out and formed official partnerships with schools in that area that also had a higher than average percentage of students on free school meals and higher than average percentage of BAME population. It is from those schools that we've really worked on our approach to diversity*

INT024 indicated in their interview that 90% of their levy-funded training was directed at new employees. The interviewee emphasised the importance of building strong relationships with schools so that there was a widespread awareness that there was not only an opportunity ‘to earn and learn’ but also to train at a high-level:

> *Particularly at the higher end of the apprenticeships, our main apprenticeship is level seven. There is still a little bit of actually the better performing schools tend to have the better careers teams, who then have access to that information, so they tend to push their students that way. And there is a little bit of I guess the lower socioeconomic backgrounds tend not to see themselves as being right for the higher-level apprenticeships. So, we're doing quite a lot to try and shift that at the moment. But that's the aim, is to try and use it to increase diversity.*

The desire to increase diversity was also stated by INT079 who acknowledged that "we're not massively diverse" and had sought to address this by expanding the schools that they worked with and so "I've chosen those schools. So, one of them I've chosen on the basis of their ethnic mix".

The role that new start levy-funded training can play in initiating careers and opportunity, particularly with the cost of higher education being so high is a vital one, as INT061 describes:

> *I personally do think they can have a role to play, particularly if you are seeking - I don't want to stereotype about apprenticeships being for younger people - but I do think that if you are able to offer a really good experience, which is paid and leads to degree equivalence, for people who just cannot even contemplate 40 grands' debt […] I think it is important in that way.*

As mentioned in the second chapter, levy-funded training in England does not incorporate age restrictions and this was greatly valued by some employers, with INT025 noting this advantage, "one benefit of the apprenticeship levy is that we've been able to offer apprenticeships to every level, every walk of life, every age group".

INT052 reported that "the organisation saw it initially frankly as a tax" but "then, the organization have progressed from that to think to really focus levy funds where they could support the company's inclusion and diversity objectives" and the levy was aiding this because "for me it's having those levy funds there, it's an easy

sell to my board. In terms of when I'm talking about inclusion and diversity and utilizing the levy funds to point them towards supporting things such as social mobility, for example".

INT062 highlighted that employers engage with these issues not only "because we think that's a good thing to do" but also in recognition of the business case for diversity "because we realise the benefit it has to the business as well". INT102 expanded on this point:

> *If we look at diversity and inclusion statistics, it talks about how diverse teams are more effective, perform better, deliver better, and have a competitive advantage over teams that are not diverse. Millennials now are looking for companies that are more diverse to work with, they don't want to be walking into a company where everyone looks the same and thinks the same and does the same. And also, if you want the next kind of like, you know, future leaders, next kind of like inventors, next people who are really going to change the face of the country, you need to be looking everywhere to find them, not just be pigeonholing to university and graduates, and apprenticeships are, I think, a good way of doing that. They are giving opportunity to people who don't necessarily have the support, the financial backing to go down higher education route, but that doesn't mean they're not going to do well and be successful and contribute to society.*

The interviewees indicate that there are employers who having been required to contribute to training via the levy are taking the opportunity to incorporate wider societal aspirations with their recruitment. This bodes well for the potential for levy-funded training to create a crucial 'ladder of opportunity' (Halfon, 2016, para.1).

Summary of Chapter Five

The chapter found that the levy was having a positive impact upon employer training engagement and had prompted many of the employers interviewed to engage in additional training that was not occurring prior to the introduction of the

levy. The levy had enabled the expansion of training and also for training to develop in new areas and levy-funded training was being made available to both new employees and existing employees. Importantly, there were also cases where the levy had been able to safeguard training with employers who were under financial pressure. The levy had effectively preserved a training budget for these employers, and this represented a further way in which the levy appeared to be enabling training to occur that would have not have happened in its absence.

Many employers did not wish to lose their levy payment (when there was an alternative) and the opportunity to be able to access the funds in their levy account for training had been a factor in a number of employers opting to engage with levy-funded training. However, as a consequence of the strict requirements (particularly 20% off-the-job training and the minimum training duration of one-year) that training must comply with to be eligible for levy-funding, employers were taking a considered and strategic approach to their training engagement.

This was exhibited in the interviews as the interviewees explained the ways in which they had engaged with levy-funded training. Employers sought to extract value and address the needs of their organisation through levy-funded training. A clear majority of employers emphasised the importance of engaging with the training that was right for their organisation and not to engage with training simply for the sake of spending levy funds. The regulations attached to levy-funded training helped to produce this outcome as employers would still incur costs by training (beyond their levy payment), in terms of additions to payroll for new employees and for both existing and new employees the requirement for 20% off-the-job training represented a productivity cost (as well as there being a minimum training duration of one-year).

There was significant evidence of employers strategically engaging with levy-funded training as employers were utilising the training to address skill gaps and skill shortages, to build pipelines and for succession planning. There was also evidence that the levy was prompting some employers to seek to facilitate social mobility and promote greater organisational diversity through their recruitment strategies for levy-funded training (for new employees).

The following chapter will engage with the employers' perspective on the implementation of the levy and the question of whether employers now regard themselves to be 'in the driving seat' with training. The levy has posed a number of challenges to employers, not least the requirements which training must comply with in order to be eligible for levy-funding. It is important to gain an understanding of the views of employers on these matters as well as an understanding of whether employers view levy-funded training to be raising the quality and perception of apprenticeships.

CHAPTER SIX
The Employer View of Levy-Funded Training

Introduction

The previous chapter noted that there are indications that the apprenticeship levy is acting as a stimulus for employer training demand and helping to facilitate a more strategic and longer-term approach to training.

The overall policy intention is to stimulate employer demand for quality training whilst placing the employer 'in the driving seat' and to achieve this by establishing the conditions for demand-led training (BIS, 2015a; HM Government, 2015). This chapter seeks to engage further with the employers' perspective on the profound changes entailed by levy-funded training and any design or implementation issues that may or may not have arisen. The chapter seeks to provide an answer to the research questions regarding employer views of the mandatory requirements which are intended to ensure quality (and that must be met for training to be eligible for levy-funding) and whether employers believe that perceptions of apprenticeships are improving, and that the employer is 'in the driving seat' with levy-funded training.

Fuller and Unwin (2003, p.9) noted that 'apprenticeships of the past were demand rather than supply-led' whereas in more recent times training is recognised as having become increasingly provider-led (Chankseliani and James Relly, 2015; Keep, 2015; Wolf, 2015). As discussed in the second chapter, this is a sub-optimal situation against which a strong consensus has formed. The Leitch review (2006) acknowledged the need to move towards a more 'employer-led' and 'demand-driven' system – a conclusion also reached by the Richard Review of Apprenticeships (2012). This is highly consequential because if training occurs at the convenience of training providers rather than according to the needs of employers, gaps will inevitably emerge between the training that employers desire and the training that providers offer. Subsequently, there will be employers (who are unable to train themselves) and find that they cannot access the training that they require or desire. In such circumstances, employers are likely to logically elect to

disengage from training although this does not (necessarily) represent a rejection of training but rather a rational response to the inability to access the requisite training. This scenario of employer disengagement from training being at least partially due to an inability to access the desired training, is precisely the scenario that Government policy intends to overcome and reverse through the establishment of 'trailblazer' groups and the introduction of "the new employer-led standards" (HM Government, 2013, p.27).

The move from frameworks to standards is a critical step towards achieving a more demand-led system as it enables employers to prescribe training and industry standards through the creation of new training standards (subject to approval by the Institute for Apprenticeships and Technical Education (IfATE)). In addition to the quality assurance offered by IfATE oversight, quality is further safeguarded by the dual imposition of a minimum training duration of 12 months and the requirement for a minimum of 20% off-the-job training (ESFA, 2020a).

Standards enable groups of employers to come together to design a programme that is relevant to and meets their needs. The Government's 'English Apprenticeships: Our 2020 Vision' (2015, p.21) asserts that the intention to 'put employers in the driving seat of designing apprenticeships that truly meet their needs' whilst the Secretary of State for Business, Innovation and Skills stated (as referred to in the second chapter) in the forward of the 'Apprenticeships Levy – Employer Owned Apprenticeships Training' that 'nobody understands the skills employers need better than the employers themselves, so they must be placed in the driving seat. That is why we are introducing an apprenticeship levy that will let employers choose and pay for the apprenticeship training they want' (BIS, 2015a, p.4).

There is also the critical issue of the general perception of apprenticeships as employers may be disinclined towards training and training expansion if they believe that apprenticeships are poorly perceived. Moreover, if apprenticeships are poorly perceived then this may (from the employers' perspective) negatively impact upon the quality of applications they receive. This is a highly consequential matter as employers will not, in any meaningful sense, be 'in the driving seat' if they are dissatisfied with the applications that they receive.

As outlined in the second chapter, the need for employer buy-in is paramount (Dar et al., 2003; Smith and Billett, 2006; Johanson, 2009). Therefore, it is important to explore the extent to which employers feel that a more demand-led system is emerging and crucially whether they perceive it as placing them 'in the driving seat'. The literature attests to how precarious employer buy-in can become in the face of excessive government control (and in the absence of consultation) (Gasskov, 2001; OECD, 2017a).

It is argued that many employers have, over an extended period, disregarded all manner of government exhortations to train (Payne and Keep, 2011). As such, it might be argued that it is reasonable for the levy to quite literally force employers to buy into training (by paying the levy) but of course this does not secure the employer buy-in that is required to make the levy successful. In addition, the arguments are strong for the controls that have been imposed to ensure quality (HM Government, 2015; DfE, 2016) as previous training subsidies have resulted in too much poor-quality provider-led training (Richard, 2012; Wolf, 2015). The levy and measures to safeguard the quality of training might be viewed as diluting employer freedom, but this may also be deemed acceptable and necessary collateral damage in the pursuit of higher training quality (and is no different from a free country requiring laws to operate successfully). Most particularly, as the likely alternative is the far from tantalising prospect of the continued subsidisation of training of questionable quality and further employer disengagement from training.

The issue at hand is whether, within these parameters, employers do indeed view themselves as being 'in the driving seat' with training or are there factors which are inhibiting or impeding this. As noted in the second chapter, a successful levy system requires effective and transparent administration (Dar et al., 2003; Johanson, 2009; Ziderman, 2016). On the one hand, a significant part of this transparency is achieved as the levy is a straightforward payroll deduction from employers with a payroll over £3 million (HMRC, 2016). On the other hand, there are important unanswered questions regarding the employers' perspective on the implementation of the levy and whether issues are arising that may hinder employer buy-in.

In order to ascertain the extent to which employers feel themselves to be 'in the driving seat' with apprenticeship training, the interviewees were initially asked questions regarding how they had approached the delivery of levy-funded training, whether they had provided training themselves (as an employer-provider) or had engaged the services of a training provider, and why they had chosen their respective path. The interviewees were asked (if applicable) about their experiences of training with providers, and if the levy had prompted any changes that had, as a consequence, made training more employer-led. An important step in the pursuit of making training more employer-led was to cease making payment directly from government to training provider but rather to enable employers to draw from their levy account to 'buy' training from their chosen provider, in the expectation that it would give employers greater leverage in the marketplace with training providers. The hope was that this would help employers to access bespoke training from providers that matched their needs (BIS, 2015a). In many ways, the highest aspiration for levy-funded training would be if increasing numbers of employers opted to take complete ownership on training and become employer-providers. The interviewees were asked for their views on all of these matters. In addition, they were also asked for their views on their satisfaction (or otherwise) with the quality of the applications received for apprenticeship places, the move from frameworks to standards, and the requirement for 20% off-the-job training, as these issues all impact upon the assessment formed regarding the establishment (or otherwise) of a more employer-led training system.

Employers, Providers and Levy-Funded Training

The levy enables employers to direct the funding for levy-compliant training to the training provider of their choice. This is a highly significant aspect of the changes that have been introduced. The intention is to strengthen the employers' negotiating position vis-à-vis training providers (BIS, 2014b).

With regard to this, the interviews found evidence of the changes achieving some success in adjusting the balance of power between employers and training providers. The ability to distribute funds does transfer (some of) the 'purchasing power' of the customer to employers and (theoretically) enables them to choose

the levy-compliant training provider whom they deem to be best placed or most willing to meet their training needs. There are, if not quite fundamental flaws with this notion then certainly caveats that need to be applied (these will be outlined shortly), but it might be anticipated that by allowing employers to choose the most appropriate training provider, this will enable the overall system to become more employer-led. There has been some success in this regard, with INT077 describing the change as follows:

> *I definitely feel there's been that shift. I think it was much more provider-led previously and I do feel like we've got much more control [...] I think we're seeing the benefit of having the control. By no means is it a perfect system, but it's certainly helping just having that element of control.*

INT017 also notes that there has been a change: "they don't get the money until we tick a box. […] I go onto the levy accounts service, and I authorize the money [...] they do view us a little bit more like a customer now". Employers can also change training providers if dissatisfied with negotiations or with the training received, and this has further strengthened the employers' hand. INT050 is an example of an employer who felt empowered by the availability of choice: "I definitely think the ball's in our court. I feel very much, you know, that I have a choice of who my providers are and if I don't like them, that I can just look at somebody else". INT030 concurred by also emphasising the importance of the choice the new system offers employers: "we get to pick who we use, and we get to then make sure that they are doing what we expect". INT012 also identified a shift in the interplay between employers and training providers:

> *…it's very much employer-focused now. The employer leads on it, the employers talk to the providers about their wants, whereas before it was very prescriptive by the provider.*

Moreover, a better understanding of the process has become unavoidable for employers who are engaging with levy-funded training. The employer is now the levy account-holder, armed with facts, and hence will no longer be susceptible to any 'smoke and mirrors' tactics that some providers may seek to deploy. There are published funding bands available to the employer and the greater transparency

informs and empowers employers. INT009b noted that employers now had greater control whilst also expressing frustration at the mist (or smokescreen) that had impaired the employers' vision of pre-levy funding: "I think it has definitely put the employer in the driver's seat. Pre-levy I had no idea what the funding band was or if there was a funding band". INT052 also reported being in the dark in the previously more provider rather than employer-led system: "Why I think it might have been viewed as provider-led previously was because almost, they were the only people who could be in the know".

There are caveats and provisos that must be attached to this before it is taken to indicate that a significant power transfer from providers to employers has occurred. The equilibrium between employers and providers is fluid and always highly contingent. Equally, the effects and impact of having direct access to the funding for levy-compliant training is important but should not be over-stated. For (all) employers to be empowered and able to freely exercise training choice is entirely dependent upon whether a choice of appropriate high-quality training is available, and this is often simply not the case. Geographical location, a small training cohort, the nature/specialism of training required are all factors that can greatly reduce employer choice (and power) and provide a timely sting in the tail to any notion of a decisive shift. As such, while there has been a marked shift towards empowering employers with their negotiations with training providers, this has been far from all-encompassing and has most certainly not included all employers.

With training, it is impossible to overstate the importance of the role played by training providers. After all, they are the providers of the training and their importance is further amplified by the overwhelming majority of employers (for a variety of reasons that will be outlined shortly) opting not to become training providers themselves. Only 13 of the 102 employers interviewed were currently employer-providers, and three more were applying to become employer-providers.

The relationship between employers and training providers is also of paramount importance. In general, the employers' experience of working with providers must be characterised as mixed. The interviewees on many occasions expressed themselves as satisfied or pleased with the training and their experience of working with providers. However, there were others who were decidedly less

satisfied and found both the training offered and the experience of working with the providers to be wanting. In many of the interviews there were various combinations of the above at play.

Understandably, the principal concern for employers was the quality of the training provided, but it was noticeable that this was not the sole determinant of their satisfaction. Employers also placed considerable importance upon their overall experience of the 'service' that they received from training providers. Issues that particularly disgruntled employers were slow, sporadic or unclear communication, most notably in replying to issues that inevitably arose, and with paperwork delays and other administration-related issues. INT082 provides an example of the frustration and confusion that employers can encounter when dealing with providers:

> *I found I've got to do a lot of chasing. So, I've got an example here, you know, I've got assigned this cyber security apprentice and they're saying, "Yes, we're going to pay for the exams," but then when he gets to the granular about, "Okay, who's going to book it? Do we have to pay for it? Do you – are you then going then refund us?" It's just all those little things that you've got to keep going to back to the training provider to say well, who's doing this? Is that – there's a bit of – you know, there is a bit of toing and froing in terms of getting those communication channels right.*

The initial point raised by INT082 "I've got to do a lot of chasing" chimed with the experience of other employers. For example, INT048 expressed their frustration at "continually having to chase them to tell them their job". Ultimately, in this case, the employer's disenchantment led to them terminating the relationship with the provider in spite of being satisfied with "the actual delivery part of it". It was suggested by INT047 that there was a disparity in the (non-training) service provided by public and private sector training providers:

> *The private ones are much easier to deal with. Those involved in universities, colleges education are an absolute nightmare. The administration, the communication, they never call you back, they never answer the phone, they never respond to emails and it's an*

absolute, it's a real challenge getting anyone to talk to you and come back to you. Whereas the private sector, it's their livelihood, so they're much more inclined to deliver a better service.

Beyond these communications-related issues, employers sought training providers who were willing to "understand [the company's] culture" (INT020) and who were "flexible to the needs of us as employers" (INT007b) and particularly appreciated those providers who were prepared to add bespoke elements to the training and to 'go the extra mile'. INT100, a major employer, and hence a prize contract for a training provider who might therefore be expected to provide exceptional service (although the case highlighted in the second chapter of Morrisons supermarkets and Elmfield Training demonstrates that this does not always prove to be the case) explained the service that they receive from their training provider, particularly in terms of familiarising themselves with the employer's workplace:

..they spend the day, six hours, I suppose it's a day for some people, in the [company's name] restaurants and they work on the service areas, they work in the kitchen areas and they speak to the business manager just to understand how the whole [company's name] concept works and how they can incorporate that into the learning of the learner. […] We review with them any problems that they have. We also give them an update on what [the company] will be doing in this year. Just so they can adjust their language as well when they're talking to the learner and so it's sort of like in line with the learner's experience in the restaurants…

A further important factor in the relationship between employers and providers is that employers are now able to draw the funds for training directly from their levy accounts and often refer to "our money" (INT012, INT027, INT028, INT050, INT057, INT087). It may be that this mind-set is encouraging them to not only look afresh at the possibilities offered by training but also to be more demanding in their expectations of the training. INT001, an employer in hospitality that offered levy-funded apprenticeships to both existing and new employees observed that within the organisation "the difference is the way people look at the

apprenticeship programme and they do see it more as it's now [company's name] money" and that generally "we want to see a better return on investment from what we're getting".

There appears to have been a levy-induced intensification of the scrutiny that employers apply to their evaluation of the quality of the training and service received and a subsequent intolerance of either poor quality training or service. This is a desirable outcome and a natural consequence of employers viewing their levy account as holding the "money that we've fought hard to earn" (INT094) and therefore many employers act accordingly and increasingly become, as INT094 continued to explain: "involved in making sure that we get what we need".

Employers can (and on occasion interviewees did) change providers when dissatisfied with the training/service. INT068 was one such example. The interviewee (INT068) did however dispel any notion that this is a carefree or easy process, explaining that: "the extra effort that it takes to extricate yourself from that relationship, and identify a new provider, it is not, you know, it's not small, and it's not to be taken lightly". As with much else, anticipating and avoiding such problems is preferable to seeking to rectify them once problems are evident although this is more easily achieved in theory than it is in practice. Employers were phlegmatically aware that notwithstanding the obvious importance and benefits of selecting the right provider, the process of finding (the right) training provider could, as INT027 reported, be "a bit of a lottery sometimes" and INT034 stated that "it can be a minefield trying to find them". Ultimately, as INT086 acknowledged the proof with training providers is often found in the pudding as "you won't always know that you've got the decision right until you kind of work through it with somebody".

Nevertheless, forewarned is forearmed and most employers wisely sought to incorporate a "due-diligence process" (INT030) into their selection of training provider. The extent and success of this was influenced by multiple factors, not least the time and resources available to the employer. Employers would typically first check the Register of Training Organisations and then evaluate Ofsted ratings and reports. The next port of call for employers was often to seek to obtain recommendations, fair warning or general feedback from other employers before

issuing invitations to shortlisted training providers to give a presentation directly to the employer for final scrutiny and selection. Unfortunately measures such as these certainly did not guarantee success with INT019 explaining:

> *I suppose there's a bit of mistrust in there that, you know, these are the people who can, you know, talk a good talk but do they actually deliver? Yeah, the person that comes to see you can really, you know, sell it really well. But actually, that's not the person who's going to be delivering what you want them to deliver and then you find that actually that person is not the quality that you would expect.*

INT034 also highlighted the inherent difficulty many employers found in differentiating between providers "on a government website" (the Register of Training Organisations) and seeking to ascertain quality as "they've all got a similar Ofsted rating". Thus, it was those interviewees who were better connected who held an advantage in being able to acquire additional relevant information.

A further profound concern to employers was an awareness that the financial position of a number of training providers was precarious and that sudden closure was not an infrequent occurrence. Some employers had been directly affected by such closures and INT077 had recently experienced a provider closing whilst having learners with them, which "has just been awful". The tightening of the quality expectations demanded of providers alongside the requirement to be included on the Register of Training Providers has undoubtedly made closures more likely. As INT003 explained: "a number of them since the levy has been introduced have gone bump - it's quite a number". INT014a had been directly affected by this: "two of the other ones that we used at the beginning of the year have already folded as well". The cumulative effect of these closures is that employer confidence is undermined and the concerns that employers have regarding provider closures are understandably exacerbated "every time something like that happens" (INT048).

Employers in cities and urban areas unsurprisingly had far greater choice of providers than those in rural areas, but even in the relatively densely populated south-east of England finding an appropriate provider could be frustratingly

problematic (especially as levy-funded training requires an approved provider). As INT078 explained:

> *So, a new standard came out […] I said, this is going to be a golden opportunity for us. Fantastic! All signed off, end-point assessment signed off, value. We know what it's going to cost us. Are there any training providers? No. So, there are actually now no training providers approved to deliver it. These guys have spent two and a half years designing and building this wonderful new standard that the business needs… and there's no one able to deliver it because they're not signed off on the various government sites that say you are an approved training provider. So, we are just frustrated. […] We probably got 15, 20 people we want to put through that standard in the next couple of years as we grow the business and it's quite strategic for us, and yet there's no training provider. The closest likely training provider is going to be 145 miles away.*

The interviews also revealed other cases of employers who were encountering difficulties in accessing the training providers that were offering the training that they required. INT020, for example, stated that they "were struggling to find somebody" who could deliver a particular standard whilst INT079 was also unable to locate a provider that was able to deliver "a brand-new standard" to their employees.

Question marks were also raised with regard to the willingness of providers to provide training to a small cohort. This is a serious concern as it means that although employer demand for training may be stimulated by the levy, there still remain cases of employers being unable to access the training sought.
INT095 explained their experience of this as follows:

> *…we found, what looked like, the ideal apprenticeship. However, as it was relatively new there was only one provider. This particular provider indicated the apprenticeship could be undertaken 'at the location' so no block release etc. required for the 'off-the-job' element. This all seemed great until the provider said they'd only be able to deliver it with a minimum cohort of 6 employees. As our [the*

name of the department] is small we couldn't meet the numbers. So we haven't been able to do this apprenticeship and there's nothing similar on offer.

Factors such as these greatly inhibit the opportunity for employers to assume their position 'in the driving seat'. Those employers who were able to present a large cohort were far more likely to be able to find providers being responsive to their needs. As INT075 recognised: "we worked with the provider to actually also tailor it a little bit towards our own organisation because we have such big numbers go through". Although larger employers presenting a significant number of employees to providers for training were often able to benefit from this, it was not always the case.

A further factor that could undermine employer 'purchasing power' (and the associated expectation of therefore being 'in the driving seat') was that their large cohort would often not simply require one-size-fits-all levy-funded training. In many cases, their training needs would break down into a variety of different training areas, with each requiring specialised levy-funded training. The outcome of this was that employers were in actuality presenting much smaller subsets of employees to providers for training than might initially have appeared the case. This would inhibit and dilute how attractive such employers were to providers. INT015 was a major employer who was in this situation and the outcome was that they were working with multiple training providers and felt that at "an individual provider level we don't have much purchasing power at all".

Observations such as the one made above by INT015 are of concern as it was anticipated that the levy would enhance the purchasing power of employers and strengthen their ability to negotiate the cost of training. However, as with the introduction of tuition fees to higher education, training providers, as universities had done before them, were setting training fees at the maximum level allowed without a variation in fees occurring between different providers. Therefore, this is an additional reason why employers often did not recognise their theoretical 'purchasing power' as empowering them to successfully negotiate prices with providers. As INT024 remarked: "I've not really seen that happen – it just seems to

be that everybody pays the top of the cap for whatever the apprenticeship is". For example, INT029 commented:

> *The employer is not in the driving seat. You can't negotiate the cost. You can't negotiate the prices. Whatever the top end is, that's what every provider charges you. With no negotiation whatsoever.*

INT069, however, was unconvinced by the importance of negotiating as like most of the interviewees they were not spending their full levy payment and therefore asked: "why would I bother negotiating?"

Overall, the interviews indicate that although having direct access to the funding and being enabled to choose and pay the provider directly does for many employers positively impact upon their perception of being (to a greater extent) 'in the driving seat', it is not an outright game-changer. There are a number of other factors at play which impede its ability to become truly transformative. Employers can often remain constrained by the limited choice of training programmes that providers are able or willing to offer and equally there are concerns about the number of providers who are 'folding'. Furthermore, employers may find themselves simply to be unfortunate victims of geography who are unable to access the desired training in their local region. Most of all, the interviews indicate that the size of the cohort that the employer is able to present to a provider for training is a particularly significant factor in determining the extent to which employers can access the training that they require/desire.

Employers' Views on Becoming Employer-Providers

In many ways the ultimate manifestation of employers taking full ownership of training and to categorically place themselves 'in the driving seat' would be to become employer-providers. In this role, employers would be able to eradicate the gaps that could emerge between the levy-compliant training sought by the employer and the levy-funded training that a training provider might be able or willing to provide. Within the parameters required for levy-funded training, employers could design and implement training that is tailored to their needs and would be able to take direct responsibility for the quality and suitability of the overall training programme. At face value, this appears to be a highly attractive

proposition for employers and yet the overwhelming majority of employers interviewed were not (and did not intend to become) employer-providers.

The principal reasons to explain this were a lack of available resources, Ofsted inspections, inexperience in training provision and insufficient numbers of employees (existing and new) who were viewed as being in need of apprenticeship training to justify the expense and scale that such an undertaking would require. There were employers who were vehemently opposed to becoming an employer-provider, with INT029 stating: “God. No. No. I couldn’t think of anything worse” when asked if they had considered the possibility. Others were concerned that it may prove a distraction from their principal commercial objectives and “get in the way of running the business” (INT069). INT038 stated “we are not big enough to be able to do that” and 6 other interviewees (INT019; INT026; INT027; INT059; INT078; INT092b) also used the words “we are not big enough”.

Employers understandably often regarded external providers as having the practical knowledge and experience to be able to deliver training most effectively. Employers placed great value upon the knowledge that providers had acquired of and their familiarity with the rigours of delivering certified apprenticeship training. This was even more the case in light of the rigid requirements for levy-funded training and most employers strongly felt that it would require training experience to safely cross the potential minefield of the new (and evolving) rules and regulations that were pre-conditions of levy-funded training. For the most part, employers felt the most prudent course was to engage the expertise and experience of training providers and to leave to them the task and responsibility of navigating the largely unchartered waters of the apprenticeship levy. Most employers did simply not regard this as the moment for employers to become training providers. While this time may yet come in the future, at the present time employers (largely) preferred to leave training provision to others. INT089:

> *We do what we do really well. Training providers do what they do really well. I think people stick to what they're good at. I think there is so much more red tape with apprenticeships that a business does not need that extra challenge. I think our provider has been working with Ofsted typically for a long time. There's just too much risk with it.*

An issue that employers returned to time upon time in the interviews was the prospect of the Ofsted inspection that would be required to operate as an employer-provider. INT046, was unsure whether they would have “the knowledge to be able to cope with things like Ofsted”. INT027 concurred, confessing they would be “terrified to do Ofsted” and although INT017 was confident that they would be able to provide high-quality training, they found “the thought of Ofsted” was enough to deter them from becoming an employer-provider.

Those sixteen hardy souls who were applying (three employers) or had become employer-providers (thirteen employers) had typically made the decision out of a perceived necessity. In most cases, they had specific training requirements that left them unable to access the training required from training providers, or unable to access it easily. For example, INT009c was an employer-provider, but was working in partnership with a training provider. This was in large part due to the highly specialised training they required (which was not feasible for a training provider to deliver) and the partnership enabled the employer to train without becoming burdened by the administrative responsibilities that levy-funded training entails. It was a pragmatic approach with which they were satisfied: “so that we are working to best utilize our skills delivering [the name of the programme] whilst not focusing on the sort of background areas of the back office stuff”.

INT034 had become employer-provider but found the experience of the Ofsted inspection to be “quite off-putting”. They felt that Ofsted inspections were more appropriate for educational rather than the corporate world and that the short notice of inspections could be particularly problematic. Key people may not be present (far less likely in a school) and the workplace might not be able to easily provide a room for the inspectors. INT034 continued to explain some of their difficulty with this:

> *What happens to us is we get two days' notice. They give us a list of senior people they need to see. […] The Ofsted inspection we had recently, they pulled a list of 14 people that they had to see. One guy was in Australia doing business meetings. They suddenly say, “We need a room. We need this. You have to have this available”. We get*

a couple of days' notice. We can't even get meeting rooms, we're not a school.

INT025 had also found the experience of an Ofsted inspection to be "an absolute nightmare" and although they "wanted to deliver a good training programme" they found their overall experience as an employer-provider to be "so burdensome" that they elected to withdraw and return to using a training provider. INT011 made the same decision, deciding to cease on the grounds that it was not cost-effective to be an employer-provider and the advantages were (much) outweighed by the disadvantages: "It's cost us significantly more in terms of additional staff and resourcing without any particular big return".

Therefore, in the majority of the organisations within the sample, employers had not become (nor were they looking to become) employer-providers. The employers that had become employer-providers were deepening their engagement with training but were often doing so because of a requirement for specialist training which was not easily obtained elsewhere. Yet it may be that, as the dust settles, and levy-funded training establishes itself as a part of the status quo (rather than in its present infancy), more employers do indeed elect to take the employer-provider path. However, at the time of writing, for the majority of the employers interviewed, it is simply not on their horizon. Most employers have chosen to leave the training and associated bureaucracy to those who are most experienced and best placed to deliver levy-compliant training, the training providers.

Participation in 'Trailblazer' Groups and Employer Buy-In

Forty-one of the one hundred and two employers interviewed had participated in 'trailblazer' groups. These are the employer-led groups which are involved in the setting of sectoral standards for levy-funded training (subject to the approval of the Institute for Apprenticeships and Technical Education) and were mentioned at the beginning of this chapter. Most of those who had been involved viewed it as having been a worthwhile but often very demanding experience. INT085 recognised the groups "as an opportunity to develop standards that were absolutely relevant to our industry" although INT094 had not anticipated the extent of the commitment that would be required: "we welcome the opportunity to have

some input in the standards, but really weren't expecting the full sort of burden of that requirement".

The most common reason cited for not becoming involved in 'trailblazer' groups was having insufficient time and resources for such an undertaking. This formed the basis of the view that was expressed by a number of the non-'trailblazer' participating interviewees which was that the 'trailblazer' groups tended to favour the larger organisations. This sentiment was expressed by INT019 saying that "basically the larger companies got involved in all that, got things that they wanted".

Frustrations, however, were by no means limited to those who had not participated in the groups, as the positive effect of being involved with the design of standards was greatly diminished if the task of gaining final approval from the Institute for Apprenticeships and Technical Education (IfATE) for sectoral standards proved to be excessively onerous. This was a commonly expressed frustration as demonstrated by INT035: "it's meant to be employer-led, so the employers wrote what we wanted and it got turned down by the IFA[1]. I think we're on our 14th re-iteration …" and INT022: "we spent literally 12 months going back and forth saying that it won't work for us" and INT078 spoke in a similar vein complaining of a:

> *very slow process, in fact, our [the standard] is still not being signed off after nearly two and a half years. […] Ridiculous! You know, "we need this word here changing, that word there changing". Well, hang on! But we're the industry experts, so you're saying, you know, you know what you're talking about and you're tinkering over a comma and a phrase. So, actually, is it the tail wagging the dog?*

These expressions of 'trailblazer' frustration with the process are damaging to an employer-led approach which seeks to place employers 'in the driving seat' although perhaps they should not be regarded as the final word on the matter. They were spoken in very understandable frustration at the 'work in progress' of creating quality sectoral standards. As the standards bed in and become established, the conditions which have created many of these difficulties should no

[1] The Institute for Apprenticeships has subsequently been renamed the Institute for Apprenticeships and Technical Education following its acceptance of responsibilities for the T Level Programme. (IfATE, 2019)

longer be present as from 1 August 2020 it became no longer possible to commence levy-funded training on a framework but only on a standard (ESFA, 2020b).

It is important to emphasise that, notwithstanding the importance of the discontent outlined above, the interviews found that the overall experience of employers participating in the 'trailblazer' groups contained significantly more positives than negatives. This was because of the opportunity they offered employers to make an imprint upon training, INT037: "I was involved in the 'trailblazer' groups for [the standard], which meant that I've got a voice in helping design it and test it". INT018 explained that their approach was to "fully embrace" the 'trailblazer' process as they recognised it "as strategically important" in order to ensure that the "standards met our requirements and will continue to meet our requirements".

Standards – Employer-Led Training

The standards that 'trailblazers' were involved in formulating were regarded positively by employers and in most cases seen as a marked improvement on the frameworks they were replacing. INT013 observed that "the standards are really good" and INT086 recognised that "the standards side of things has actually made more sense" whilst INT007b viewed them as "much more relevant to business today". The process of engaging employers with the design of standards was playing a part in helping to re-define the relationship between employers and providers and in making the process increasingly employer-led. INT089 contrasted the present improvement in quality and employer control with the previous situation of subsidised training:

> *Providers would come in, sign anyone up whenever they wanted, say to the local business, "It's a free programme. You don't have to pay for anything, you'll get a qualification at the end of it." And we can actually control the quality. I think levy and the standards have allowed us to control that a bit better.*

An important feature and benefit of standards over frameworks is that standards are derived from employers and their specific training needs whereas frameworks

were often seen to represent the best efforts of Further Education to anticipate employer training needs. INT009b explained this point and the particular value that they saw in standards in comparison with frameworks:

> *…working on qualification standards that actually apply to the organizations that the individual, the occupation an individual is aspiring to. It's got to be a good thing. Previously as much as I liked frameworks they are further education written and the individual comes away from them hoping that it fits with what you need for business*

There were employers who were highly critical of the competence-based qualifications, such as the National Vocational Qualification (NVQ) which had become synonymous with frameworks and could leave the individual with the qualification but not the skills that the employer required (Notley, 2017). The move from frameworks to standards intends to dispel the scepticism and negativity with which those employers regard frameworks and NVQs in particular. NVQs were at times referred to as having a 'stigma' attached to them, being the product of a 'tick box mentality' and on more than one occasion as standing for 'Not Very Qualified'. Employers who expressed these sentiments included INT089: "I know there's some thought out there about NVQ's not being a standard, Not Very Qualified still got that stigma around it" and INT017, who expanded further on the issue:

> *They used to say NVQ, Not Very Qualified, that's what it used to stand for. It was always a tick box exercise and historically it was a bit of a joke for employers. High NVQ. Yes, whatever. Eyes roll. That was purely down to the old system and I think to be honest, it was providers taking advantage of that and just ticking boxes to get the revenue.*

INT030 identified the move from frameworks to standards as a key reason why "senior leaders are now recognising apprenticeships as a way of upskilling employees". The many interviewees who regarded the move from frameworks to standards as being positive made frequent reference to the fact that the standards are robust and incorporate an end-point assessment (EPA). INT068 highlighted the assurance of quality they offer employers:

> *…for us to know that if we're recruiting somebody that's completed data analytics, for example, apprenticeship elsewhere, that actually we can be really clear and certain of what they've actually studied. So, the transparency for me, that there is under standards is great.*

There were still areas of concern for some employers regarding standards. Firstly, a degree of plus ça change, as employers would still, as INT063 explained: "have to select from a list if you like, on a website in the same way that you would if you were just looking for a training course". There were also occasions when employers would struggle or be unable to locate the programme that matched their exact training requirements or would be unable to find a suitable training provider. These may be issues that settle over time but at present are frustrating employers, with INT079 drawing attention to the way in which employers can continue to face challenges finding training providers after having selected their training standard: "whilst we've got that standard, you still got to find somebody to deliver it".

Employers recognised that EPAs were likely to be "daunting for the learner" (INT067) but this concern was superseded by the overall value that assessment by an external body was viewed as bringing. INT025 explained that it "stops the colleges assessing their own work" with INT046 appreciating the fact that EPAs "really tests the learner to confirm their knowledge". The cumulative effect of this, as INT017 suggested, is that it "adds an extra level of status".

However, substantive issues were also raised by some employers regarding the implementation of EPAs. INT025 for example, noted that "three months is too long for an assessment" and INT029 was extremely frustrated that they "had to wait nine months for an end-point assessment". INT056 observed that "there don't seem to be enough end-point assessors and so it's a difficult task to actually find them". At the time that the interviews were conducted although many cohorts had already experienced EPA there were also a high number who had not done so. As such, although the introduction of EPA was welcomed there was also a degree of trepidation attached to it. INT003 provided an example of why there was some employer anxiety regarding EPA: "I met with his [the employee's] tutor and it was only couple of weeks ago and she's not clear on what that's [the end-point

assessment] going to be…". Thus, whilst EPA is recognised by employers as a step in the right direction, it remains a work in progress.

The situation with EPA is in part indicative of the wider state of play following the introduction of 'trailblazers' and the ongoing impact of standards replacing frameworks. The move to make the system more employer-led is highly valued by employers but there is an acute awareness that participation in 'trailblazer' groups requires a great investment of time and tends to favour larger employers. There is also recognition that although standards (incorporating an end-point assessment) are crucially raising quality and making training more employer-centric there are still issues that need to be addressed. It can take substantial periods of time for standards to be approved by IfATE and even after this, employers may yet find difficulty in locating a suitable training provider.

The all-important groundwork has been laid, by introducing the levy and the reforms to training, but eyes will need to remain fixed on the prize of increased employer engagement with quality-assured training. At present, the gains are solid although not universal. The next section will present its findings on the experience of employers with the eligibility requirements which have been attached to training in order for it to be eligible for levy-funding.

Safeguarding Training Quality

The interviews sought to ascertain the extent to which the rules attached to levy-funded training were proving problematic or inhibiting employers from engaging with apprenticeship training. It may be argued that every rule or regulation curtails employer training autonomy, but these rules have been imposed with the clear and explicit intention of raising quality and hindering malpractice. For the purposes of this section it is a moot point as to whether such rules and regulations should have been imposed. The pertinent fact is that they have been imposed and the relevant question is how employers are interacting with them.

The principal restraints that employers recurrently highlighted in the interviews as issues were firstly the requirement for 20% off-the-job training and secondly the requirement for levy-funded training to be a minimum of twelve months duration. With respect to 20% off-the-job training there was often a degree

of uncertainty regarding the precise whys and wherefores of what does and does not constitute off-the-job training. This point was made by INT102: “I don’t think people are entirely clear on what it means” and INT077 provided an example of the way in which confusion arose: “I think everybody just assumes 20% is one day for a week when in reality, it can be two mornings or it can be however managed across the programme”. INT004 was a further employer who was also initially impeded by the lack of clarity regarding “what counts as off job training” and this deterred many of their managers from engaging with levy-funded training although this ceased to be the case “once they started getting their heads around that” and they were then happy to engage. Interestingly, INT066 used the exact same expression and became similarly unperturbed by the requirement once they had developed an understanding of what it entailed:

> *Once we got our head around the fact that, you know, lots, lots of activities throughout the working week add up to that 20 percent, including the time that she spent on her study, then it, it wasn't really a problem.*

There were interviewees who suggested that the terminology (“off-the-job training”) was “unhelpful” (INT044) and INT028 considered it to be “quite misleading and a bit ambiguous” and expanded to explain why:

> *…because that tends to imply that the person isn’t at work. In fact, it is actually on the job. It’s whilst you are at work, it’s just that you are meant to be doing or learning skills that are not part of your current role.*

INT049 admitted to using the term “development time” rather than 20% off-the-job training in their quest to “make it more of an organizational friendly term” and explained that they had needed to “certainly do a lot of work from a business education point of view around the 20%” and that close collaboration with managers and senior managers had been required “just try to break down those barriers”. The issue at stake for employers is real and not solely a semantic one. This is reflected in INT080’s statement that “however you dress it up, you’ve got to potentially afford this person 20% out of their working week”.

An interesting and important distinction was often drawn between the 20% rule for new employees and for existing staff, with INT072 attesting that "nobody bats an eyelid" about the rule with respect to new employees. This enhances the potential for levy-funded training for new employees to play a valuable role in enabling the transition of young people to the workforce. There are operational reasons why it may be easier to incorporate the 20% rule into new employees' roles within the organisation. Firstly, as INT050 explained there is an opportunity "to build it in" where new employees are concerned "because they haven't got allocated tasks by that point if it's a new role", therefore the manager is not having to cover or sacrifice a role that the employee was previously performing. INT047 noted that line managers are cognizant of the need for new employees to receive training and "fully expect to be training them and showing them how the things work". The interviews revealed that there were circumstances in which employers viewed it as beneficial for new employees to be attending training ('off-site') at a college. This was most particularly the case with engineering and construction firms where employers were described by INT055 as being accustomed to working with a "day-release" model, and had done so "for many, many years". INT029 was categorical in their support for day-release training:

> *20% off the job, no problem whatsoever. No problem. We've always made the commitment to send people on day-release […] we want people to go to college, we want them to get that taught element*

The employers who had chosen to become employer-providers acknowledged that although "in some instances" (INT006) the 20% rule could present a challenge, in most cases it did not, as was the case "for our level teams level 2, level 3 where we're an employer-provider we mapped it all out". This 'mapping out' was a theme of employer-providers with INT002 explaining that difficulties were avoided because of "the way that we built the programme". INT009c stressed that they were "very careful at planning our programmes in advance" and emphasised the importance that they placed upon training as "for an awful lot of our programmes 20% is well surpassed".

The interviewees painted a very different picture with regard to the 20% rule for existing employees. The rule was reported by the interviewees as far more

problematic than it was with new employees. An important factor in this is that employers already have as INT068 states “pretty lean workforces” and therefore the requisite “backfill comes at a cost”. INT048 similarly commented: “to take somebody off the shop floor 20 percent. It's almost impossible for us”. INT051 expressed the tension that existed for many interviewees between wishing to develop their staff and their wider commercial responsibilities: “of course you want to grow and develop people, but we are not a charity and ultimately we're here to make a return, value to our shareholders”.

A number of interviewees also suggested that their unease about the 20% rule is at times because of its effect upon employees. For example, INT076 commented that: “you suddenly are faced with doing five days’ worth of work in four days and you’ve got to become a lot more agile at work”. INT028 explained that existing employees are “working their fingers to the bone for you, just to actually do the job they’re employed to do before, they even think about upskilling to go on and do new and different things”. Other employers, such as INT047, queried whether it may on occasion be more appropriate for upskilling existing employers to do so on their own rather than the company’s time:

> *For the 20% off the job, it's a tricky one. It's kind of a six of one, half a dozen of the other. For me, personally, if I'm doing a work-related qualification, which I have done, my expectation is if my organization is paying for it or organizing it, I would fully expect to spend my time studying home, in the evenings and weekends. That's how I see it, but there were a number of people that would disagree with that and think, well, if it's a vocational qualification, the employer should allow them time. I think perhaps 20% is too much and would maybe reduce it to 10%. Then you've potentially got people who are doing some stuff in their own time and in work time.*

In addition, it was suggested that the extent of the challenge posed by the 20% rule was contingent upon the employee’s existing role and the level of their levy-funded training. INT067 recognised this variation: “some of our staff, because of the nature of their jobs, they do a lot of training off-the-job anyway and that’s all incorporated, for others, it is much harder”. INT026 indicated that 20% off-the-job training “works

quite easily" in engineering but expressed concern that "in some apprenticeships, especially the more hands-on ones, it's more difficult to hit that 20%". Inevitably, there is an unavoidably arbitrary nature inherent to specifying a particular percentage as the uniform minimum requirement for all off-the-job training and this was frequently highlighted by employers. As was powerfully argued by INT078:

> *…20% applied to every single standard regardless of what the standard requires, where some areas might need 25%, others might only need 15%. But it's an arbitrary finger in the air 20% on absolutely everything. That's the bigger issue; is nobody's analysed it, no one's thought about it other than we need a number, let's put a number in, 20%...*

INT018 recognised the legitimacy of the 20% rule for themselves: "I can't see standards in our sector where you wouldn't have, where 20 per cent was not a legitimate target to have". However, this interviewee questioned whether it was the case "in other sectors like retail maybe we need to look differently at that" and continues by stating there needs to be an "honest discussion around what's needed".

Although the majority of the employers who were interviewed expressed considerable discontent about the 20% rule and the training of existing employees there was as mentioned a far greater recognition of its value with regard to new employees. INT016 viewed the 20% rule for new employees as "a positive way of ensuring quality learning time" and INT052 went even further by saying that it should be safeguarded: "for me if that 20% gets eroded, that almost erodes the value for the individual and for the organization of the apprenticeship itself". INT073 provided a valuable reflection on the capacity of the 20% off-the-job rule to facilitate an overall (for both new and existing employees) more considered and strategic approach to levy-funded training whilst providing a safeguard against inappropriate use and gratuitous levy-spending. A more strategic approach to training is at the core of the changes that the levy intends to provoke in employers and is a much-desired outcome:

> *We have done a few upskilling apprenticeships but not many. Actually I think the 20% is normally the deterrence to the upskilling especially when we're looking at sort of leadership and management ones because the manager will find it difficult to release someone who is in full time employment and for 20% off-the-job which I think is quite a good thing actually because it just makes them refocus on who is actually going to progress to a new role or who do we want to have a succession plan for and actually we will allow them to invest the time, you know, to get a degree, a leadership degree qualification or whatever it is, rather than just saying, "Oh yeah, let's just put, you know, a whole team on this, if it's there and it's fully funded". So actually, I don't think that's a bad thing, I think it's actually, you know, makes me sure that they are putting a bit more thought into who should be on apprenticeships for upskilling.*

The rules regarding the minimum 12-month duration for levy-funded training were a further source of frustration. INT025 stated that "there's a lot of courses that can be done a lot quicker" and INT058 provided a specific example with leadership programmes: "we can do our leadership programme in six off-the-job days". INT071 gave a further example:

> *I mean, the LGV driver, national shortage of truck drivers what, in my view, someone should have done this is to say "Look, in certain occupation areas we've got a skills crisis". So, we need to make — we need to lighten things up a bit. Instead of one year, it could have been six months. You don't need a year to become a truck driver. You really don't.*

Interviewees additionally observed on occasion that employees too could be frustrated by the delay that the minimum duration requirement could cause to them in achieving their promotion and the associated increase in pay, INT057: "if they're a superstar, we can get through it in nine months, and that then links to a new job title and a new pay rate".

Although there were a number of strong employer voices in the interviews arguing for greater flexibility with the requirements for levy-funded training, there

were also those who noted that the easing or removal of the minimum length restriction might enable statutory training to masquerade as levy-funded training. INT013 (a food manufacturer) made reference to this concern:

> *I know people have been looking at can it be used for things other than apprenticeships, I don't necessarily think that's the right thing if we were to use it for the new L&D budget. […] From my perspective, the food and drink industry. We might want everybody to have a level of knowledge of food safety. That's the requirement by law. I don't think people should be using a levy to deliver that training. It's something that should be required for them to do.*

There are further issues which are impeding employers from fully engaging with levy-funded training and assuming their place 'in the driving seat' with training. The employers interviewed in the research were large employers and often had a presence across the four nations of the United Kingdom (UK). Although the levy is paid by employers throughout the UK, apprenticeship and training policy is a matter for the devolved nations. Employers headquartered in England are unable to access their levy payments for employees who are based in Scotland. Scotland's share of the levy is based upon the Barnett formula (Keep, 2017) and then issued as a block grant which crucially the Scottish Government have decided to not allow employers to access the funds directly (but rather to issue them on a national level through Skills Development Scotland etc.) and this has caused great consternation to those interviewees affected. This certainly does not place 'employers in the driving seat' and INT046 described it as "the biggest thing that's impacting us around the levy at the moment" as it meant that "the fact is that we can't offer the same programmes across the whole business". The situation has left INT077 exasperated as "it's caused huge negativity across our organisation because people see it as not fair because they don't have the same opportunity" and INT056 also noted the unfairness of inconsistent internal company training opportunities "just because of where they happen to be located" and one interviewee even provided an example of an individual from a devolved nation moving to England purely to be able to access the opportunity presented to them by the same employer with levy-funded training.

Although the employers interviewed had elected to engage with levy-funded training, the evidence suggests that confusion and uncertainty regarding how the levy worked or what was available through levy-funded training may well have deterred other employers from becoming involved. INT020 viewed this as being a contributory cause of employer non-engagement with levy-funded training because if you are: "not knowing how something works, so you avoid it". INT101 provided an example of insufficient knowledge regarding the training that was available through the levy causing another employer to be (temporarily) uninvolved with levy-funded training:

> *…I've got a friend of mine who's an HR director for a completely different sort of organisation to me […] And she said, "I can't really find a way to use it at the moment," and I said, "Oh, but you know, you could try this and you could try that." We chatted about it and then the next time I saw her, she said, "Oh, we've started putting people through this and that programme and we're using the levy." So actually, I think that, you know, there's a lot more possibilities than people are even aware of …*

This case illustrates the need for employers to be provided with the information that allows them to not only understand the mechanisms but also to recognise the full potential offered by levy-funded training. The data gathered in these interviews indicates that it is likely that imperfect information is indeed hindering other employers from engaging with the levy and this is an area that would benefit from further research. The example given above by INT101 demonstrates both that this is occurring and that it can be overcome through the timely provision of information.

There was evidence that issues surrounding information and understanding had been problematic during the implementation period of the levy. INT060 characterised the early period of the levy as one in which "everyone was just trying to figure it out for themselves" and although INT027 did now feel themselves to be more 'in the driving seat' they attributed this to being as "only because I've had so much experience now and I'm like two years down the line". This point also re-emphasises the importance of employers being allowed time (two years) to use the

funds in their levy account before they start to expire. INT027 continued to say that "we were very much, as employers, looking for the training providers to give us the answers and we weren't asking the right questions, I don't think". Not only does this further indicate how dependent employers initially were upon providers (and were certainly not contemplating becoming employer-providers) but also that the information employers were receiving from providers could be unclear or incomplete. It was taking time for employers to fully assimilate the ways in which they could take 'ownership' of (and place themselves 'in the driving seat' with) levy-funded training. This was explained by INT043, with respect to end-point assessment (EPA) and providers:

> *It was only actually once we were experiencing it that we've suddenly finally realized that we owned the decision as to who the EPA organization was. Our provider had not misled us, but certainly our provider at the time had allowed us to believe that they were more responsible for selecting the EPA organization. As soon as we realized that, we were like, "Oh, okay we can go out in the market and see who's out there". Actually, there's some much better offerings for us that work better for what we want to do.*

A further potential enabler of a more employer-led system is the opportunity that has been granted to employers to transfer their unused levy funds to other employers in their supply chain. However, the interviews revealed that employers were rarely doing so. INT060 explained that "it's not as straightforward as you think" and others remained unclear as to what could and could not be done. INT056 was an example of this "I'm still not sure I understand whether I've got to have a connection with that other company or whether I can just give it to anyone". Other employers viewed the issue with a degree of trepidation before deciding that it constituted an unnecessary risk. This was the case with INT100 who had decided "to stay away from that" out of concern that it "may be the cause for some future problems down the line". INT078 elaborated on the perceived risk: "you have to be absolutely crystal clear with this. That if you are allowing one part of your supply chain to have funding from you, that it doesn't look as though you are being corrupt and bribing".

Beyond some employers noting a potential risk in transferring funds there was also a further explanation for employer reluctance to do so and this stemmed from a commonly-held belief amongst employers that transferring funds was an additional and unmerited administrative burden. With INT039 observing that "I don't really see the point in that, because non-levy paying companies would receive funding, anyway, from the government" and INT015 viewed it as "doing the government's job for it". And again, the issue resurfaced of the extra work entailed merely serving to create an unnecessary potential risk. As explained by INT059:

> *That gives me more work to do. I'm not incentivized to do that, because of the practical implementation. […] You get to monitor it all properly. What if somebody left, say five apprenticeships are being offered by our supply chain and then five of them left, but they didn't do their due diligence on it and tell the training providers that they left, and they were carrying on drawing the funding. I'm still responsible for that.*

The Levy and the Perception of Apprenticeships

The fundamental reason for the introduction of the levy has been established as being to address a market failure in training and to prompt employers into re-engaging with training. The following section considers an area that is intrinsically linked to the creation of an overall environment that would be conducive towards encouraging employers to further their interaction with levy-funded training. This is the issue of whether employers feel that they are receiving the calibre of applications which encourage their expansion of training. It has been argued that the prioritisation and vast expansion of HE has had the unintended consequence of making (almost all) other options appear to be second-rate in comparison with HE (Goodhart, 2017).

This is likely to have an unfortunate knock-on effect on employer preparedness to engage with levy-funded training for new employees, most particularly if they are unconvinced by the quality of applications that they are receiving. Conversely, if employers view their applications as having (or showing signs of beginning to have) the quality that offers real potential for strategic training

engagement, it will greatly enhance the likelihood of employers engaging with levy-funded training.

In recent times, a political consensus has formed that intends to move away from Blair's (often misunderstood) aspiration for 50% of young people to attend HE institutions (Wintour, 2012; Government World, 2019). At the forefront of this are apprenticeships which have been and continue to be strongly promoted by the government. The levy seeks to stimulate employer demand for training, though this could fall at the first hurdle if employers are dissatisfied with the calibre of applications that they are receiving. In such circumstances, the policy aspirations of the levy would be mortally wounded, and the reforms and strong government promotion of levy-funded training revealed to be a house of cards. Alternatively, if employers are indeed satisfied with the applications that they are receiving then the reasons which have been outlined for employers to engage with levy-funded training would be expected to come into play.

It was therefore of paramount importance to seek to ascertain from the interviewees the extent to which they were satisfied with the applications that they receive, whether they feel that the esteem of work-based training is rising and whether the apprentices were making a favourable (or otherwise) impression in the workplace. For those employers who were utilising levy-funded training to recruit apprentices either for the first time with their company, in greater numbers or at different (usually higher) levels, this was a pivotal moment.

In many cases, the interviewees reported that the apprentices were a great success at their respective companies. INT004 was one such employer: "I think it's the quality of apprentices as well. The quality of the apprentices brought in has been really good and therefore they're perceived as like, well, actually, it's a good thing to have". INT036 was equally enthused:

> *It's been so positive for bringing in this young talent into the business and developing them from within and the engagement that we've had. Now managers are saying that it's a really, really good way to develop their teams. They're really engaging with it now.*

The perception and feedback on the apprentices from within the organisation will certainly be key in determining whether employers decide to maintain, expand or withdraw from levy-funded training with new employees. The interviewees who were engaging with such training consistently concurred with INT004 and INT036 in recognising the value that these new employees brought to the organisation. INT080 noted that “as an advert they are fantastic” and INT041 reported:

> *I hear so many positive comments, so many ideas being raised, so much value being added from those candidates. [...] They are such a good advocate for, well, for apprenticeships in general I would say but also for our industry and it's so fantastic, fantastic candidates. I really hope that it's kind of pushed things up a bit and everybody is really on board with the idea now.*

This positive feedback on the apprentices was a recurrent theme, with INT072 commenting: "you get such wonderful feedback from around our business about the apprentices that we bring in". Crucially, INT031 commented upon their apprentices making a positive commercial impact with their wider client base: “clients came back and in their feedback, they say, ‘look, we re-signed the contract with you this year because of work done by these two apprentices’".

The preponderance of employers placing such emphasis on the value that new start apprentices brought to their organisation bodes well for the likelihood of employers furthering their engagement with levy-funded training, which in turn will become incorporated into their wider business strategies. The predilection that has developed over the last 30 years for higher education in the UK (and highlighted in the Millennium Report in the first chapter) has dramatically shrunk the pool from which employers can recruit non-graduate employees. The ability of employers to have strong candidates (as seen by employers) to recruit from is integral to employers feeling ‘in the driving seat’ but crucially is also inextricably linked to the desirability and esteem in which those transitioning into work regard apprenticeship training. Essentially, the issue also becomes the question of whether apprenticeships represent an attractive and viable option of choice for young people. The lack of real and available choice that had emerged pre-levy for many

young people (notwithstanding the excellent but greatly oversubscribed apprenticeship schemes that remained unfortunately few and far between) was summarised by Liam Byrne MP in 2014:

"The result is that young people feel they face a Hobson's choice. That is, no choice at all. They feel that unless they go to university they really are stuffed in today's jobs market. But they are highly anxious about taking on an average of £44,000 worth of debt […] what young people want is a genuine choice of an earn-while-you-learn route to degree level skills. Too many people are being pushed down a one-size-fits-all route, where the only way to a degree is a full-time, three-year programme. Young people want a better choice than this, which is why the Jaguar Land Rover apprenticeship system – which takes workers to degree level skills and beyond while they're working - is more competitive than Oxford University" (Byrne, 2014, pp.38-39).

The continuing deterrent of high tuition fees alongside the appeal of degree apprenticeships were widely-expressed and recurrent themes of the interviews. These two factors were viewed as combining to move the needle towards an improved perception of apprenticeships. This point was clearly expressed by INT029:

> *I think the times are changing now because of the degree apprenticeship. […] I think it's definitely starting to shift that way. I think parents are becoming a bit more savvy, and they're realising that actually they can get the same qualification and actually get their employer to pay for it, rather than them having to, I suppose, take that debt on themselves.*

The mention of parents is noteworthy, particularly in light of the existing evidence presented in the first chapter which indicates a parental tendency to view apprenticeships as being of value but best-suited to 'other people's children' (Way, 2016, p.121). The interviewees acknowledged that whilst fading rapidly a stigma unfortunately remained stubbornly attached to apprenticeships. This was usually attributed to enduring negative stereotypes that had become associated with the word 'apprenticeship' which for INT068 had initially brought to mind the "1970s cold, dark, cheap youth schemes" whilst INT026 acknowledges that "there is a

preconception amongst parents, and I think they look back at the old days, where the apprentice was a young person given a broom and shown how to make tea and coffee and not the alternative to university as it is now".

There was a consensus amongst a number of the interviewees that although battle had indeed been joined, the effort to overturn the deep-rooted and long-standing doubts regarding apprenticeships would take time and that victory was certainly yet to be achieved. There was a view that there remained a tendency for apprenticeships to be "seen as a second-class way of getting a qualification" (INT045) and that "apprenticeship seems to be a plan B if you don't get the right grades to get into university" (INT039).

Careers advice is, as referred to in the second chapter, widely recognised to be far from optimal in England and this problem is compounded in the case of apprenticeships as apprenticeships (in almost all cases) fall outside of the lived experience of university-trained teachers. This point was picked up upon by INT009b, who observed that "most teachers haven't gone through an apprenticeship so to actually have the teaching staff promote it - I think it's quite difficult because they don't quite understand it". INT025 shared an experience that demonstrated the low esteem in which apprenticeships could on occasion be held by school teachers. Following their presentation:

> *the teacher turned around, "See, if you don't work hard, that's where you'll end up" and you're just thinking, "well, thank you very much". All the promoting I've done about apprenticeships has just been undone because of a teacher. I certainly think more work has got to be done around educating teachers and also the parents.*

In spite of this, the issue of schools, parents and changing attitudes towards apprenticeships were the section of the interviews that appeared to most enthuse the participants. In most cases, the interviewees felt that the tide was beginning to turn in favour of apprenticeships and there was a strong consensus amongst the interviewees that the attitudes of both parents and schools towards apprenticeships were not only softening but becoming markedly more receptive.

The interviews therefore indicated that the levy may be beginning to stimulate employer demand for training and that the government's promotion of

apprenticeships might also be attracting (some) young people towards apprenticeships and disarming (some of) the ingrained scepticism of their parents towards a non-HE transition to work. This is highly significant as it will further expand the pool from which employers can recruit. A number of employers were strikingly proactive in their efforts to develop connections with local schools and in seeking to establish opportunities to converse with parents in addition to young people. INT065 was an example of one such employer explaining that: "I have far more conversations with individuals that talk about their children, you know, strongly considering the apprenticeship route". INT010 had a foot in both camps and spoke as both a training professional and a parent when noting that apprenticeships were becoming an increasingly viable option for young people:

> *this is kind of aside from the you know sort of being the HR director but just thinking about it as a parent to children going into university and such, like, it's definitely a good alternative to university. I see that as a parent whereas five years ago I had been going 'go to uni', whereas now I would say think about apprenticeships or as well as uni.*

Employers were acutely aware that in many cases parents represented the front line in the battle to win hearts and minds with apprenticeships and acted accordingly. INT053 explained:

> *It is key to get parents on board so they can understand. We involve the parents a lot in our programme, certainly during the first year of our engineering. We invite parents to come along to presentations, and we try and we promote that message and send it out in the community.*

Although as mentioned in the previous chapter there were examples of employers (such as INT018 and INT024) recruiting apprentices who had forsaken places at Oxbridge or other leading universities, and in most cases the interviewees professed themselves to be reasonably satisfied with the quality and quantity of applicants, this was not always the case. INT026 was an example of this, the interviewee explained that they had posted an advertisement for two engineering positions but had only received three applications for the posts. Two of the

applicants were successful but unsurprisingly INT026 admitted that “I certainly would have liked to have had a couple more to interview”. Others, such as INT062 conceded to being dissatisfied with the general calibre of the applications received, which they felt were below the “quality of candidates” that the positions merited.

As participation in levy-funded training becomes more commonplace and hence more widely-known, employers may in future receive the numbers (in quality and quantity) of applications that they desire. For this to occur will require levy-funded training to become recognised as an attractive option that is offering a solid career path to new employees. Were this to occur, a highly-desirable virtuous circle might be established of quality training from employers attracting quality applications from prospective new employees.

The stigma that is associated with the word ‘apprenticeship’ was particularly prevalent and problematic with respect to apprenticeships for existing employees. Alongside, the unfortunate pre-existing association that apprenticeships had with low-quality training (the very issues that standards and the rules regarding the one-year minimum training duration and 20% off-the-job training sought to confront) was the perception that apprenticeships were not regarded as age appropriate by many existing employees. INT047 described the (not uncommon) reaction that they encountered when offering employees, the opportunity to upskill on an apprenticeship:

> *People are looking at me like I've lost my mind. "Why would I, as a 40-year-old man who's been working in commerce for 20 years want to be an apprentice? I'm not 16 years old."*

INT003 reports that the term apprenticeship had caused an existing employees to “say ‘I’d be embarrassed telling people I was doing an apprenticeship’” and this recoiling by employees at the word has prompted a number of employers to seek to rebrand apprenticeships internally. INT077 explains their change in approach as follows “we are talking about them as very much professional development rather than an apprenticeship” whilst INT054 admitted that “we tried to keep the word apprenticeship out of it” by using titles like “Future Management Programme”. However, once employers had found a way to alleviate or circumnavigate employee misgivings about the word, examples were

provided of employees being enthusiastic about the training and even appearing at ease with the word apprenticeship. INT061:

> *We often have case studies on our social networks internally on our intranet really, with individuals talking about apprenticeships. These are the individuals that have been in the business for a while raving about the experience they've had on an apprenticeship.*

Summary of Chapter Six

The analysis presented in this chapter suggests the levy is achieving some notable success in placing employers at the forefront of training and in moving towards a more employer rather than provider-led training system. The means have been conferred upon employers to direct funds and select training providers which has been pivotal in enabling employers to assume a greater degree of ownership of training. There were a number of cases in which employers did indeed feel empowered by having access to the levy funds (rather than the provider) and were able to use this as leverage. Employers and providers were both aware that a dissatisfied employer may have the option to change providers and there were examples of this occurring.

The interviews indicated that the extent of employer purchasing power and leverage with providers appeared to some extent to be contingent upon the size of the cohort that the employer was able to present to the provider for training. An employer with a large group was often able to negotiate bespoke elements to their levy-funded training and providers were particularly responsive to their training needs. However, the converse of this was also true and employers (even very large organisations) that only required training for a small number of employees or a large number of employees that were requiring a range of different training (in small numbers) on occasion found difficulties in accessing the training that they required. There were further factors such as geographical location or the requirement for particularly specialised training that also exacerbate the difficulty which some employers found in accessing the appropriate training for their organisation.

The interviews indicate that the move from frameworks to standards is viewed positively by most employers and this is a welcome and important finding. The standards which are employer-led (although subject to IfATE approval) significantly enhance the ability of employers to obtain the most appropriate training for their organisation. Employers are actively involved in the creation of standards and therefore employers should not encounter the pre-levy issue of training that was suggested to have been (at times) organised more to the convenience of the provider rather than the needs of the employer.

Although the employer response to standards was for the most part positive, there were still concerns and frustrations, most particularly regarding the time that it could take for standards to be approved. The 'Trailblazer' groups with which forty-one of the interviewees participated were viewed as worthwhile but extremely time-consuming and a number of those who were not involved in 'trailblazers' felt that these groups tended to particularly favour the largest organisations. The potentially contentious issues of the 20% off-the-job-training and the minimum duration of one-year for apprenticeships were safeguards that had been attached to levy-funded training in order to ensure that training quality was robust. Employers raised issues, for example regarding the inability to access levy-funding for intense short courses, but in general the quality safeguards were accepted although there was one notable exception. The exception was with respect to 20% off-the-job training for existing employees and this was viewed as highly problematic by employers (but was not viewed as an issue with new employees).

Not many of the employers felt able or were willing to undergo the rigours of an Ofsted inspection and so uptake of the option to become an employer-provider, was largely confined to those with very specific training needs. This would be the high-water mark of employer ownership of training and although it is plausible that there may be a higher uptake in the future there was little to indicate the likelihood of this occurring in the interviews.

Lastly, a positive and promising finding was that most employers viewed the image of apprenticeships as improving although there was also recognition that there was still a need for further improvement with schools and parents (in many

cases) viewed as a barrier to apprenticeships. There were however strong indications that new employees were being positively recognised for the contributions that they were making to organisations and it may be that this can both further stimulate employer demand for training and raise the image of apprenticeships.

CHAPTER SEVEN
Discussion and Conclusions

Introduction

This chapter presents the findings and conclusions stemming from the research presented in the preceding chapters on the impact of the apprenticeship levy upon employers and training. The chapter will explain the ways in which the research contributes to the existing literature as well as outline areas for potential future research and make policy recommendations. The underlying intention of the research approach was to develop a nascent understanding, as to whether, the levy is indeed likely to prove capable of achieving its primary objective of stimulating employer demand for training.

The early chapters noted that in spite of there being a widespread recognition, on both an organisational and a national level, of the important role that can be played by skills and training in enhancing economic performance (Garrett, Campbell and Mason, 2010; Rincón Aznar et al., 2015; HM Treasury, 2005; 2015), employers in the UK have nonetheless remained in a troublingly persistent retreat from training (Green et al., 2013; 2016; BIS, 2015a; CIPD, 2019). The first chapter outlined the skill shortages and skill gaps that continue to hamper the UK (HM Government, 2017a; Winterbotham et al., 2018), and how they have coalesced with the UK's productivity woes into a market failure in training which ultimately was to prompt government intervention in the shape of the apprenticeship levy (BIS, 2015a).

The tradition of voluntarism has had a significant influence on vocational training and education in the UK (Sisson, 1995; King, 1997; Gospel and Edwards, 2012). In practice, categorisations such as 'voluntarist' are seldom absolute, with Grugulis (2007, p.36) describing the UK as 'broadly voluntarist' but a core notion associated with voluntarism is that the market will prove to be adept at providing the requisite supply of skills, as and when they are required (Rubery and Grimshaw, 2003; Ashton, 2004). If the market functions effectively, the government merely needs to provide the necessary legal structure to ensure market forces operate

freely (Grugulis, 2007; 2008). However, there is substantial doubt regarding the capability of the free market, in the absence of government intervention, to incentivise employers to engage with training sufficiently to the extent that a market failure in training can be avoided (Streeck et al., 1987; Finegold and Soskice, 1988; Coffield, 1992; Booth and Snower, 1996; Greenhalgh, 2002; Rubery and Grimshaw, 2003).

As explained in the second chapter, a principal theoretical reason for employer disengagement from training is attributed to employer concern that they may not be the beneficiaries of their training investment. The concern is that another free-riding (non-training) employer, most likely a competitor will benefit by poaching trained employees from the training employer (Streeck et al.,1987; Streeck, 1989; Stevens, 1996). Furthermore, it has also been argued that there is a long-standing predisposition of employers in the UK towards making decisions that predominantly focus upon the short-term (Coffield, 1992; Lauder, 1999; Cox, 2013; Keep, 2015). This short-term emphasis is likely to preclude much substantive training (as in most cases such training will not be short-term) and this is an additional reason why employers may opt to avoid training investment (Keep, 2006a). Moreover, there is the concern that many employers in the UK simply have a low demand for skills given the nature of their business models, and consequently avoid training (Keep and Mayhew, 1996; 1999; Wilson et al., 2003; Payne and Keep, 2011).

The levy was introduced to redress the issue of a market failure in training and it seeks to reverse this employer retrenchment from training (BIS, 2015a; Osborne, 2015; Gambin and Hogarth, 2017a). It provided a strong financial rationale for employers to engage with training (as they were required to pay the levy whether they did so or not). The aim of levy-funded training was to provide employers with the training that they required and desired, while simultaneously placing the employer 'in the driving seat' (HM Government, 2015, p.2). The quality of training was assured by the mandatory compliance requirements that had to be adhered to in order to qualify for levy-funded training (ESFA, 2020a).

Although training levies are commonly used to address market failure/under-provision in training, research on their impact is sparse and

inconclusive (Gospel and Casey, 2012), with the success of such schemes often viewed as being contingent upon varying factors but most particularly upon the vagaries of national context (Sung, Raddon and Ashton, 2006; Johanson, 2009; Müller and Behringer, 2012).

There is, with the notable exception of Gospel and Casey (2012), only minimal evidence of the impact of levies upon employers and training in England. Moreover, Gospel and Casey's (2012) research focused upon the few remaining sectoral levies (most notably construction) where employers have voted to voluntarily continue with a levy. This is far removed from the apprenticeship levy which has been universally applied to all employers with a payroll of over three million pounds (HMRC, 2016). In addition, unlike previous levies in the UK (following the Industrial Training Act 1964) the apprenticeship levy has been introduced at a time when the UK economy has shifted decisively from manufacturing to services with over 80% of people now finding their employment in the service sector (ONS, 2016).

With respect to the apprenticeship levy, the principal contribution to date has been numerical data which has indicated that although there was a sharp increase in apprenticeship numbers from 2009/2010 onwards (Delebarre, 2015), there has been a fall in apprenticeship numbers since the introduction of the levy (Foley, 2020). However, just as the UK reporting a low rate of unemployment (prior to the pandemic) tells us something but not everything about employment in the UK (for example it provides no information about the quality of work) the fall in apprenticeship numbers should not be read as a conclusive and damning indictment of the levy's failure to stimulate employer demand for training, as much training prior to the levy was subsidised and of uncertain or poor quality (Richard, 2012; Wolf, 2011; 2015).

A great deal remains unknown about the impact of the apprenticeship levy, hence this research sought to engage with the employer's perspective on the levy and their response to it. The reaction of employers to the levy is the principal determinant of the levy's success or failure (Dar et al., 2003; Smith and Billett, 2006; OECD, 2017a) and this research looked to evaluate how effective and/or successful the levy has been from the perspective of employers. The research

focused upon the critical issue of whether the levy was indeed stimulating employer demand for training and also engaged with the issues that employers were encountering as they looked to access quality assured levy-funded training. Employer views of the regulations that are attached to levy-funded training (to safeguard quality) are an important area to develop understanding of, as is the question of whether employers perceive levy-funded training to be improving the overall perceptions of apprenticeships.

Research Findings and Contribution

As such, in seeking to extend knowledge on the impact of the levy, this thesis has posed four key questions. The way in which the success of the levy was assessed was firstly, by considering whether the levy had succeeded, in accordance with its design intention, in removing employer concerns about free-riding and poaching. The literature review revealed uncertainty as to the extent of such employer concerns (Keep and Mayhew, 1996; Kitching and Blackburn, 2002; Keep, 2006a) and the initial aim of the fourth chapter was to ascertain from employers, the extent or otherwise of their concerns and whether, if applicable, the levy had alleviated them.

The second research question was 'what evidence is there that the levy is succeeding in stimulating employer demand for training (i.e. causing additional training to occur that would not have happened in the absence of the levy) and encouraging a long-term and strategic approach to training?'

Thirdly, with regard to the levy's bold ambition of placing the employer 'in the driving seat' with training (HM Government, 2015, p.2), the final empirical chapter explored whether employers did indeed view the levy as having been successful in achieving this aspiration. The final empirical chapter also explored employers' views on the measures and restrictions which had been applied to levy-funded training in order to raise and safeguard quality (ESFA, 2020a), particularly in terms of whether these restrictions have had a beneficial impact upon training or instead were problematic to employers. Lastly, the chapter sought to gain an understanding of the employers' perspective on the issue of whether they felt levy-funded training is raising the esteem and reputation of apprenticeships.

The research contributes to the literature on levies and to the existing evaluations of the apprenticeship levy by generating a large amount of empirical data (from over one hundred employers) with reference to the aforementioned research questions.

The Impact of the Levy on Free-Riding and 'Poaching' Concerns

Turning to the first of these questions (whether levy had succeeded, in accordance with its design intention, in removing employer concerns about free-riding and poaching) it is commonplace in the literature to attribute market failures in training to the existence of a 'poaching externality' (McNabb and Whitfield, 1994; Stevens, 1996; Gospel and Casey, 2012) and that therefore in order to mitigate against this and to spread the cost of training amongst employers, a training levy is often imposed upon employers (Gasskov, 2001; Johanson, 2009; OECD, 2017a). A training levy would be expected to negate the rationale for poaching and the potential for employers to free-ride on training provision (as employers are compelled by the levy to contribute towards training costs) (Ok and Tergeist, 2003; Ziderman, 2003; Gospel and Casey, 2012).

In the early stages of the interviews, the researcher sought to understand whether prior to the levy employers had concerns about the potential risk of training employees and subsequently losing them to other employers and for their views on the subject. The research found some evidence of employer concern about trained employees leaving, for example with those employers who had previously utilised training agreements (not permissible for levy-funded training) whilst others acknowledged that retaining employees was generally a problematic issue in their industry.

However, many employers did not explicitly use the terminology of 'poaching' to express these concerns but would instead speak more broadly of general retention concerns. Although the offer of higher pay to trained individuals is the core strategy of free-riding (non-training) employers (Streeck et al., 1987) and can undoubtedly incentivise trained employees to move employers, a number of interviewees highlighted the existence of multiple factors beyond pay that (in their

view) also impact upon the decision of a trained employee to leave (or conversely to stay). The most commonly cited factors were the overall working environment, the opportunities for development and career progression as well as the employees' own particular personal circumstances.

Therefore, many of the interviewees sought to develop a holistic approach to retention that focused upon being recognised as 'a good employer'. Training was seen to have an important role to play in this and it was commonly felt that employee loyalty could be strengthened through the provision of training, most particularly when such training led directly to progression opportunities. Moreover, the predominant view of the interviewees was that the overall benefits of training superseded concerns of potentially losing trained staff to other employers and on more than one occasion interviewees highlighted the perils of not training, including INT015 who expressed this sentiment by saying "there's only one thing worse than training people and they leave and that's not training them and they stay".

The literature review indicated that there was great uncertainty as to the extent of employer concern about poaching. Keep (2006a) downplayed the concern whereas others including Stevens (1996) and Shury, Davies and Rliey (2008) recognised poaching concerns as a barrier to employer training engagement. Shury, Davies and Riley (2008) found that poaching concerns were strongest in the private sector and inhibited 41% of employers from training. However, Shury, Davies and Riley (2008) also found that 61% of employers viewed training that lead to a qualification as aiding retention and Machin and Vignoles (2001) had noted that employers may utilise training to retain (and recruit) employees and that in this case, employers may not be overly concerned by poaching. The evidence from this research supports the findings of Shury, Davies and Riley (2008) whose report had shown that employers viewed training as being able to aid retention. In addition to this, the research also found that as Machin and Vignoles (2001) had previously observed that if employers were focused upon training and retention there did not appear to be prevalent poaching concerns.

Overall, the interviews found that whilst poaching was not at the forefront of employer concerns, a number of interviewees were strongly of the view that

training could indeed benefit retention. These interviewees viewed the requirement to pay the levy as providing the opportunity to implement and experiment with new training programmes with the aspiration that such training would have a positive impact upon retention. Employers also highlighted the importance of the levy enabling increased higher-level training, such as degree apprenticeships. This form of training provision was seen as a clear example of training that was attractive to employees, may solidify the relationship between employer and employee and could provide employees with a strong reason to stay (in contrast to the fear that training provides employees with a reason to leave).

It may be that poaching concerns and utilising training as a means to enhance retention can be viewed as different sides of the same coin. Therefore, it is understandable that employers may prefer to focus upon the active notion of a retention strategy rather than the passive victimhood of poaching. The notion of a retention strategy bestows agency onto the employer and as the employer is compelled by the levy to invest in training, the employer is therefore enabled to focus upon achieving the benefits of levy-funded training without the need to be concerned about whether their training investment had represented an unnecessary financial risk which could be exposed by poaching (as the decision to invest in training had not been made by employers but rather by the levy).

It is also argued in the literature that poaching concerns can be particularly acute in economically dense parts of the UK, and that this consequently has negatively impacted upon employer training provision (Brunello and Gambarotto, 2007). In line with this, a number of interviewees in London and the south-east of England in particular recognised that retention was deeply problematic, and it was some of these companies that had utilised levy-funded training programmes (prompted by the introduction of the levy) with a view to aiding retention.

The interviews revealed on multiple occasions employers who were seeking to confront the issue of high turnover via the use of levy-funded training and this may be viewed as a positive impact of the levy. However, employers did not appear to attribute this positive effect of the levy to the alleviation of poaching concerns (Ok and Tergeist, 2003; Gospel and Casey, 2012; Ziderman, 2016). It was apparent that the requirement to pay the levy had presented these employers with what

they viewed as a no-lose scenario (as they were obliged to pay the levy anyway) whereby they could provide training in the high-turnover, problematic areas in which (pre-levy) they would quite rationally avoid (or provide only minimal) training. The minimum baseline employer expectation was that the employee would stay for the duration of their training (i.e. at least 12 months) and the hope was that such training could strengthen the bond between employee and employer and thereby improve retention (and performance). The minimum expectation is more desirable to the employer than it may initially appear as even if it does transpire that, in spite of training, many employees do indeed continue to opt to leave upon or shortly after completion of their training, this scenario still represents a degree of improvement for the employer as they will be able to know when (and plan accordingly) they are likely to experience employee departures.

On two occasions interviewees acknowledged that they were unperturbed if they were to lose a trained apprentice to another employer. This was because the interviewees thought it likely at other times they themselves would benefit from employing someone who had been trained by others. This could be a positive indication of what might occur on a greater scale if the levy succeeds over time with engaging increasing numbers of employers with training. In such circumstances, employers may become increasingly at ease with training as even if they were to lose a trained apprentice to another employer, they will also be able to recruit a similarly trained apprentice from elsewhere, confident in the knowledge that they have been trained to the same standard given the mandatory requirements for levy-funded training. As such, as the levy establishes itself and employers become more accustomed to the reality that both they and their (similar-sized) competitors are investing in training (through the levy), those employers who perceived that training might entail a risk of poaching may well find that these concerns (if present) are dissipated by the levy. As the levy changes the training landscape, employer perceptions of training are likely to change accordingly, and in such circumstances, as Wolf (2015, p.22) notes 'the decision to take on an apprentice looks very different if other firms are doing the same than it does if other people are not'.

Employers who had previously utilised training agreements for training expressed their frustration that such agreements were barred under the terms of levy-funded training. However, their dissatisfaction did not deter them from engaging with levy-funded training and employers were free to continue with training agreements for training that was not levy-funded.

In summary, with respect to the first research question and the wider literature on market failure and training. The research found that the 'poaching' and free-riding concerns which are often referred to as primary reasons for employer under-investment in training (Finegold and Soskice, 1988; Streeck, 1989; Coffield, 1992; McNabb and Whitfield, 1994; Stevens, 1996; Brunello and De Paola, 2004; Shury, Davies and Rliey, 2008) were surprisingly rarely articulated by the interviewees as a barrier for providing training. Although concerns about poaching did not appear to be prevalent amongst the interviewees, it remains unclear the extent to which (if at all) the levy is responsible for this. The employers interviewed recognised the need for training to maintain or enhance organisational performance as well as the risk that not training may have a negative impact upon employee performance and employers accordingly tended to view the benefits/need for training as outweighing the potential risk of trained employees leaving.

Most importantly for research which seeks to contribute to the literature on the effect of training levies there was an interesting finding. Employers tended to consider training as having an important role to play in retention strategy and because the levy is an unavoidable cost, there were employers who were seeking to utilise levy-funded training for roles that were particularly problematic with regard to retention and high turnover. Undoubtedly, this represented a positive effect of the levy upon employer training engagement as the levy was directly prompting employers to engage with training that would not have been occurring in the absence of the levy and therefore provided a clear example of the levy stimulating demand for training.

The Levy and Employer Engagement with Training

The fifth chapter explored the second research question of whether there are indications that the levy is stimulating employer demand for training (i.e. is the levy prompting additional employer training that would not have occurred in its absence) and if the levy is instigating employers to move away from the short-term approach that is customarily associated with UK employers (Finegold and Soskice, 1988; Winterton, 2000; Cox, 2013) and rather to adopt a more long-term and strategic approach to training.

The disbursement levy that the UK Government has implemented allows employers to choose the training they provide, as long as it is approved by the Institute for Apprenticeships and Technical Education. If so, the employer is then able to draw upon the funds from their account to pay for their chosen training (ESFA, 2020a). The literature recognises that a levy of this nature intends to stimulate employer demand for training (Dar et al., 2003; Johanson, 2009; Kuczera and Field, 2018) as the employer is financially incentivised to train and has a reasonable degree of control over the training that they can access (Johanson, 2009). Fraser (1996) reported that the training levy in Australia had increased employer expenditure on training and positive effects of training levies upon training were noted in France (Gasskov, 2001), Malaysia (Johanson, 2009) and Singapore (Dar et al., 2003).

In line with the above findings, seventy-two of the one hundred and two interviews revealed that additional training was indeed occurring as a consequence of the introduction of the levy. Aspects of this employer response to the levy was rooted in a pragmatic refusal to simply allow their levy payment to become a 'sunk cost', though on most occasions the intention was to seek out the most beneficial way of extracting value from the levy. The interviews found examples of employers who, prior to the levy, had not provided apprenticeships but had been prompted to do so by the levy, and now these employers had either new or existing (and on occasion both) employees participating in levy-funded training.

Employers who were engaging with additional training typically either expanded their pre-existing training programmes or viewed the levy as an

opportunity to embark upon a new venture that sought to explore the potential that levy-funded training could offer them. In the first instance, employers would implement additional training programmes (often at a higher-level than was previously the case) and make such training available to more of their existing employees or to new employees (either to a higher number of them or for the first time). In the second example, employers would initiate new training programmes on varying scales. This may have involved either an ambitious programme designed to incorporate substantial numbers of existing or new employees, or simply a small number of existing or new employees, but in all of these cases, it represented additional training that was occurring or had been expanded as a consequence of the levy. This suggests the levy is achieving some success in stimulating employer demand for training. This finding is supportive of the notion that a disbursement levy can incentivise employers to engage in additional training (if they deem the training appropriate and of sufficient quality) (Gasskov, 2001; Dar et al., 2003; Sung, Raddon and Ashton, 2006).

The research also suggested that the introduction of the levy has had a particularly positive impact in industries, such as retail, which are often under financial/market pressure (Butler, 2017) and where training budgets are viewed as being particularly vulnerable as a consequence of this pressure. It was noted in the literature review that Felstead and Jewson (2014) had observed that non-mandatory training was at grave risk of being cut when an employer or industry was struggling financially. The interviews revealed cases where the role that the levy performs in ring-fencing funds to be exclusively available for training and training alone produced a beneficial impact. In this regard, there were interviewees who noted that the levy had essentially safeguarded training at their organisation. This represents a further important example of the levy enabling training to occur that would not have otherwise occurred. In these situations, the levy in effect provided the means to protect training. Ultimately, the role the levy performs in protecting training may be as important as its ability to stimulate new training because in both cases it enables training to occur that would not have happened in the absence of the levy.

Importantly, the research found that whilst there were rare cases in which training budgets had been adjusted/reduced as a consequence of the levy, for the majority of employers this was not the case (although there were interviewees who expressed uncertainty about the longevity of this situation) which meant that for most interviewees the levy had increased the funds available for training which indicated that the levy had produced a net positive for training budgets. The interviews also revealed that the levy had a strong and positive impact upon intra-organisational dialogue about training. Not only had the levy produced heightened interest in training across many organisations (because of the awareness that the levy was being paid and there were funds in the account) but there were interviewees who also noted that it had greatly eased the process of gaining the necessary approval for training to be sanctioned. The greater organisational awareness of training that the interviewees reported the levy as having produced was in support of Gasskov (2001) and Dar et al.'s (2003) earlier finding. Gasskov (2001) and Dar et al. (2003) had noted that one of the positive impacts of levies is that they create increased organisational awareness of training. Overall, there was a consensus amongst the majority of interviewees that the levy had been a boon for training. This was because it had reduced the need to defend or argue for training budgets and generally moved the conversation in a number of organisations towards discussing how the funds residing in the employer's levy account (with an expiry date) might be best utilised.

The literature review had also noted that a disbursement levy may have potential negative or sub-optimal outcomes. The principal concern is that employer determination to recoup their levy payment may prompt some employers to engage in training that becomes training for the sake of spending their levy fund, irrespective of whether or not there is a genuine business need or purpose to it (Dar et al., 2003; Billett and Smith, 2003; ETF, 2018). Therefore, in light of this concern, it was positive to note that in almost all cases the interviews provided little evidence to suggest that this negative outcome was occurring. Notwithstanding the few cases where interviewees were particularly keen to spend the full levy (and this should not be viewed as automatically meaning spending for the sake of spending as it could also be seeking to extract the maximum value from the levy) the vast

majority of interviewees clearly stated that levy-funded training was being utilised in a coherent way that was aligned to an overall business strategy and not as a means to simply recoup the levy payment. The typical approach of the interviewees was to evaluate need and then to make appropriate and targeted use of training in a way that was beneficial to their functioning or overall business strategy.

Moreover, it became apparent that there were strong pragmatic reasons for employers to make use of levy-funded training in an appropriate manner. If employers utilise levy-funded training for new employees, these new employees will still become an addition to payroll and with respect to levy-funded training for either new or existing employees, employers also need to take further important factors into consideration. As will be considered in further detail shortly, there are regulations attached to levy-funded training which are designed to safeguard quality and deter inappropriate use. All funded training must be for a minimum of 12 months and include a minimum of 20% off-the-job training (ESFA, 2020a). There had been suggestions that the government insistence of 3 million apprenticeships by 2020 would result in quality being forsaken for numbers (Keep, 2015; Keep and James Relly, 2016; Pullen and Clifton, 2016) but the target was quietly abandoned, and the restrictions were too onerous to tempt judicious employers into frivolous use of levy-funded training.

Further to this, a number of employers emphasised that they were operating with a 'lean' workforce with capacity to increase headcount only when appropriate and they were unable to provide cover to enable their apprentices to meet the 20% off-the-job training requirement. Given the costs involved of providing this cover, many of these employers therefore highlighted the need to only provide training that was strategically important and that met a business need. Indeed, they preferred to lose a part of the funds from their levy account rather than engage with training that lacked a strategic purpose. It was particularly necessary to take a considered, strategic view with respect to longer-term training, such as degree apprenticeships as this high-value training would not only take considerable time to complete but would also draw a significant percentage from the employer's levy account.

With employers who were, prior to the levy, engaging with training and cognizant of both the advantages that training could bring to their organisation and of their training needs, the addition of the levy did not have as profound an impact upon their strategic thinking. However, for those that had adopted a less strategic approach to training before the levy was introduced, the levy provided an opportunity to diagnose where training would be most beneficial, to whom (i.e. to which employees – new, existing or a combination), and how it would best be implemented. As such, it necessitated (and encouraged) the adoption of a strategic mind-set. These findings dovetail with research showing the adoption of a levy in Australia had created more general awareness of the role that training could play in business strategy and had proffered an opportunity to consider the most appropriate training strategies (Fraser, 1996). It also supports Gospel's and Casey's (2012) observation that levies do indeed cause employers to think more strategically and in a more long-term manner regarding their training.

The fifth chapter sought to contribute to the existing literature on training levies by outlining areas in which the apprenticeship levy was enabling employers to align strategic needs and objectives with training. Firstly, employers were using the levy to address skill gaps/shortages whilst also seeking to anticipate future skill needs, most particularly higher-level digital skills. Secondly, employers sought to develop the pipelines to facilitate succession planning (with many employers facing the fairly imminent retirement of a high number of skilled workers). Thirdly, employers who were seeking to promote social mobility or diversity within their organisation through the recruitment of new employees on levy-funded apprenticeships.

It was also notable that leadership and management training was frequently identified by the interviewees as an area to focus levy-funded training. A lack of management training has been identified in the literature as an impediment to performance and it is also recognised that there is the need for this neglect of management training to be addressed (Keep and Westwood, 2002; BIS, 2012b; Mosley, Winters and Wood, 2012; IiP, 2015). The interviewees emphasised the benefits that such training could bring in terms of more effective, improved succession planning and where necessary addressing skill gaps in managers. The

issue of managerial skill gaps was found to be particularly prevalent in retail and hospitality, with one interviewee notably introducing the term 'accidental managers'. Most interviewees in these sectors were utilising the levy for leadership and management training, predominantly at levels 3 and 5, and recognised (as the literature had identified) the need for this training. Furthermore, the interviewees were positive about the benefits that they anticipated that this training would bring. There was however some controversy which mirrored pre-existing concerns that leadership and management training could overly favour those in the upper echelons of organisations (Finegold and Soskice, 1988; Goux and Maurin, 1997). These concerns were particularly focused upon the divisive issue of expensive high-level management qualifications, such as level 7 MBAs (Moules, 2017; Richmond, 2018). The interviews provided some examples of employers engaging with such programmes and the employers who were utilising this levy-funded training opportunity were very enthusiastic about them. However, there were other employers who viewed this as an inappropriate use of levy-funds whilst the eye-watering cost of some such programmes has caught the attention of both the media and the Education Minister, Gavin Williamson.

The issue of whether it is appropriate to use levy funds for high-level management qualifications divides opinions. On the one hand, the Chief Executive of the Institute for Apprenticeships and Technical Education, Jennifer Coupland, defended such use as it "is not government money" (cited in Linford, 2020a, para.2), while on the other hand, the National Audit Office raised a question mark over the value that such training offers. Williamson wrote to Coupland in February, 2020 requesting a formal review, stating that "I am unconvinced that having an apprenticeship standard that includes an MBA paid for by the levy is in the spirit of our reformed apprenticeships or provides value for money" (cited in Linford, 2020b, para.18). Amanda Spielman, the Ofsted Chief Inspector also commented that she had noted "levy funding subsidising MBAs that just don't need it" (ibid., para.10) and ultimately in late April 2020, the Institute for Apprenticeships and Technical Education stated that such MBAs would no longer be eligible for levy-funding (although could continue if employer-funded) (Whieldon, 2020).

The literature had previously noted in both France and Australia that training under a levy system was often received by those who already had received the most training (Goux and Maurin, 1997; Hall, Buchanan and Considine, 2002). It was to be expected that the issue might (as it has) also arise in England. In such circumstances, the government response appears sensible and proportionate. It would appear nonsensical to impose an outright ban on employers (at their own expense) purchasing such training, but equally, such training might not be regarded as the most appropriate use of levy funding. Therefore, the decision to remove MBAs from the training that qualifies for levy-funding appears a legitimate and justifiable course of action.

The literature also acknowledges that levies may not prompt employers to engage with training (Gasskov, 2001, Dar et al., 2003) as they 'may simply opt to pay the levy rather than provide training, because it is just easier' (OECD, 2017a, p.89) and of course, to implement a strategic training programme is a substantial undertaking despite the expectation that it will benefit employers over the longer-term. The UK levy is set at a low rate and it is quite likely that this, in conjunction with the workload entailed by engaging with strategically focused levy-funded training, is at least a partial explanation for the reluctance of some employers to engage with the levy to date. It was evident from the interviews that training which was of a minimum 12 months duration and contained a 20% off-the-job component needed to be strategically important and of value to the organisation, not least given the costs involved in providing cover for the time the apprentice is away from their regular work duties.

There has been concern as stated in the first chapter that the number of apprenticeship starts has decreased following the introduction of the levy (Stevens, 2017; Weinbren, 2017; Webber, 2018). However, as much training was subsidised and regarded as being of a questionable or poor standard (Payne and Keep, 2011; Richard, 2012; Ofsted, 2015; Wolf, 2015; Pullen and Clifton, 2016) this does not automatically constitute a matter for regret nor does it necessarily imply that the levy was the cause of this decline (the reduction of subsidies is likely to be an important contributory factor to this decline). For example, in the first year of the levy, five per cent of the overall levy funds had been used but by the second year

the figure had more than quadrupled to twenty-two per cent (Camden, 2019) and on this trajectory, there is certainly grounds for optimism in the data. It may be that at this stage the levy is akin to an aeroplane that is in the very early stages of its ascent following take-off.

Contrary to many media reports (Allen, 2015; Frith, 2015; Murray Brown, 2015; Waller-Davies, 2016; Frean and Mackie, 2018), the research found that on balance the majority of interviewees perceived the levy as a positive introduction. This supports the findings of previous research into (sectoral) levies by Gospel and Casey (2012, p.50) who reported that 'the research finds evidence that the three levies have the support of most employers in their sectors' (hence the employers in the sectors Gospel and Casey were considering voting to continue with their three levies). If levy-funded training does come to be seen by non-training employers as bringing advantage to those employers who are engaging with levy-funded training then this could result in them following suit, thus having a profound impact and enabling the transitional move to levy-funded training to become a transformational initiative.

A cautious, incremental employer movement towards strategically-minded training as encouraged by the levy may yet therefore prove to be the most effective means of reversing the employer retreat from training in the UK. It may be a slow journey, yet beneficial nonetheless, and one that Ernest Hemingway's description of bankruptcy might be applied to. It may be that training can follow a similar path but in a far more positive context: "How did you go bankrupt [increase training]? Two ways. Gradually, then suddenly" (Hemingway, 'The Sun Also Rises', 1995, p.141).

The research found in the second of the empirical chapters (as with the first of the empirical chapters) that the levy is indeed able to stimulate employer demand for training and that moreover the focus of most interviewees was upon extracting strategic value from training rather than upon solely seeking to recoup their full levy payment. In the majority of cases, the employers interviewed were not recouping their full levy and were instead intent on utilising the levy-funded training that addressed their present and anticipated future needs.

The interviews indicated that once employers are 'forced' to invest in training by the levy this can cause a number of employers to engage with training that intends to rectify important failing and short-comings (for example skill gaps and a lack of succession planning). The levy was in many cases prompting training that was needed but not provided prior to the levy (i.e. the levy was causing additional training). This finding is supportive of the argument that whilst voluntarist arrangements may lead to a market failure which causes employer under-investment in training (Streeck, 1989), it is possible through an intervention in the form of a levy to make inroads which do appear able to gradually overcome this and to begin to re-engage employers with training. Further to this, the research found evidence (through the way in which the levy is prompting employers to engage with additional training that is needed and with a strategic purpose) that is supportive of Streeck's (1997) argument of 'beneficial constraints' which although 'forced' upon employers can have a positive long-term impact. The decline in employer investment in training in the UK (BIS, 2015a, Green et al., 2016) was the product of employer choice (albeit one that was strongly influenced by the political and institutional context) and yet, now with the levy ring-fencing funds for training (and only training) and expiring if unused this can prompt a paradigm shift in the thinking of (some) employers. This stems from the fact that the question facing employers is no longer whether or not to invest in training (as the government has made that choice for them).

Employers may simply elect to 'write-off' the levy as a cost. This is a perfectly reasonable position, as at 0.5% it is at a far from punitive level. However, as in the case of the employers interviewed, they may also elect to train. In this case, the levy will create the aforementioned paradigm shift that causes employers to think in terms of how to extract the maximum value from training (given they will no longer need to fixate upon the issue of whether they should invest in training).

Further to this, as long as the levy remains in operation (and the future of the levy appears secure for the foreseeable future as there is nothing to suggest that a change of government would cause it to be abolished), it will essentially provide employers with a degree of 'patient capital' (Hall and Soskice, 2001) that

enables a five to ten year investment mind-set to develop and which the OECD (amongst others) have identified as being critical for skill investment (OECD, 2010a; Ashton, Lloyd and Warhurst, 2017).

The Levy and the Employer Perception of Being 'In the Driving Seat'

As noted in previous chapters, the argument has been made that (prior to the levy) training was often provider rather than employer-led (Chankseliani and James Relly, 2015; Wolf, 2015; DfE, 2016). Keep (2015, p.13) remarked that 'the model of apprenticeship that has evolved over the years has been one where employers are usually the more or less passive recipients of externally provided training services, rather than the actors who lead on design and delivery'. In response to the growing call from Leitch (2006) onwards to make apprenticeship training more demand-led, a decisive effort has been made with levy-funded training to place the employer 'in the driving seat' (HM Government, 2015). This was one of the issues that the final empirical chapter sought to engage with and develop an understanding of the perspective of employers on the implementation of the levy whilst seeking to ascertain whether the interviewees perceived the levy to have indeed succeeded in placing the employer 'in the driving seat'.

Levy-funded training offers employers two training routes, the first is to access training through a training provider and the second is to provide training in-house, by becoming an employer-provider. The latter would self-evidently represent a decisive move towards employer ownership of training, but an overwhelming majority of the interviewees had rejected the opportunity. The reasons ranged from deference to the training expertise of providers to a seemingly ubiquitous refusal to countenance the prospect of an Ofsted inspection. The effort and resources which becoming an employer-provider would entail were not deemed sufficient to warrant a venture into training unless the employer required highly specialised training that was particularly difficult to access elsewhere.

It would perhaps be unrealistic to expect employers who are becoming only slowly familiar with levy-funded training to choose to become employer-providers from the outset. It is plausible that as time passes and the levy becomes a more

familiar part of the training landscape that increasing numbers of employers may opt to do so. The likelihood (or otherwise) of this will be highly contingent upon employer satisfaction with the levy-funded training that they receive from providers and, of course, the awareness of this further incentivises providers to be responsive to the needs of employers, as if employers are able to access the training that they require from providers they are likely to see little reason to train themselves. Measures have been put in place which intend to recalibrate the relationship between employers and providers which is regarded as having been tilted for too long in favour of providers.

Most importantly, training providers are no longer in direct receipt of payment from government but rather it is now the levy-paying employer who releases the training funds to the provider (HMRC, 2016). The research found that this change has had some success in re-defining the relationship between the employer and training provider. Some employers reported that they felt more empowered than prior to the levy and that they felt more like customers than had previously been the case. Symptomatic of this, interviewees described the funds in their levy account as 'their money', and the interviews revealed that there were employers who once dissatisfied with the training (or service) received had changed providers in order to access the training which they required. This possibility was not available to all employers but nevertheless provides an indication that a market in training may be taking shape. At present, it might only be a dim reflection of Dar's (2003, p.14) observation that 'competition between providers of training – both public and private – ensures that training remains relevant to market demand' but it may represent an early step towards this.

However, the research also found that there were limitations to employer leverage over providers. Some employers were disadvantaged by a geographical location which did not permit them a choice of available providers. Furthermore, although many of the employers in the sample were very large organisations this did not mean that they would necessarily require training for a large cohort on a particular training course, and this immediately diminished their negotiating leverage with training providers. The interviewees indicated that when a large employer presents a small cohort for training (as is often the case as they may

require different training for different groups/individuals) they are likely to be confined to having the negotiating leverage of that small cohort (rather than automatically assuming the leverage of a large employer). Unsurprisingly, however, the research also found clear advantages for large employers when they are able to present a large cohort to the training provider. It is in these circumstances that the employer is most likely to receive bespoke levy-funded training that is tailored to their particular training needs. The literature suggests that levies do generally tend to favour larger employers (Gasskov, 2001; Ziderman, 2003; Johanson, 2009) and the research found there were occasions when this was the case (i.e. when a large employer was presenting a large cohort and as is shortly described with 'trailblazer' groups) but the advantage is likely not as pronounced with the apprenticeship levy because (unlike in other countries) it is only payable by organisations with a payroll over three million pounds (i.e. in most cases large organisations).

The research found that a strong driver of employers perceiving themselves to be 'in the driving seat' with training was through the move from frameworks to standards, and most particularly the opportunity for employers to actively participate in the design of standards through 'Trailblazer' groups. The absence of a clear definition of an apprenticeship and the failure to outline the standards expected of an apprenticeship programmes has been found in the literature to be deeply problematic (Steedman, 2001; Richard, 2012; Fuller, 2016), resulting in the apprenticeship term being misused and ascribed to training which was not in any meaningful sense of the word an apprenticeship (James, 2010; Richard, 2012). Subsequently, the government sought to transform the system and build a 'system that is more rigorous and more responsive to employers' needs' (HM Government, 2015, p.10). At the heart of this were the 'trailblazer' groups. The findings in the sixth chapter showed that participating employers found significant value in contributing to programme design. There were caveats to be applied, as employers not participating in 'trailblazers' felt that they favoured larger employers who had the available personnel and resources to participate. That said, those who did participate often expressed their dissatisfaction with the time-consuming nature of the process.

Nevertheless, the opportunity to participate in 'trailblazer' groups and the move to standards, along with employers now being able to direct levy funds themselves, might be regarded the trinity of factors found in the research to have resulted in the delivery of (what employers perceived to be) training which is (increasingly) employer-led. Training now aligns better to their needs and is also quality assured (by standards and the eligibility requirements for levy-funding) as well as enabling employers to direct training funds. These are crucial developments as the literature regards employer buy-in as a prerequisite of a successful levy (Dar et al., 2003; Johanson, 2009; Smith and Billett, 2006; OECD, 2017a). Smith and Billett (2006) noted that when employers are involved with formulating and implementing policies they are much more likely to commit positively and that in France (with a longstanding levy system) employers are allowed considerable control. The findings of this research also confirm the importance and positive effects of involving employers (in the design of standards) and giving employers control (to direct levy funds).

Employer-Led Training – Regulations and Training Quality

The move from frameworks to standards in conjunction with the regulations/requirements (which were attached to levy-funded training) formed an integral part of the efforts to provide quality assurance to (more employer-led) levy-funded training. The literature review had revealed that there were longstanding, multi-faceted concerns about the quality of much apprenticeship training in England (Brockmann, Clarke and Winch, 2010; Richard, 2012; Wolf, 2015; Ofsted, 2015). These concerns were in addition to the profound decline in employer training and were regarding the pre-levy quality of much training. The government intended to address the issue of quality, by means of the criteria that must be met in order for training to be eligible for levy funding and through the introduction of standards.

The interviews revealed that the move from frameworks to standards was viewed by many employers to be a positive step which was felt to be raising the quality of apprenticeships. There were a number of employers who felt it was too

early to comment and were reserving judgement, but of those employers who commented on the move from frameworks to standards, the overwhelming majority regarded it positively.

The interviews nevertheless demonstrated that whilst employers recognised that quality assurance was crucial to an improved and credible apprenticeship scheme, there was some discontent regarding aspects of the mechanisms that had been introduced to safeguard training quality. At the heart of this issue is an unavoidable tension between regulations and employer ownership of training (Gasskov, 2001; Kuczera and Field, 2018). Each regulation might be regarded as contravening the notion of employer ownership of training, and it might be argued there is an inherent contradiction between employer-led training and the imposition of regulations regarding the nature and content of that training.

However, the rationale for government intervention in training was the consequence of the decision by many employers to withdraw from training which had created the market failure the levy seeks to redress. The act of making levy payments is intended to stimulate employer demand for training and the quality of training can only be assured by the imposition of regulations which are in turn intended to safeguard that quality. Employer ownership of training and quality assurance regulation may over time come to sit more comfortably with each other in the same way that a free society sits comfortably with the rule of law.

For example, the introduction of the law for the compulsory wearing of seat-belts in the front of cars in 1983 was unpopular, resisted before becoming accepted, second nature and expanded to include backseats as well in 1991 whilst most importantly succeeding in its principal task of saving thousands of lives. There are positive indications that the levy can also become a 'beneficial constraint' which re-engages increasing numbers of employers with training. It is inevitable that a system that firstly tells employers that they must pay a levy and secondly imposes regulations to ensure quality will cause disquiet among some employers. The literature on training levies nevertheless recognises the importance of regulation, with Kuczera and Field (2018, p.67) noting 'the aim of levy funding is to change behaviour. By definition, this is not what employers would do, if left to themselves'.

Regulation does, however, need to be approached carefully given the potential for negative unintended consequences and employer resistance (Gasskov, 2001). As outlined in the second chapter, the failure of the levy in South Korea in the 1970s was partly attributed to excessive regulation (Müller and Behringer, 2012), and in Hungary it was concluded that the effectiveness of the levy had been diminished by excessive government control (Dar et al, 2003). With regard to the levy in England, the principal issues that surfaced regularly in the interviews were with respect to 20% off-the-job training and the minimum duration requirement of 12 months training.

The research found that the insistence on 20% off-the-job training for existing employees was, by some distance, the area causing the greatest employer consternation. In the case of new employees, the interviewees appreciated that training would form a core part of the role of new employees and most employers understood that the designated time had to be put in place for their training from the outset. The new employees were arriving with the identity of employees who would require 20% off-the-job training and were viewed and accommodated as such from the outset. The predominant difficulty with existing employees is that the 20% off-the-job training required them to be removed from their usual role which for many employers/line managers immediately created a challenge to find somebody else to cover their role. In this case, the identity of the employee was changing to become someone who now required 20% off-the-job training, and there were cases where this was proving problematic. There were a number of employers who insisted that there should be greater flexibility or that the percentage requirement for off-the-job training should be reduced for existing employees. With respect to the minimum duration of 12 months for levy-funded training, there were also employers who strongly maintained that not all training required 12 months and effective training could often be delivered in much less time.

These were very reasonable points that were being raised by the interviewees but equally the reasons for the rules were extremely understandable given the dual situation that levy-funded training sought to rectify. Levy-funded training intended to stimulate employer demand for training whilst simultaneously

raising the quality of training. This was due to the profound concerns regarding the quality of much of the training that was occurring prior to the levy, and hence the need for regulations to ensure quality standards were upheld. Inevitably, this led to situations in which certain forms of training were inadmissible for levy-funded training, but without the restrictions it is difficult to see how the overall quality of training could be raised in a meaningful manner, most particularly as the training providers have often been identified as being at the heart of the training problem.

It might be that over time there will be the opportunity (if desired) to loosen some of these restrictions once the training providers/employer-providers have demonstrated their ability to deliver consistently high-quality levy-funded training and employers have in turn grown to expect such quality training. Equally, it may be argued that the restrictions should remain in place over the long-term in order to continue to safeguard training quality (the 1969 Vocational Training Act has been instrumental in safeguarding apprenticeships in West Germany/Germany). It would appear to be likely that those training providers whose training is unsatisfactory will struggle to remain financially viable within the context of levy-funded training and therefore it may be that over time it will be the training providers with a strong track record in delivering quality training who thrive and gradually become the status quo. This which would be an extremely positive development for training, most especially given the sorrowful state of much pre-levy apprenticeship training in England.

There is a well-known joke, in which a visitor arrives in a new town and asks a local for directions only to receive the reply: 'Well sir, if I were you, I wouldn't start from here'. "If I were you, I wouldn't start from here" would appear to be an apt assessment of the unenviable starting position, from which, the levy must try to re-engage employers with training as well as attempt to overcome the many failings associated with apprenticeships in England. To have the best chance of successfully and sustainably raising the quality of apprenticeship training, it would appear to be imperative not to remove the restrictions too hastily (in spite of the limitations that this will continue to place on some legitimate training requests). Much training remains provided by for profit companies and there have been infamous examples such as that of Elmfield Training, which was outlined in the second chapter and in

such a context, restrictions (although unpopular with some employers) seem to be the most appropriate way to safeguard training and to prevent the risk of unravelling the early yet fragile quality gains that levy-funded training has made.

The final issue with which the research questions engaged was whether levy-funded training was beginning to raise the image of apprenticeships. The findings on this matter were positive as a majority of interviewees reported that they had noted the beginning of a shift towards a more positive perception of apprenticeships. Many of the interviewees identified the debt that was associated with HE as well as the rising quality of apprenticeships to be the underlying reasons that were helping apprenticeships to begin to emerge (on a greater scale than previously) as a credible non-HE route to employment and many of the interviewees expected this trend towards apprenticeships to continue. However, it was also clear in the interviews and acknowledged by a number of the interviewees that at present apprenticeships do continue to lag considerably behind Higher Education (HE) in their appeal to young people (and interestingly in particular to their parents). Degree apprenticeships were identified as having the potential to play an important role in continuing to raise the overall esteem of apprenticeships. Although most employers did feel that perceptions of apprenticeships were improving, there was also an acknowledgement that there was further work to be done in promoting and providing information about apprenticeships, most particularly with regards to improving careers advice at school.

Conclusion and Areas for Further Research

The research concludes that the apprenticeship levy has made a marked and positive impact on employer training and certainly has the potential to further stimulate employer demand for training as the terms that are dictated by the levy are persuasive. Pay the levy and receive quality training or pay the levy and lose your payment without receiving any training. At present, the levy is low, hence it is not (particularly) financially problematic for employers to disregard and write-off, but it is unlikely that this would remain the case (for some employers) if the levy were to increase.

There are issues which can make it hard for employers to easily engage with levy-funded training and these include employers needing to take into account the wage cost of employing new apprentices as well as the minimum 12-month training duration and 20% off-the-job training requirement, the latter of which is a particular concern with respect to levy-funded training and existing employees. In regard to this, there is a significant upside to employers opting to engage with training which does require a minimum 12-month commitment and 20% off-the-job training and this was evident in the research findings which demonstrated that employers who are engaging with levy-funded training are doing so with a serious and strategic purpose. This strategically-minded training is exactly the training that is likely to bear fruit and become the 'good example' which encourages currently non-training employers to become the 'late adopters' who join the 'first movers' in engaging with levy-funded training.

Although the role of the levy is essentially limited to guiding employers to the (training) water's edge, the levy remains unfortunately (as with a horse) unable to force the employer to drink, but the expectation of this research is that increasing numbers of employers will indeed gradually elect to drink themselves as the consequence of the value that they can see that training employers are extracting from levy-funded training. In this way, the levy will be continuing in its role as a 'beneficial constraint' which slowly ushers more and more employers towards training as the pragmatic and strategic course of action.

This research focused solely upon employers who have engaged with levy-funded training in order to understand their approach to it and the factors that impacted upon their engagement with it. Additional research involving those employers who chose not to engage with the levy would be valuable for further understanding of the extent to which the levy may or may not be able to stimulate employer demand in training. The research anticipates that the number of employers engaging with levy-funded training will continue to rise and that there will be increasing numbers of 'late adopters' to levy-funded training and this would be a particularly interesting group to interview, to understand why they did not initially engage with levy-funded training and why they later chose to do so. With respect to further research with those employers who have elected not to engage

with levy-funded training, this research is likely to be most revealing when/if (the moment comes that) the levy is increased and therefore the financial cost/impetus of the levy becomes much more difficult for employers to simply disregard. This research has focused upon the private sector and there is a clear need for a thorough assessment of the impact of the apprenticeship levy upon the public sector. Furthermore, there is also the need for research involving apprentices to gain an understanding of their perspective on and experience of levy-funded training. This would make an important contribution to understanding the impact of the levy as would further research on the ability of the levy to facilitate social mobility and enhance diversity and inclusion strategies.

Recommendations for Apprenticeship Levy Policy: Walk before Running

In order for the Apprenticeship Levy to succeed in achieving a truly transformational impact upon the landscape of employer training will require the levy to have greater coverage than is currently the case. Alison Wolf stated that it was "very odd" although "I can imagine why politically" the levy had been limited to large employers (cited in Burke, 2016). Of course, the 'political' matters and this is certainly the case in the UK which has a political system that encourages adversarial politics. Otto Von Bismarck famously remarked that "politics is the art of the possible, the attainable – the art of the next best". This appears to be an apt description of the levy in its present form although the levy in its present form should not be viewed as the final destination but rather as a point on the journey to that destination. The final destination would be a levy that includes more employers (as Wolf had intended) and a higher payment level. However, in order to reach the point which will allow this expansion and increase to occur without potentially jeopardising the levy will require cautious and skilful navigation. Employer discontent can quickly overwhelm political intention. A recent example of this was Theresa May's unequivocal promise of workers on the boards of companies, a much-admired part of the German system of industrial relations (Milner, 2015) and one that had been recommended as long ago as the Bullock Report (1977) (Elliot, 2018). The plan was resisted by employers and there followed

a swift abandonment of the idea (ibid.). The example of the levy in Australia was drawn upon in the second chapter and will be returned to shortly as it carries a policy warning from history regarding the potential for a terminal policy derailment to occur as the consequence of the accelerated implementation of a levy.

At present, although the levy is indeed succeeding in winning some critical battles to re-engage employers with training, the overall war to widely stimulate employer demand for training remains far from won. This provokes the question as to how to plot a politically palatable course that would enable the levy to prompt ever greater numbers of employers to engage with levy-funded training.

In essence, the levy's strength is its weakness, and its weakness is its strength. As noted previously, the levy in the UK is set at a lower rate (0.5%) than in other countries and the levy is also highly unusual in that it is only being applied to employers with a payroll of over £3 million. This creates a trade-off as setting the levy at a low rate to a restricted number of employers has the undesirable effect of limiting its impact, but it also had the positive effect of mitigating against the level of employer discontent a more robust levy would have generated.

Notwithstanding the compromise that a trade-off entails, the most important point is that the key development has already occurred, and this is simply the fact that the levy has been (unexpectedly) introduced. This provides the crucial foot in the door from which further progress can be made towards re-engaging employers with training. This research found that the levy is succeeding in prompting many of the interviewees into engaging with quality assured additional training. In the future, a decision is likely to be made to increase the coverage of the levy by raising the percentage rate of contribution or by lowering the payment threshold (or both). This will be a highly consequential decision that could potentially lead to either the rise or the downfall of the levy. Given this, it should therefore be approached with great caution. If the levy is to achieve its over-arching ambition of becoming a transformative policy that stimulates (at scale) employer demand for training, then it is imperative that the levy is expanded to include more employers. However, the manner and timing of this expansion will be critical in order to not provoke employer discontent to such an extent that it places at risk the future of the levy. It may be advisable to continue with the trade-off approach that

has served the levy well to date. These previous trade-offs have included the announcement of the levy in the Budget whilst simultaneously announcing a cut in Corporation Tax. Additionally, although the introduction of the levy is itself undoubtedly a radical step, it is also relevant that it has been introduced at a conservatively low rate that excludes most employers and certainly represents a trade-off between a radical policy and its conservative implementation. To continue in this vein, the Government may wish to consider announcing the expansion of the levy alongside an announcement, for example, that greater flexibility, will be permitted with regard to the 20% off-the-job training rule, at least where existing employees are concerned.

However, it may be that given the grave economic challenges that employers are facing as a consequence of Brexit and COVID-19, the foreseeable future will not be conducive to anything but the mildest change to the levy, and even that may well be best avoided at present. The political reality of the UK is a country that has voted for Conservative Prime Ministers in every election since 1951, bar the elections of Harold Wilson and Tony Blair. Given this, it may be that (at times) a choice exists between promoting policies which are ambitious and ground-breaking but often sadly doomed for failure or implementing policies that are modest and arguably underwhelming but that may (almost in spite of themselves) be able to achieve sustained success and transformation.

The levy is decidedly in the latter camp and its political strength lies in its modesty. As such, if (as described in the second chapter) the half-penny levy is to succeed with its ambition of re-engaging employers with training then the restraint with which the levy has been introduced will be at the forefront of the reasons why it succeeds. As things stand, it is hard to envisage any reasons why either a future Labour government or the present Conservative government would wish to abolish the levy. The levy has been tasked with the formidable challenge of re-engaging employers with training and this long-standing issue is most likely to be solved incrementally. It is important to remain mindful that the introduction of the levy was not welcomed by the business community and the understandable temptation to seek to accelerate the speed at which the levy achieves its objective is one that should be resisted. If the levy were to be increased or expanded too quickly, it may

provoke employer discontent to a degree that puts the levy itself in political peril and this should be avoided at all costs as the consequences of losing the levy are too great.

The case of the short-lived experiment with a training levy in Australia provides an important and pertinent warning to UK policymakers of the perils of seeking to deliver a transformative levy with excessive haste and this is a warning which should be heeded. The Australian levy was introduced in 1990 at 1% (double the UK rate) and then increased to 1.5% in 1992 before being suspended in 1994 (after much negative coverage) and ultimately abolished in 1996 (Fraser, 1996).

In many ways the apprenticeship levy represents the last great training hope and if it is not the levy that is to re-engage employers with training, then what else is there left for a government to try?

It is a stark and difficult question to answer and therefore with so much staked on the levy, the levy should be merited all the care that a last chance merits because as long as the levy is there, the possibility of transformation over the longer-term remains real but the situation demands to proceed with caution. Members of both the new Labour government (and in the USA – Presidents Bill Clinton and Barack Obama) have expressed dismay at how little of that which they implemented in 13 years of government (and a total of 16 years of presidency) has been able to withstand and survive changes in government (president). The great public policy exception of this for the new Labour government and the UK was the national minimum wage which has proved to be not only durable but has also become an accepted and uncontested feature of work in the UK – it survived and then thrived.

Survive then Thrive

The national minimum wage was introduced at the very low rate of £3.60/hour in April, 1999 (Low Pay Commission, 2019) but by the 1st April, 2020 it had risen to become £8.72/hour (GOV.UK, 2020), this represents a percentage increase of 142%. The national minimum wage was able to become a slowly transformative policy that could resist employer pushback because it was

introduced in a cautious, incremental manner and in this way the national minimum wage provides the blueprint for the levy to follow.

It should be clearly stated that the national minimum wage is not a panacea, and neither unfortunately will the levy be. Over half the workers in poverty in the UK are in full-time work (JRF, 2020) but there are undoubtedly many workers in the UK who would be paid less in the absence of the national minimum wage. If the levy can follow a similar path to the national minimum wage, by increasing the rate and expanding coverage gradually, then over time ever more employers will seek to extract value from their levy payments and engage with levy-funded training. In such circumstances, the levy will have become an accepted norm, a part of the industrial furniture (as the national minimum wage is). This would represent a major policy success.

In that eventuality, the levy will have moved beyond safeguarding and expanding training with a limited pool of employers to having stimulated demand for training in many employers and at a scale that would not have been credible without the levy. This is not to suggest that all (or even a majority of) employers are likely to re-engage with training. However, the interviewees in this research have shown that the levy can indeed stimulate employer demand for additional and strategically-informed training. This finding indicates that the aspiration for an expanded levy to engage substantially more employers with levy-funded training is both credible and achievable.

It may be that by maintaining a relatively low rate of levy payment, that is confined to largely incremental increases, the levy is able to 'nudge' (Halpern, 2015) employers towards training. The national minimum wage has shown the way to achieve this and if the levy between 2017 and 2039 is able to achieve even half of that which the national minimum wage has achieved between 1998 and 2020 then the levy may well have provided the means for a quiet but meaningful employer training revolution in England. In such circumstances, employer training in England will be in a far better condition than it was in the pre-levy era which can only be a boon for the UK's economic performance and social cohesion.

Operation Market Garden: A Bridge Too Far?

The title of this research 'Operation Market Failure: A Bridge Too Far for the Apprenticeship Levy?' is a reference to Operation Market Garden, the audacious but ill-fated (largely) airborne mission that was fought between 17th and 25th September 1944 with the objective of bringing a swift end to the Second World War.

The military operation in the Netherlands was the brainchild of Britain's most celebrated General of the war, Field Marshall Bernard Montgomery, 1st Viscount Montgomery of Alamein (Royal Warwickshire Regiment). Although Montgomery was regarded as a brilliant General, he was also viewed as a highly difficult man whom Winston Churchill memorably described as "in defeat, unbeatable; in victory, unbearable" (cited in Myers, 2001). However, most importantly, Montgomery was enormously popular with his troops because he favoured 'steel not flesh' and earnestly sought to preserve their lives.

In many ways, Operation Market Garden, contradicted everything that would be expected of Montgomery, it was staggeringly bold and although it came within a hair's breadth of success, ultimately the operation failed. Montgomery described the mission as 90% successful, and it is easy to see why. The objective had been to create a 64-mile salient into enemy territory, and the operation succeeded in creating a 60-mile salient, but this was insufficient, and the allies failed to cross the Rhine. Such can be the narrowness of the gap between success and failure. Bernhard, the Prince of the Netherlands, justifiably rebuked Montgomery stating, "my country can never again afford the luxury of another Montgomery success" (cited in Moseley, 1994, para.29). The operation had required great speed and the 90% success meant little and the 10% failure meant everything (Ryan, 1974; Poulussen, 2011; Beevor, 2018).

This is the polar opposite of the situation with the Apprenticeship Levy. Of course, it would be magnificent if the levy could speedily and comprehensively re-engage employers with training, but this is simply not realistic or remotely achievable. The levy may, however, be more than capable of cautiously but steadily re-engaging employers with training. The levy might then gradually enact a training

version of the boiling frog fable upon employers, whereby slowly but surely and without noticing they are training more. If the levy strategy had been bolder and more audacious, employers (as in the fable) would have noticed, resisted and most likely forced an abandonment of the levy. However, with a more cautious approach, a levy that starts as tepid might succeed. In the fifth chapter, the interviewees referred to the pre-levy emergence of untrained "accidental managers". Over time, the apprenticeship levy might turn more and more employers into 'accidental trainers'.

Unlike Operation Market Garden the levy does not need to achieve every single aspect or part of its mission to be a success. Neither, does the levy need to achieve the 90% of its mission that Operation Market Garden managed, to be a success. The gap between success and failure is not as fine. The levy needs to achieve over time a significant (albeit likely gradual) increase in employer engagement with quality training to be regarded a success. And if it manages this, the levy would represent a quite remarkable public policy success.

Finally, in answer to the question posed at the outset, Operation Market Failure: A Bridge Too Far for the Apprenticeship Levy? It is perhaps too early to tell definitively. However, if the Government can extend the scheme cautiously and judiciously, its mission to overcome a market failure in training may ultimately not be 'A Bridge Too Far'.

Abbreviations

BIS	The Department for Business, Innovation and Skills
CBI	Confederation of British Industry
CIPD	Chartered Institute of Personnel and Development
DfE	Department for Education
ESFA	Education and Skills Funding Agency
ESS	Employer Skills Survey
HE	Higher Education
IfATE	Institute for Apprenticeships and Technical Education
OECD	Organisation for Economic Co-operation and Development
Ofsted	Office for Standards in Education, Children's Services and Skills
ONS	Office for National Statistics
LFS	The Labour Force Survey
UK	United Kingdom
VET	Vocational Education and Training
YTS	Youth Training Scheme

Appendix A
Interview guide

(Always ask supplementary questions when it is necessary or appears likely to be beneficial)

- Introduction, the research agenda, confirm consent.
- Ask the interviewee to describe the initial reaction in their company to the announcement by the Chancellor that the apprenticeship levy was introduced.
- Ask about apprenticeships in the company before the levy was announced.
- Ask if prior to the levy the interviewee had reservations about investing in the training of employees who may subsequently (following training) leave and take those skills to another employer.
- Ask whether the levy has made the employer more likely to train and (if present) alleviated their concerns about losing trained employees to another employer.

  If applicable, ask for further details
- Ask the interviewee how they approached levy-funded training. Always encourage an expansive answer and if necessary, clarification of whether levy-funded training is utilised for new employees, existing employees or both.
- Why was such approach chosen? What standards/levels are used?
- Ask supplementary questions to understand if necessary whether the employer is adopting a strategic approach to levy-funded training
- Ensure the answers have clearly established whether the employer is engaging in additional training (or not) as a consequence of the levy. If not, ask clarifying questions.
- Elicit the interviewee's views on the requirements for levy-funded training. Their reflections upon the move from frameworks to standards, EPA, 20% off-the-job etc.?
- Clarify whether the company is an employer-provider or using a training provider. (why / why not?)

  (If employer-provider): Ask for their experience of this. In addition, ask for illustrative examples (if possible) of the benefits and challenges of being an employer-provider.

  (If using a provider): Ask whether the employer is satisfied/pleased/dissatisfied with this relationship and the quality of training provided (why / why not?) Ask the interviewee to provide illustrative examples of their experience.

  Follow up with questions regarding the relationship between the employer and training providers before and after the levy. Seek to establish whether the interviewee viewed pre-levy training as provider-led and whether the levy (and employers now directing training funds, standards etc) had succeeded/made (was succeeding in making) training more employer-led (i.e. put the employer 'in the driving seat').

- Ask the interviewee questions regarding their general view of the levy. Ask questions which seek to establish whether the interviewee views the levy as (an overall) positive, negative or neutrally.

- How would the interviewee describe the impact of the levy on training in their company?

  Follow-up if necessary with questions regarding the number of apprenticeships provided (the standards/levels offered) before and after the levy; impact on training budget and non-levy training.

  Return to any points that require further clarification or would benefit from further detail/probing.

- Ask the interviewee to describe how they approach the recruitment of candidates.

- Questions seeking to establish the typical profile of the individuals receiving levy-funded training in their company. If applicable, the profile of apprentices before the levy.

- Questions to establish whether they are satisfied with the calibre of applicants.

- If necessary follow-up with further questions regarding perceptions of apprenticeships.

- Return again to ask any further questions that may benefit the interview.

- Ask whether there is anything that the interviewee would like to add that has not been covered in the interview or that has been but they would like to emphasise or return to.

- Thank the interviewee for their participation.

Appendix B
Size and Sector of Participating Employers

Table 2. Participating employers (by sector and size)

EMPLOYER	SECTOR	NUMBER OF EMPLOYEES (UK)
001	Hospitality	30,000-40,000
002	Retail & Wholesale	1,000-5,000
003	Professional & Business Services	30,000-40,000
004	Financial services	1,000-5,000
005	Retail & Wholesale	5,000-10,000
006	Hospitality	5,000-10,000
007	Professional & Business Services	5,000-10,000
008	Hospitality	Under 500
009	Transport	Over 40,000
010	Professional & Business Services	500-1,000
011	Manufacturing	5,000-10,000
012	Utilities	5,000-10,000
013	Manufacturing	10,000-20,000
014	Media & Telecommunications	500-1,000
015	Construction & Engineering	20,000-30,000
016	Transport	1,000-5,000
017	Manufacturing	500-1000
018	Manufacturing	Over 30,000
019	Construction & Engineering	500-1,000
020	Hospitality	Under 500
021	Utilities	1,000-5,000
022	Health & Social work	5,000-10,000
023	Media & Telecommunications	Under 500
024	Professional & Business Services	1,000-5,000
025	Health & Social work	5,000-10,000
026	Manufacturing	500-1,000
027	Retail & Wholesale	1,000-5,000
028	Retail & Wholesale	1,000-5,000
029	Construction & Engineering	500-1,000
030	Professional & Business Services	20,000-30,000
031	Professional & Business Services	1,000-5,000
032	Construction & Engineering	1,000-5,000
033	Hospitality	500-1,000
034	Professional & Business Services	1,000-5,000
035	Manufacturing	1,000-5,000
036	Manufacturing	1,000-5,000
037	Financial services	1,000-5,000
038	Manufacturing	1,000-5,000
039	Hospitality	Under 500
040	Financial Services	500-1,000
041	Professional & Business Services	5,000-10,000

042	Health & Social work	10,000-20,000
043	Financial Services	10,000-20,000
044	Financial Services	1,000-5,000
045	Professional & Business Services	1,000-5,000
046	Retail & Wholesale	20,000-30,000
047	Construction & Engineering	1,000-5,000
048	Retail & Wholesale	1,000-5,000
049	Transport	20,000-30,000
050	Professional & Business Services	1,000-5,000
051	Financial Services	1,000-5,000
052	Financial Services	10,000-20,000
053	Manufacturing	20,000-30,000
054	Hospitality	Under 500
055	Construction & Engineering	1,000-5,000
056	Retail & Wholesale	1,000-5,000
057	Hospitality	1,000-5,000
058	Construction & Engineering	1,000-5,000
059	Financial Services	1,000-5,000
060	Media & Telecommunications	1,000-5,000
061	Retail & Wholesale	5,000-10,000
062	Professional & Business Services	500-1,000
063	Construction & Engineering	500-1,000
064	Professional & Business Services	1,000-5,000
065	Retail & Wholesale	20,000-30,000
066	Professional & Business Services	1,000-5,000
067	Utilities	1,000-5,000
068	Manufacturing	5,000-10,000
069	Manufacturing	1,000-5,000
070	Health & Social work	Under 500
071	Utilities	5,000-10,000
072	Media & Telecommunications	1,000-5,000
073	Manufacturing	10,000-20,000
074	Professional & Business Services	10,000-20,000
075	Professional & Business Services	1,000-5,000
076	Professional & Business Services	1,000-5,000
077	Professional & Business Services	Over 50,000
078	Manufacturing	1,000-5,000
079	Manufacturing	1,000-5,000
080	Financial Services	1,000-5,000
081	Financial Services	1,000-5,000
082	Financial Services	1,000-5,000
083	Retail & Wholesale	1,000-5,000
084	Media & Telecommunications	1,000-5,000
085	Manufacturing	5,000-10,000
086	Hospitality	1,000-5,000
087	Professional & Business Services	1,000-5,000
088	Hospitality	1,000-5,000
089	Hospitality	1,000-5,000
090	Retail & Wholesale	1,000-5,000
091	Hospitality	5,000-10,000

092	Manufacturing	500-1,000
093	Utilities	1,000-5,000
094	Manufacturing	500-1,000
095	Manufacturing	500-1,000
096	Construction & Engineering	1,000-5,000
097	Manufacturing	500-1,000
098	Retail & Wholesale	500-1000
099	Construction & Engineering	1,000-5,000
100	Hospitality	Over 100,000
101	Manufacturing	1,000-5,000
102	Professional & Business Services	500-1,000

Appendix C
Consent Form and Participant Information Sheet

CONSENT FORM

Title of Project: The Apprenticeship Levy
and Employer Training in England

Name of Researcher: Martin Brock

Name of Lead Supervisor: Kim Hoque

Date: 19/11/2019

Please initial box

1. I confirm I have read and understand the information sheet dated 24/06/2019 for the above study. I have had the opportunity to consider the information, ask questions of a member of the research team and have had these answered satisfactorily. ☐

2. I understand that my participation is voluntary and that I am free to withdraw at any time without giving any reason. ☐

3. I understand that that my information will be held and processed for the following purposes: to be analysed by the researcher for the purposes of completing their PhD research and, where relevant, for the writing of associated academic journal articles or monographs. ☐

4. I agree to take part in the above named study and I am willing to be interviewed and have my interview audio recorded. ☐

_____	_____	_____
Name of participant	Date	Signature

_____	_____	_____
Name of Researcher	Date	Signature

Researcher: Martin Brock

martin.brock.16@mail.wbs.ac.uk

Supervisor: Kim Hoque

Date: 24/06/2019

You are invited to act as research participant for the above project. Your participation in this project is entirely voluntary. You may withdraw from participating in this project at any time, with no negative consequence to yourself or the organisation for which you work.

This is a research project investigating the effects of the apprenticeship levy on employers.

The project involves interviews with levy paying employers.

Your involvement in this project will help to provide a comprehensive understanding of the impact of the apprenticeship levy on employers.

Participation in this project will involve being interviewed by the above named researcher on the theme of the apprenticeship levy.

It is not expected that you will experience any risks through participating in this project. Data will be anonymised from the start, with no names or specific positions recorded as part of the interview material. Your consent form will be stored in a locked office at the University of Warwick, and transcripts of interview data will be anonymised before being printed and stored in the same place. The transcripts will also be stored electronically on the lead researcher's password-locked laptop. All material may be destroyed after 10 years from the completion of the research. The material from this research may be published. You can request a copy of the publication from the researcher named above

Should you have any further questions about this research, please contact Martin Brock martin.brock.16@mail.wbs.ac.uk.

You may also contact the University of Warwick Research and Impact Services, University House, University of Warwick, Coventry, CV4 8UW, UK (phone: 02476575732) should you have wish to make a complaint about the conduct of the researcher.

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Word count I declare my word count to be 80,000. The word count of my thesis, excluding appendices, footnotes, tables and bibliography, is within the maximum limit for my degree as set out in part I, section 3 of the Guide to Examinations for Higher Degrees by Research *If no, please ensure that prior approval from the Chair of the Board of Graduate Studies is requested.*	Yes ☑ / No ☐
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Presentation I confirm the presentation of my thesis is in line with the requirements (if applicable) set out in part I, section 4 of the Guide to Examinations for Higher Degrees by Research, with reference to: • Typing of thesis • Title and title page • Table of contents • Acknowledgements • Declaration and inclusion of material from a prior thesis • Declaration of collaborative work • Inclusion of published work • Summary or abstract • Abbreviations • Tables and illustrated material • List of tables and illustrations • Research training • Bibliography and references	Yes ☑ / No ☐

Covid-19 impact statement I am submitting a Covid-19 impact statement with my thesis to highlight to examiners the impact of the pandemic and any changes to my research **NB The submission of a Covid-19 statement is not compulsory**	Yes ☐ / No ☑
PhD by Published Work If submitting for the degree of PhD by Published Work I have completed and enclose the PhD by Published Work – Submission Checklist	Yes ☐ / No ☐ / N/A ☑
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