

**A Comparison of the Welsh Workforce Development Programme
and England's Train to Gain**

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Abstract

Upskilling the adult workforce is a major policy across the OECD, and many governments are grappling with the issue of how to design interventions that can support workforce development for less skilled and/or qualified adult workers. This paper examines and compares the English government's Train to Gain (T2G) programme and the Welsh Assembly Government's Workforce Development Programme (WDP). The paper suggests that these two schemes offer radically different models for adult workforce development. T2G is designed to provide a vehicle whereby a near-universal adult entitlement (to a first level 2 qualification) can be delivered to the entire workforce over time, and has also provided a model for a new funding system for post-19 learning in England. By contrast, the WDP is tied to specific business development/improvement interventions, is only available on a selective basis, and is not solely concerned with funding the achievement of qualifications. The paper offers some thoughts on the relative effectiveness of these two models.

Introduction

The issue of inadequate skill levels among the adult workforce is one that haunts policy makers in many OECD nations. The OECD's annual 'league tables' of comparative adult workforce qualifications stocks, coupled with the OECD's International Adult Literacy Study (IALS), have served to draw attention to apparent skills deficiencies in some segments of the adult workforce in many countries (Giguere, 2006). The result has been an increased interest in public policy interventions that can start to rectify perceived skill deficiencies and increase the levels of qualification held by those workers occupying traditionally low-skilled jobs (OECD, 2006). The aim has been to both improve the employment prospects of such workers and to boost national competitiveness and productivity.

The four UK nations have been confronted with this problem in a particularly stark manner. Given the relatively low qualification levels prevalent among significant sections of the UK workforce (not least relative to other North European countries); and given also policy concerns about social inclusion, pockets of high unemployment and/or economic inactivity, and international competitiveness in the face of globalisation, UK governments have been under pressure to develop adult skill interventions that can make a difference.

This paper aims to explore a number of issues that arise from the differences in the design and operation of two UK nations' (Wales and England) approaches to the development of the adult workforce. At a very superficial level it might appear that the Welsh Assembly Government's (WAG) Workforce Development Programme (WDP) provides a parallel or Welsh equivalent to England's Train to Gain (T2G) programme. As this paper will argue, such an assumption is incorrect. Although both interventions share some common elements of supportive policy rhetoric, and both deal with the skills of adult workers rather than young initial entrants to the labour force, in reality the underlying rationale for the WDP is very different from that of T2G, as are its aims and objectives. The WDP is centred on adult workforce skill enhancement as part of a wider business improvement/economic development agenda. By contrast, T2G has both productivity and social justice/employability objectives. Moreover, T2G has developed in a way that seeks to deploy blanket upskilling as a substitute for other forms of wider economic development intervention. The paper offers some thoughts about the utility and realism of the contrasting policy objectives

that the WDP and T2G seek to deliver. Is Wales's narrower focus through the WDP more or less sensible than England's desire for T2G to tick several different broad policy objective boxes simultaneously?

Second, in a post-Leitchian world, where the UK's education and training (E&T) systems are all supposed to be becoming more demand and employer-led (whatever those phrases might be taken to mean), it seems worth asking which model – the WDP or T2G - delivers an intervention that is more closely-tailored to actual demand for skill in the labour market and which is better positioned to be responsive to employers' real needs. All other factors being equal, it might be expected that the programme that comes closest to achieving these goals has the potential to add the greatest value.

A third and closely related point concerns efficiency and value for money. It is a standard aim across OECD countries that publicly-funded labour market interventions should seek to minimise levels of deadweight (i.e. the state paying for things that others would have paid for anyway) and maximise leverage over other actors' investment decisions in order to increase additional outcomes. It will be argued that, on the evidence currently available, the WDP and T2G may be producing very different results when measured against this criterion.

An earlier version of this paper was produced by the author as part of his involvement in the formulation of the Welsh Assembly Government's revised Skills and Employment Strategy (See WAG, 2008). What appears here has been updated to take account of subsequent developments in both England and Wales.

Method and Data Sources

It is also important to stress what this paper is not – it is not a formal evaluation of the practice of either the WDP or T2G as they are delivered in workplaces across the two countries. This is because publicly-available sources do not leave anyone in a position to offer a definitive view of how either intervention is currently being delivered and what outcomes they might or might not be generating. Both programmes were evaluated in their early stages (T2G in its pilot form as the Employer Training Pilots (ETP)), and the results published, but subsequent evaluation being conducted by the Learning and Skills Council (LSC), while ongoing, has not produced publicly-available outputs. Moreover, both programmes continue to change

in terms of structure and coverage, and evaluations of their early stages may have relatively limited bearing on what is now being delivered, albeit under the same banner or ‘brand’.

Thus, for T2G, the paper draws on a range of policy documents and official evaluation studies, plus interviews with some of those responsible for the programme’s ongoing evaluation (officials within the Learning and Skills Council and the analytical services team that is now shared between DCSF and DIUS), evidence submitted to the House of Commons Select Committee on Education and Skills’ inquiry into Post-16 Skills (House of Commons, 2007a&b), and discussions at the ESRC Centre for Skills, Knowledge and Organisational Performance’s Employers’ Forum and with one of the architects of T2G’s predecessor – the Employer Training Pilots (ETP). A major difficulty is that anecdotal evidence suggests that there are significant differences between high-level official versions of how T2G is intended to operate, and what appears to be actually being delivered out on the ground. This gap between rhetoric/vision and reality has been a common problem with English E&T schemes over the last two decades, and in part seems to stem from the lack of hard management information that those at the centre have available to them about how the intervention is actually operating (apprenticeship is a good example – see Fuller and Unwin, 2003; and House of Lords, 2007).

A further problem with trying to comment on or analyse T2G is that it remains in a state of flux. In the last six months two major sets of changes have been set in train. The first were quietly announced in the DIUS’s response to the House of Commons Select Committee’s report on Post-16 Skills (House of Commons, 2007c) published in October. Hard on the heels of this came a second, more detailed set of changes, which were announced by the LSC in their document *Train to Gain A Plan for Growth*, November 2007 – July 2011 (LSC, 2007a). They represent a major transformation of how T2G will operate henceforth, which will render more or less impossible comparisons between T2G prior to November 2007 and T2G thereafter.

An even larger problem is that published materials on the WAG’s WDP are extremely limited and offer a qualitative snapshot of the Programme in its early days. To supplement this source, one of the civil servants who played a key role in the initial design and ongoing development of the programme was interviewed.

The author would wish to record that the paucity of published data on, and evaluation of, the two programmes as they currently operate has been a major

weakness in undertaking this exercise. As a result, what follows is able to offer some general observation and to speculate on differences, rather than seek to provide a detailed account or arrive at any definitive conclusions.

Background Issues

Before examining the design and implementation of these two contrasting national approaches to interventions aimed at the adult workforce, three key issues that underlie policy formation in this area need to be flagged up.

1. Measuring skills or measuring qualifications?

In identifying the scale and nature of any problems with the skills of the adult workforce, policy makers are confronted with significant measurement problems. With the exception of the data generated by IALS (which provides a direct measure of some sorts of adult skill), the main indicator of skill used is almost invariably the qualifications held by the individual. Unfortunately, qualifications are a weak proxy for skills, particularly the skills of adult workers. There are many reasons for this, which there is insufficient space to go into here in detail (see Keep, Mayhew & Payne, 2006 for a more detailed discussion). Suffice it to say that the vast bulk of workplace learning, whether formalised or informal, tends to be uncertified, particularly in smaller firms, and therefore does not show up in qualification stocks. Moreover, in the past many forms of quite intensive training (for example, traditional apprenticeships) did not necessarily provide formalised certification as a record of skills attained. Finally, in today's service sector dominated economy, many of the generic, soft, inter-personal skills most prized by employers remain resistant to formal certification. It is therefore dangerous to assume that unqualified is the same thing as unskilled, though a great deal of UK policy rhetoric falls into this trap.

These dangers are compounded where policy makers compare qualification stocks across countries as a means of gauging relative performance in E&T (see, for example, Leitch 2005 & 2006). In many instances what is in fact being compared are labour market regulation standards rather than skill levels per se. Thus in countries which have extensive licence-to-practice (LtP) regulations in place, it is hardly surprising that more workers have acquired qualifications in order to enter the labour

market and to follow an occupation or trade than would be the case in the UK, which has the weakest labour market and product market regulation regimes (jointly with the USA) in the whole OECD. If matching the ‘skill levels’ of these nations is the overriding goal of policy, the surest way to meet it would be to both boost the supply of skills and regulate the labour market through the extensive introduction of LtP requirements.

2. Market failure and workers who miss out as a result

The potential of the market for skills and training to be subject to significant levels of market failure has been a long-standing concern for policy makers across the OECD. Market failure is a complex subject and cannot be dealt with here in detail (for a fuller treatment, see Keep (2006) and the readings referred to therein). In essence, there are three key points to note in relation to the subject of this paper. First, that although the existence of market failure is often hypothesised in the UK, evidence to support this assertion is generally lacking, and there often seems to be a danger that any outcome in the E&T system that does not meet government expectations (or targets) is more or less automatically ascribed to market failure (Keep, 2006).

Second, policy concern in UK and across the rest of the OECD tends to focus on the inequitable distribution of access to employer-funded training for adult workers, with those at the top of the occupational hierarchy obtaining the most and those at the bottom the least (see, for example, National Skills Task Force, 2000). As the Leitch Review (2005 & 2006) discusses, learning opportunities in UK workplaces appear to remain highly skewed. Moreover, there is some evidence (Eraut & Hirsh, 2007) that it is not merely in volume terms, but also the quality of what is received, that managers and professionals do better. Those at the very top of the organisational hierarchy appear to be the beneficiaries of sophisticated integrated approaches to training and development that are not made available to those further down. Indeed training for the mass of employees may be becoming even more fragmented, just-in-time and narrowly task focused, rather than more broadly developmental.

Although the distribution of training opportunities for the adult workforce is patchy and heavily skewed towards some types/levels of worker, this does not provide *prima facie* evidence for widespread market failure. The market may be allocating resources efficiently, with employers investing in those workers who can benefit most

from such spending. The pattern of investment may also reflect the fact that there are many jobs in the UK economy which require very low levels of formalised skill in order to undertake them effectively. If this is the case, it is unsurprising that employers do not spend much on the ongoing upskilling of such workers. As will be reviewed below, there is a substantial body of evidence, generated by both surveys of employers and case studies within firms and sectors, that supports the existence of substantial quantity of jobs that are relatively low skilled and in which the needs for upskilling are very limited indeed.

The third issue is that even if there is market failure, cost effective public policy interventions to tackle it ought to be based on a clear understanding of where it occurs, in terms of sector, occupation, firm size, and geographic locality. Deploying market failure as an analytical tool in cases where the entire national economy and labour market is treated as a single unit runs the risk of leading to expensive (perhaps inappropriate) blanket solutions that will carry with them high levels of deadweight (Keep, 2006).

3. Business development and skills, or skills alone

One of the fundamental fault lines in E&T policy in the developed world is the question of whether, in seeking to promote enhanced productivity and competitiveness, skills interventions alone are sufficient to deliver the desired outcomes. Put briefly, there are two opposing schools of thought:

Skills alone

A central concept for English policy makers has been a belief in what is termed a ‘supply-push effect’, whereby publicly-funded boosts to stocks and flows of skill will push the economy onto a new, higher skilled, higher value added pathway (HMT, 2002; Leitch Review, 2006; DfES/DWP, 2006). US economists (Acemoglu, 2003) have provided a stylised theoretical model of how such an effect might work, and hypothesised that such an effect might explain the USA’s success in adopting ICT and thereby boosting productivity. Unfortunately, they cite no hard evidence to support the hypothesis. As Keep, Mayhew & Payne (2006) note, the experience in other OECD countries, such as Canada and New Zealand, suggests that having a large stock of highly qualified workers does not necessarily lead to economic success, at least as

measured by relative productivity per hour worked. Perhaps the most daunting instance of the failure of a supply push effect failing to materialise on a sufficient scale comes from within the UK – from Scotland. The Scots have invested heavily in skills and have, as Leitch noted (2005 & 2006) a far more highly qualified workforce than England. A major positive impact on relative economic performance is hard to detect and this has led Scottish policy makers to shift their attention to issues to do with the demand for, and usage of, skill in the workplace (Scottish Government, 2007).

Moreover, if there is a supply-push effect, there remains the question of what type of skills, at what level, for which workers and/or firms will actually produce an impact. Without some understanding of this, all that policy makers can do is resort to scattergun policies. As Ashton & Sung argue, research on firms' competitive strategies and their relationship with skills demonstrates:

the need for a more differentiated and a more clearly targeted approach to skills development... it is not always useful to exhort all employers to train more. For some employers (with their specific competitive strategy), training beyond the operational level is pointless and counter-productive. Resources devoted to such an 'undifferentiated' skill policy are likely to be wasteful. (2006: 17).

This is a major challenge for the approach argued for by Leitch, which is based around blanket targets and one-size-fits-all initiatives aimed at boosting the supply of skill across the entire economy and at every level. The problems of supply-push thinking in relation to Train to Gain (T2G) are examined in more detail below.

Business development supported by enhanced workforce skills

The bulk of extant research evidence suggest that, at best, a focus on amassing more and more qualifications within the workforce may be one necessary precondition for success, but arguably no more than that. At worst, it can act as a serious distraction from the task of developing skills policies that are much better integrated with wider economic development and business improvement policies, innovation strategies and other drivers of productivity, and efforts to encourage the take-up of more sophisticated forms of employee relations policies and practices, and improved work organisation and job design (Keep, Mayhew & Payne, 2006; Delbridge et al, 2006).

In other words, this approach places much less emphasis on the problem of market failure in the supply of skill, and focuses instead on weaknesses with the

underlying levels of demand for skill in some parts of the labour market and economy, with how firms are choosing to position themselves within particular product markets and value chains, and with how skills are or are not used productively within the ‘black box’ of the firm (Keep, 2002). The underlying belief is that skills are a derived demand as argued by the Cabinet Office PIU project on workforce development – i.e. the need for skill is determined by the organisation’s competitive and product market strategy, production system and technologies, and its employee relations, work organisation and job design systems (Ashton and Sung, 2006; Keep, Mayhew and Payne, 2006). Thus, this strategy takes as its point of departure a ‘demand pull’ effect rather than a supply push.

As will be explored below, the differences between the WDP and T2G in large measure reflect the varying relative importance accorded to:

1. belief in qualifications as a measure of skill and as the key output to be valued from training activity;
2. market failure as a cause of the problems being addressed;
3. belief in supply push or demand pull effects by policy makers in England and Wales.

Having examined the background issues, we now turn to an analysis of the two national policy interventions, starting with the English government’s T2G.

Train to Gain

Origins and objectives

Although T2G is managed by DIUS (formerly DfES), its origins lie in a policy paper produced by H M Treasury (HMT, 2002). Within the OECD it is relatively unusual to find an E&T policy intervention that has been designed by a finance ministry, but in the case of T2G this is what happened. The Treasury and its advisors decided that adult skills policy (broadly defined) could deliver a wide range of the government’s social and economic objectives, and the new workplace training intervention, which was to be branded as the Employer Training Pilots (ETP), was used as a vehicle for exploring this notion.

The ETPs had two fundamental points of departure. The first was a firm belief that in the area of adult skills training for those in the lower groups in the occupational

spectrum there was a major incidence of market failure (HMT, 2002). This belief is, as has been suggested above, problematic as a general assumption and supported by a fairly weak evidence base. For example, if the market for adult skills was failing to any significant extent it might be expected that there would be chronic skill shortages when employers tried to recruit new workers, and large skill gaps among the existing workforce. The government's own evidence, generated by the LSC's massive National Employers Skills Survey (NESS) suggests quite the opposite. Genuine skill shortages are limited and stable (and tend to be concentrated in particular occupational groups), and skill gaps are small, usually transitory and falling in size as a proportion of the overall workforce. In other words, the market seems to be working, but that there is perhaps a significant store of jobs in the lower occupational groups that do not appear to require substantial amounts of initial or continuing training in order to undertake them. Moreover, it can be argued that in many cases current levels and patterns of training for those on the lower rungs of the occupational ladder may simply be the product of limited demand for skills from their employers. For instance, the often relatively low returns to Level 2 vocational qualifications (Dickerson & Vignoles, 2007) does not suggest that demand is outstripping supply at present. Limited demand may, in turn, reflect product market strategies, work organisation and job design that simply do not require high levels of formalised skill and qualification from the bulk of the workforce (Keep, Mayhew & Payne, 2006; Ashton & Sung, 2006).

The second central aspect of the ETPs design was enthusiasm for the concept of a minimum learning platform (set at Level 2 plus basic skills), supported by universal learning entitlements of the type first suggested by the National Skills Task Force (NSTF, 2000a). The ETPs were seen as a means of increasing the take-up by individuals of such entitlements by bringing accredited learning opportunities to workplaces where access to training for many workers was either absent or limited. This objective in turn brought with it the problem of how to persuade the employers of such workers to engage with the new government programme. The solution was to offer wage compensation to employers where workers needed to be given time off the job in which to train and help in finding temporary workers to cover such absences.

Against this backdrop the ETPs were intended to deliver a range of policy objectives, which as ETP transformed itself into the National Employer Training

Programme/T2G lengthened until T2G, coupled with the broader adult entitlement, is now expected (Leitch, 2006; DIUS, 2007) to:

- Bring about a supply push effect that could, “help the economy to move from a lower to a higher skills and productivity equilibrium” (HMT, 2002:15, see also DfES/DWP, 2006:4).
- Help reduce social exclusion and deliver employability to adult workers so that they can change jobs and/or careers in the face of economic and employment adjustments to global economic forces.
- Encourage employers to make a substantial and lasting improvement in their levels of investment in training.
- Provide a platform of learning that can act as a springboard for further (employer or individually financed) investment in skills to Level 3 and beyond.
- Boost wages and reduce rising levels of income inequality.

By any standards this is a wide-ranging and ambitious set of objectives to load onto a single intervention. In particular, it should be noted that T2G tries to simultaneously cover both an individual social inclusion/employability agenda and a productivity and economic competitiveness agenda.

Finally, it should be noted that when the ETPs were being planned, and from time to time thereafter, the suggestion has been made that the ETPs/T2G should operate within a wider business support model, wherein T2G brokers provide participating businesses with a comprehensive training needs analysis (one element of which would be supported via T2G) and help the business access training provision to deliver the entire package (CRG, 2006). Anecdote, evidence submitted to the House of Commons Select Committee’s Post-16 Skills inquiry (House of Commons, 2007a&b), and official evaluation of the brokerage network (ALI, 2007) all indicate that this model of delivery has not accounted for a significant volume of T2G provision and that to date volume roll-out targets for the core T2G offering (a first Level 2 and/or adult basic skills) allied to the relevant PSA targets, have dominated the way T2G is managed by the LSC and delivered by the brokers. The government’s latest announcement about the future development of T2G (House of Commons, 2007c) suggests that those who hold to this wider business support model are trying to reassert their cause as T2G evolves.

Who are the target groups?

The target recipients of T2G have been, until recently, particular individuals within particular firms. From the outset there has been a tension within the T2G model regarding who is meant to be the prime beneficiary and what the main expected outcomes/benefits might be. On the one hand, the ETPs and T2G have been billed as a means of tackling productivity problems and changing firms' attitudes towards, and patterns of investment in, skills and training. On the other, T2G is also pointed to as a means of securing benefits for individual workers in terms of enhanced employability and labour mobility and laying the foundations for subsequent career progression. To a certain extent, policy appears to assume that the two objectives are mutually compatible, but in fact there is the potential for conflicts of interest. For example, if individual employability, labour mobility and career progression are the over-riding aims, it might have been assumed that the individual employee would be given the choice of what Level 2 they wanted to pursue. In reality, T2G offers the employee no choice – the decision is taken for them by their employer, and is almost always a task-specific NVQ related to their current employment and job role. The latest announcements about how T2G will evolve (LSC, 2007a&b) suggest that the needs of employers will remain paramount, and that it is intended that the wider needs of individual workers will be catered for by what are now being called 'Skills Accounts' (previously Individual Learner (or Learning) Account (ILAs)) – though how exactly these will work and who will be eligible to benefit from them remains to be determined.

In terms of the targeting of T2G on individuals, as noted above, T2G is driven by the desire to very significantly reduce the number of adult workers lacking a first Level 2 qualification and basic skills and the relevant government PSA targets that pertain to that objective. Thus, individual eligibility for support under T2G means that the workers need to be aged 19 or over, and to either lack a first Level 2 qualification of any sort, or lack adequate basic skills (or both). Until now, any worker who already held a first Level 2, albeit one gained 30 years ago or in a different occupational area to the one now being practised by the individual, was not eligible for support under T2G. As discussed below, this is now set to change, with a the possibility of a second Level 2 becoming available under T2G – in some cases with full government funding (for those re-entering work after unemployment or

economic inactivity), and in others with partial government funding support supplemented by employer contributions.

In terms of firms, the aim of ETP and T2G has been to bring government-supported training opportunities to those employers who are not engaged in other areas of the publicly-funded E&T system – what are termed the ‘hard to reach’. Hillage et al’s (2005) evaluation of the ETPs found that only about 14 per cent of the employers involved in the Pilots were in the hard to reach group as then defined (no previous involvement with business support agencies, training providers or government training initiatives (including NVQs)).

Since then, the working definition of the ‘hard to reach’ group appears to have shifted somewhat, mainly in ways that make it larger (and therefore easier for those marketing the programme to reach simply through random contact with firms). Determining the new definition of ‘hard to reach’ is not simple. One definition that was repeated to the author on several occasions by policy makers in the LSC and what was then the DfES, was employers who do not possess Investors in People accreditation and who are not involved in any other government training scheme. However, in its response to Leitch, the English government defined ‘hard to reach’ as “an employer who is not a recognised Investor in People and who has not provided training leading to a qualification for their staff in the last 12 months” (DIUS, 2007: 56). A few months later, in its response to the House of Commons Select Committee, DIUS provided another delineation of ‘hard to reach’, with it this time being defined as, “not accredited as an Investor in People and no recorded investment at a publicly funded provider” (House of Commons, 2007c: 2). The LSC’s latest pronouncement on the future of T2G provides yet another, slightly different definition:

Employers who are not Investors in People recognised and have not accessed substantial vocational training leading to a qualification within the last 12 months. (LSC, 2007a: 6)

This lack of consistency suggests either confusion, an unacknowledged change in definition, or both. Whichever is the case, it implies that ‘hard to reach’ is a term that means whatever DIUS or the LSC want it to mean at any given moment.

The LSC have set a target that 51 per cent of employers receiving T2G brokerage should be in the ‘hard to reach’ group. On the latest definition (i.e. the one given as part of the government response to the House of Commons Select Committee’s report), the vast bulk of SMEs will fall into the hard to reach category

(see Kitching and Blackburn, 2002; and Brown, Corney and Stanton, 2004), which tends to reduce the meaning of targeting – almost any random sample of employers will include more than 51 per cent who would qualify as being in the ‘hard to reach’ category. It also renders it extremely difficult to arrive at any meaningful figure for what proportion of those firms now involved in T2G are ‘hard to reach’.

As noted above, under the ETPs, official evaluation suggested it might be no more than 14 per cent (Hillage et al, 2005). In its response to Leitch, DIUS report that targeting of key employer groups was going well and that more than two thirds of employers involved in T2G were classified as being in the ‘hard to reach’ group (DIUS, 2007: 56). The LSC now report (LSC, 2007a: 4) that 72 per cent of companies involved in T2G are from the ‘hard to reach’ group. Both the DIUS and LSC figures are based on self-reporting by brokers and LSC officials involved in the scheme. It will be interesting to see if it is verified by independent evaluation of T2G, as and when this occurs and is made available to the wider public.

Moreover, DIUS announced (House of Commons, 2007c: 6) that T2G, “will expand to support employers of all sizes and in all sectors” – i.e. there will be no company-based eligibility criteria or targeting. At the same time, somewhat paradoxically, the same nominal target of 51 per cent of employers supported through the brokerage system will be expected to be in the ‘hard to reach’ group. As suggested above, given the proportion of employers who probably fall within current definitions of ‘hard to reach’, this is hardly a demanding target.

It is also worth underlining that none of the definitions of the ‘hard to reach’ group outlined above provides a particularly useful measure of enthusiasm for, or investment in, training in SMEs. All the definitions reflect national policy makers’ unhealthy obsession with engagement with government training schemes as a proxy for enthusiasm for training, and with formalised and certified types of learning as a proxy for skill formation. The research evidence available suggests that many SMEs engage in significant amounts of training which, due to its informal and uncertified nature, operates below the policy makers’ ‘radar’ and outside their models of accounting for human capital formation (see Kitching and Blackburn, 2002; Blackburn, 2003; Felstead et al, 2005; Felstead et al, 2007).

When the ETPs were first mooted, there was some discussion among policy makers about trying to target support on those firms that might be most likely to grow in size or where the organisation showed an interest in trying to move its product

market strategy upwards, towards higher quality goods and services. In the event, the problems of identifying such firms and the need to meet ambitious, high volume roll-out targets for the ETPs and then T2G appear to have killed off such an approach, except in a very small number of instances. As suggested above, T2G has to date very much been viewed as a blanket intervention where the volume of employers and trainees engaged is the key performance indicator for those charged with its delivery – the LSC and the brokers. In future, it appears to be morphing into a universal gateway whereby all employers can access government funding for various streams of adult learning activity – a change recommended in the Leitch Review Final Report (2006) when it envisaged T2G and the brokerage service as the mechanism whereby £1.7 billion of post-19 FE funding could be made contestable (between different training providers) and ‘demand-led’.

Delivery – the birth of the brokers

One of the distinctive elements of the ETPs and subsequently T2G has been their reliance on a brokerage model, whereby a third party acts as a broker between firms eligible for support within the programme who are seeking training and those E&T provider organisations (public and private) who might wish to offer their services to the companies. With T2G the intention has been for the brokers to offer firms a choice between three training providers who can deliver what is required. It is unclear whether in fact this choice is being delivered. Moreover, it is important to recognise that insofar as it is possible to tell, it appears that the majority of firms who have become involved in the ETPs did so through a training provider rather than a broker.

Despite this, the intention has been that the brokers should act as the sole conduit for public funding, in that a broker should sign off any deal between the provider and the firm to whom they are offering training/learner assessment under T2G before that provider can be paid. This has led to situations where Further Education (FE) colleges who have long-standing relationships with particular firms in their locality have agreed packages of learning with the firm under T2G and then had to go and find a broker to ‘sign off’ this agreement in order to free up funding from the Learning and Skills Council. In response to criticism of these absurdities, DIUS announced that it will, “introduce greater flexibility to the way colleges and training providers can work directly with employers” (House of Commons, 2007c:10).

In evidence submitted to the House of Commons Select Committee's inquiry from both FE colleges and private training providers it was suggested that the brokers were often regarded as cumbersome, bureaucratic and as adding very little real value to the operation of T2G (see House of Commons Education and Skills Committee, 2007a & b). In particular, the Committee noted that, "it is not clear how brokers assist in the process of developing close and sustainable relationships between providers and their local businesses" (House of Commons, 2007a:14). The identity of the brokers is also unclear, though anecdotal evidence suggests that the bulk are drawn from existing Business Links advisors or are being supplied by the large private training provider Tribal.

The brokerage model has been subject to little formal, independent evaluation. Most of the evaluation so far reported has been conducted internally by the LSC, and consists of nothing more sophisticated than surveying employers involved in T2G to ask if they were happy with the service they had received from the brokers. As the existing evidence suggests that, in the majority of cases, the relationship between broker and employer is one where the broker offers high levels of government subsidy for training activity that would probably previously have been paid for entirely by the employer, it is perhaps unsurprising that 86 per cent of employers report being either 'satisfied' or 'very satisfied' with the service (House of Commons, 2007c:10).

The one independent evaluation of the brokerage service that is publicly available was conducted by the Adult Learning Inspectorate (ALI) and subsequently published under the Ofsted imprint following the merger of ALI and Ofsted. The focus of the evaluation was on the topic of the impact of brokerage on the individual learner and their training, rather than on the broker – employer relationship per se. Nevertheless, ALI noted that although the brokers were to be commended in rolling out an ambitious new programme, it was apparent that in terms of their business advice there was often little depth to what was offered, and:

What is missing is any effort to encourage employers to think about business strategies and skills needs in the longer term, which would clearly benefit learners as well as employers in the longer term. The tendency is just to sign up employers for subsidised training to meet their immediate requirements. (ALI, 2007: 7)

This suggests that an independent evaluation on the basis of value added, additional employer investment leveraged, or deadweight minimised by the brokerage system is overdue.

Despite this absence of thorough evaluation of the T2G brokerage model, the Leitch Review (2006) recommended it as the main basis for creating a demand-led and contestable system of funding for adult skills. Accordingly, in early 2007 the then DfES and LSC produced a joint consultation paper which outlined a range of models whereby brokerage could disburse a large part of the existing adult FE budget to fund training demanded by employers on a fully contestable basis (i.e. FE colleges would compete with private providers to deliver the training). Later in 2007, in its response to the Leitch Review, DIUS confirmed that moves towards a brokerage model along these lines will proceed. Thus, T2G has furnished policy makers with the dominant model for funding and managing the contestability of large segments of adult learning provision in the post-Leitch landscape in England.

T2G – basic skills and Levels 2 and 3

The T2G ‘offer’ was, in its initial phases of development, a simple one – “literacy, numeracy and first full level 2 programmes, and from 2008-09 providing matching funding for full level 3 programmes” (House of Commons, 2007c: 12). As the literacy and numeracy components are tied to achievement of basic skills qualifications, the entire programme revolves around the achievement of full qualifications. The only exception has been a small element within the T2G offer that focuses on management and leadership skills in SMEs. This has been delivered via the incorporation of the previously free-standing Leadership and Management Programme within T2G.

The focus on adult basic skills is hard to argue with. There is strong evidence that those without adequate literacy and numeracy skills struggle in the labour market, though there is serious dispute about the exact scale and severity of the problem (see the submission of evidence by Alan Wells in House of Commons, 2007b:Ev1-6).

The focus on a full first Level 2 exists because the government believes that, “level 2 is increasingly seen as the baseline for successful participation in the labour market” (HMT, 2002: 7). It also reflects a conviction that Level 2 is the focus for market failure in investment in skills. However, it is important to understand that when policy makers talk about a full Level 2 they are in fact only offering participants in T2G (both individuals and employers) a very limited choice, in that the Level 2 is

nearly always an NVQ Level 2. Other forms of vocational qualification at Level 2, and its academic equivalent (5 GCSEs at grades A-C) are normally not on offer.

Moreover, as has been suggested above, these beliefs in a Level 2 minimum platform for employability and extensive market failure, may be incorrect. This is because there are, and are set to continue to be, many jobs that do not need a Level 2 (or indeed any other qualification) to either obtain or to undertake the work (Felstead et al, 2007). It is not that such jobs are automatically unskilled, merely that qualifications often play a limited (sometimes no) role in the recruitment and selection process. There is now quite extensive research evidence (much of it commissioned by the Department for Work and Pensions) that shows that for many jobs in the lower ranks of the occupational ladder qualifications are not all that important when employers make decisions about who to hire (see Spilsbury & Lane, 2000; Jackson, 2001; Jackson, Goldthorpe & Mills, 2002, Miller, Acutt & Kellie, 2002; Atkinson & Williams, 2003; Bunt, McAndrew & Kuechel, 2005; and Newton et al, 2005; Forth, 2006).

In some instances the lack of stress placed by employers on qualifications does indicate that the job is relatively unskilled. In many others, it either reflects informal methods of recruitment and selection that bypass qualifications, or the growing importance of other forms of human capital and of soft and generic skills (integrity, appearance, accent, ability to communicate, etc) that are not covered by traditional forms of certification (Jackson, 2001; Newton et al, 2005; Atkinson & Williams, 2003). In either case, rather than reflecting market failure, employers' lack of investment in providing training leading to qualifications for those in such jobs may make perfect economic sense. So too may the failure of individuals holding these jobs to invest in their own human capital, since the opportunities for progression may be very limited.

In terms of the kind of intervention represented by T2G having a general major impact on workers' pay, many of the jobs where qualifications have limited purchase on recruitment and selection decisions are in low pay occupations (Bunt, McAndrew & Kuechel, 2005), where the levels of remuneration reflect structural problems rather than the skill levels or qualifications of the workers per se (Lloyd, Mason & Mayhew, 2008). It is unclear how further boosting the qualifications stock among those who undertake this type of work will, of itself, do much to tackle the

problem of low wages, or of job structures where opportunities for progression are often very limited (Lloyd, Mason & Mayhew, 2008).

T2G is also built around the idea that by providing a first Level 2, it is laying the foundation for future employer investment in the skills of those workers who benefit. For example, the Treasury noted that, “adults who have attained level 2 are much more likely to either undertake training on their own initiative or receive training from their employer... and thus gain higher-intermediate skills” (HMT, 2002: 6), and went on to argue, “once workers achieve basic skills and level 2 qualifications they are more likely to receive training from their employers. This reinforces the point that basic skills and level 2 skills are key for further progression” (H M Treasury, 2002: 11). The joint DfES/DWP research paper prepared to support the Leitch Review (DfES/DWP, 2006) in turn points to Dearden, McGranahan & Sianesi's (2004) research showing that NVQs appear to produce reasonable wage returns when delivered in the workplace by the employer, but not otherwise. It also cites Blundell, Dearden & Meghir's (1996) findings that employer-provided training yielded relatively high pay-offs to individuals, particularly workers aged between 23 and 33. Blundell, Dearden & Meghir (1996) also found that employees who received training from their employer had higher average job tenures than those who did not. Thus, DfES and DWP argue that, “the best improvement in earnings and productivity occurs when qualifications are gained in the workplace” (DfES/DWP, 2006:5). It is on this basis that T2G's offer of a first Level 2 is seen as offering a platform for progression. Once they have their first Level 2 (provided by/for employers largely in the workplace), their wages will improve, and they are more likely to receive further training from their employer.

The problem comes in the interpretation put on these research findings by policy makers. Could it be, for example, that the reason training provided by employers tends to produce higher paybacks than training provided externally is because employers may be selecting those of their adult workforce who are most able to benefit from upskilling to be the recipients of the limited amounts of training that are available? In the same way, maybe only some low qualified adult workers are given training by their employers because only a proportion (sometimes quite small) of workers have the opportunity to progress up the job hierarchy and enter more skilled or supervisory positions, or because only some of the jobs in the firm offer the opportunity for higher levels of skill to be utilised productively? Findings from

SKOPE's work on the low paid employment supports this kind of interpretation (Lloyd, Mason & Mayhew, 2008). It therefore does not follow that if the government pays for other workers (whom the employer will not fund) to receive the same training in the workplace as those the employer has selected for such opportunities, the same wage returns and chances to progress will then also materialise. Even quite limited incremental improvements in pay and progression within given workplaces and sectors may be finite positional goods unless other changes take place alongside T2G.

It is also unfortunate that those designing T2G have chosen to condemn those undergoing government sponsored training to be working towards obtaining the type of vocational qualification (NVQs) that repeatedly show the lowest rate of return in the labour market. As Dickerson & Vignoles note (2007: 6-7), the returns to NVQ Level 2 qualifications are often low and sometimes negative (they actually sometimes lower people's wages, perhaps through some form of signalling effect – see Dickerson & Vignoles, 2007:6), while the returns to other, older vocational awards at that level (e.g. City & Guilds and BTEC) are higher. One major improvement in T2G would be to open up the qualifications it aims for to include these types of older vocational qualifications. Even better, though far more expensive, would be for T2G to offer individuals the opportunity to pursue general education and obtain 5 good passes at GCSE, which provides a higher average return than any vocational qualification.

The other problem with official readings of the research evidence comes in terms of the hope that providing a first Level 2 will provide a platform for subsequent progression to Level 3, (and with it, higher wage returns). For many workers, in many sectors, this is unlikely to be a realistic aim, as demand for Level 3 skills from employers is often quite limited (Lloyd & Steedman, 1999). Evidence from the 1998 ESRC/DTI Workplace Employment Relations Survey (Cully et al, 1999) indicated that managers in many organisations believed that large sections of their workforce required limited skills. Companies were asked what percentage of their non-managerial employees could be regarded as 'skilled' (having professional, associate professional and technical, or craft and related status – i.e. Level 3 or above). The proportion of workplaces indicating that less than one quarter of their non-managerial workforce was skilled was is shown in Table 1. In Wholesale and Retailing, 40 per cent of workplaces believed that they employed no skilled (i.e. Level 3 and above)

non-managerial employees. In Financial Services this figure was as high as 57 per cent.

Table 1: Proportion of workplaces where less than a quarter of non-managerial workers were regarded as skilled

Manufacturing	44 per cent
Electricity, Gas & Water	10 per cent
Construction	31 per cent
Wholesale and Retailing	80 per cent
Hotels and Restaurants	82 per cent
Transport	75 per cent
Financial Services	80 per cent
Other Business Services	30 per cent
Public Administration	58 per cent
Education	2 per cent
Health	55 per cent
Other Community Services	53 per cent

SOURCE: Cully et al, (1999: 31-32)

More recent research by Dickerson & Vignoles (2007) on returns to (and demand for) qualifications on a sectoral basis appear to confirm that demand for Level 3 qualifications, particularly vocational qualifications, may be quite small. They report that:

In terms of intermediate (level 3) vocational qualifications, there is no evidence of the relatively low supply leading to high returns. Some (generally production-based) SSCs do offer a robust return to these qualifications.... However, in just under half of SSCs, the return to level 3 vocational qualifications is essentially zero. Clearly, on the basis of this evidence, there is no national shortage of level 3 vocational skills. Both supply and demand for level 3 vocational qualifications appears to be relatively low. The issue therefore, appears to be more one of low demand compared to our international competitors, which arguably needs to be stimulated if skill levels are to be on a par with those abroad, and the aspirations of Leitch are to be achieved.
(Dickerson & Vignoles, 2007: vi).

In other words, T2G's attempts to kick start demand for Level 3 through getting everyone to a first Level 2 appear doomed to fail as the result of lack of general demand from employers. At best, the strategy may work in some production-based

sectors, such as land based industries, oil and gas, textiles and footwear, and energy (Dickerson & Vignoles, 2007).

The strength of this official misreading of the level and structure of demand for Level 3 vocational skills finds reflection in the fate of the pilot Level 3 T2G schemes. As evidence submitted to the House of Commons Select Committee's inquiry into Post-16 Skills suggests (see House of Commons, 2007b), there were serious problems with the Level 3 pilots, in that neither individuals nor employers appear to have been keen, in either of the pilot areas, to contribute 50 per cent of the cost of moving from Level 2 to Level 3. Demand for upskilling to Level 3 seems to be quite limited. The only means by which the Level 3 pilots could be continued was by reducing the employer/individual contribution very substantially, and it remains to be seen if even this had any major impact on underlying levels of take-up. Such experiences do not bode well for the universal extension of the Level 3 offer under T2G in 2008-9.

To date, calls from employers and others for less emphasis on whole qualifications and for increased levels of flexibility in the T2G 'offer' have fallen on deaf ears. Submissions to the House of Commons Select Committee inquiry, from among others the Skills for Business Network (i.e. Sector Skills Development Agency and Sector Skills Councils), asked for a more nuanced approach, that placed less emphasis on whole qualifications and which was less driven by blanket targets for qualification achievement (House of Commons, 2007b).

The growing problem of over-qualification

Finally, the evidence we have suggests that one of the side-effects of government's attempts to boost the supply of qualified workers is to increase levels of qualification mis-match and over-qualification (see Felstead et al, 2007 – especially Table 4.7 on page 83; and Kersley et al, 2006:86-87). This is not just a UK phenomenon, there is much North American research that suggests that over-qualification is growing as the E&T systems in the US and Canada expand (Livingstone, 1998).

The basic problem is that the supply of qualified workers now often outstrips the number of jobs that really require that level of qualification. For example, Felstead et al's analysis of the 2006 Skills Survey suggests that there may be as many as 6.9 million jobs in the British economy that still require no qualifications to obtain the post, but just 2.23 million adults with no qualifications (2007:80). The Skills

Survey (coupled with earlier surveys that asked the same question of respondents) provides a time series on over-qualification.

Table 2: Over-qualification in the English workforce

Year	Percentage Over-qualified
1986	29.3%
1992	30.2%
1997	31.7%
2001	35.1%
2006	39.6%

SOURCE: Felstead et al, (2007: 83)

Over the same period, the percentage of respondents who appeared under-qualified for their current employment fell from 17.9 per cent in 1986 to 13.6 per cent in 2006. Examining workforce qualifications and their match to job demands, the Work Foundation (Fauth & Brinkley, 2006:35) concluded that, “what is painfully clear is the imbalance between qualifications and job requirements among non-graduates. Many of those with even fairly basic skills appear to be overqualified for the jobs they have to do”.

Plainly this is not an issue that can be addressed through the E&T system. It requires interventions that look at product market strategy and business improvement to boost the underlying demand for skills, and work organisation and job design initiatives to alter the skill requirements in many currently low-skilled jobs.

Raising skill levels or accrediting prior learning?

Although T2G is often portrayed as a training programme, as far as can be ascertained, at present much of what T2G delivers is not training per se – it is accreditation of large amounts of prior learning against criteria set by the relevant NVQ against which workers are being assessed, with often small amount of top-up training (perhaps 60 hours) to bring individuals up to the full standard across all the competences listed in the NVQ. In many cases it would seem that most of what is being paid for are the accreditation costs generated by workplace assessment for the

NVQ. The actual boost to the levels of skill in workforces affected by T2G may therefore sometimes be very small (Delorenzi, 2007).

This raises issues about the likely impact that T2G can deliver in terms of either firms' productivity or individuals' pay. In discussions with the author, some English policy makers have argued that this is not necessarily regarded as a major problem, in that T2G is equipping adults with certification for skills gained informally which will aid their subsequent employment prospects and improve the functioning of the labour market through increasing the 'transparency' of skills held by job applicants.

Deadweight and additionality

As noted above, in the past one of the prime measures of success or failure for publicly-funded training schemes has been the degree to which they could avoid high levels of deadweight (i.e. paying for training that employers would have done anyway), and leveraging significant levels of additional training investment from employers. What evidence is available from the two major official evaluations of the ETPs suggests that on this measure, the scheme encountered very serious problems (there are as yet no publicly-available evaluations of T2G that offer any indications of levels of deadweight). Hillage et al's (2005) qualitative evaluation of the ETPs found that while 77 per cent of employers in their sample agreed that ETP was an opportunity to improve the skills of workers who would not otherwise have been trained, 60 per cent also agreed that they would have provided the ETP training in any event. Abramovski et al's (2005) quantitative report on the ETPs arrived at the alarming finding that deadweight might be running at between 65 per cent and 85-90 per cent. It is rumoured that publication of this research was heavily delayed due to unhappiness with the findings on the part of both DfES and the Treasury.

In addition, as we have seen, much of what T2G delivers may be accreditation of prior learning. Insofar as T2G does upskill, it is providing employees with the task-specific skills to undertake their current jobs, yet earlier attempts at defining the responsibilities of state, individuals and employers (see, for example, the Final Report of the NSTF (2000b), and the Progress Report on the Skills Strategy (DfES, 2003)) argued that employers should be expected to provide and fully-fund training related to workers' current jobs.

Meetings with policy makers in English central government suggest that traditional concerns to avoid deadweight may be more muted than normal when they consider the outcomes of T2G. This appears to be because T2G is viewed as a key delivery mechanism for the adult minimum learning platform and its associated entitlement, and that a certain amount of deadweight may be the price that has to be paid in meeting this over-arching policy goal and its associated PSA target.

Overview

The above review of T2G and its predecessor ETPs has suggested a number of specific problems with the design and delivery of this programme. A more general issue can be mentioned here. Much of the policy rhetoric in England talks about the need to produce a lasting step change in employer investment in skill, yet it is hard to see how T2G, as currently designed, serves to deliver this end. It is an intervention driven by national, blanket targets for reducing the number of individuals lacking a first Level 2, and one of the central PSA targets (around first Level 2 acquisition) aims at providing employers with 100 per cent subsidy to certify their existing workforce with a first Level 2. The subsidy appears not to be tied to business need and requires no active 'buy in' from the employer, nor any financial contribution on their part. The Level 3 pilots did not appear to suggest that employers are particularly keen to participate when only partial subsidy is on offer, and it remains to be seen how the new, expanded T2G range of offerings that rely upon increased employer co-funding will work.

More generally, it is unclear why subsidy, coupled with some training provider brokerage, is expected to catalyse lasting, once-and-for-all change in levels of employer investment in skill and companies' training cultures. Research on the motivation to train within SMEs suggests that unless the training offer and associated subsidy are closely linked to attempts at business improvement and shifting firms' product market strategies upmarket, the impact of government training interventions is liable to be very limited (Kitching and Blackburn, 2002). Practitioners, in the shape of the professional body that represents personnel and development staff in the public and private sectors (the Chartered Institute of Personnel and Development), appear dubious about the efficacy of the T2G approach and the ability of government to exert a major influence on employers' investment decisions on training (CIPD/KPMG,

2007). The danger therefore must be that once the T2G subsidy tap is turned off, many firms will carry on as before.

Some recognition of this weakness may underlie the decision by DIUS to take steps to expand the management skills element of T2G and to better integrate the T2G brokerage system with the wider business support system (see House of Commons, 2007c:2-3). DIUS argue that, “skills brokerage must become a much broader service, helping employers of all sizes and in all sectors to invest in their businesses by improving the skills of their employees” (DIUS, 2007: 56). In addition, the aim is for the skills brokerage system to be integrated with Business Link so that from April 2009 it will form a single brokerage service, though DIUS note that this is, “conditional on DIUS being assured that skills brokerage continues to be focused on the Government’s skills targets” (House of Commons, 2007c:3), i.e. on national quotas for whole workforce stocks of full qualifications. As noted above, ALI’s evaluation of the brokerage service suggests that at present, efforts to offer employers longer-term thinking and a genuine review of their organisation’s skill strategy is often absent within T2G.

T2G – the future

Despite the problems outlined above, T2G is planned to expand rapidly in terms of both volumes of activity and levels of funding (see LSC, 2007a&b). By the middle of 2011 around £1 billion or a third of the adult skills and FE budget will be channelled through T2G (LSC, 2007a: 1). In addition to English government money, the intention is to deploy an increasing proportion of European Social Fund (ESF) support to enable T2G to enhance and broaden its support to employers (LSC, 2007a&b).

This expansion is linked to the transformation of T2G from a programme focused on a limited offering (a first Level 2 and/or basic skills) targeted (albeit probably not very tightly) on ‘hard to reach’ employers, to a universal offering to all employers that will encompass a number of streams of post-19 activity, provision and funding. These will include:

- New approaches to brokerage that will extend the client group away from just small employers towards medium and larger employers. In the case of large firms, the LSC’s National Employer Service will provide brokerage and advice to the largest 200 firms by 2009 (300 in 2011). There will also be sector-specific advisors and compacts with each Sector Skills Council (SSC).

- A skills advice offering, which will provide firms with a wide-ranging analysis of their skill needs and signpost which elements of this might be eligible for government support. After 2009 the intention is that the integration of Business Link with the skills brokerage system will mean that seamless wider business support will be available (LSC, 2007a: 3).
- Brokerage services to employers to help them find high quality learning providers who can meet their training needs.
- Government funding for adult basic literacy and numeracy (Skills for Life) as a free-standing offering rather than linked to or imbedded in a first Level 2.
- Training in management and leadership skills for the owner-managers of SMEs (£90 million over the next three years to train 60,000 people) (LSC, 2007a: 1).
- Government funding for adult (i.e. post-19) apprenticeships
- Government funding for a first Level 2 for adult workers lacking this level of qualification.
- Government funding (100 per cent for individuals from priority unemployed groups) for a second Level 2 where the adult is returning to employment after unemployment or inactivity.
- T2G to be extended to the self-employed and the voluntary sector
- Partial government support (presumably up to 50 per cent) for a first Level 3, with the employer co-funding the remainder of the cost.
- Partial government support (level at the moment unspecified) for a second Level 2 or 3 for adult workers in 'specified circumstances' (LSC, 2007a: 8). These specified circumstances have yet to be defined.
- Literacy, numeracy and ESOL training for foreign workers (employers will be expected to contribute to the cost of this).
- The intention to develop offerings that will deal with need for higher level skills (i.e. Level 4 and above) in conjunction with both FE and HE providers.

In other words, T2G will cease to be the name of a particular programme or product, and become the brand for a family of offerings – or a 'national skills service' as the LSC now refer to it (LSC, 2007a: 3). In this sense (see below), it will become rather more like WAG's WDP.

The Welsh Government's Workforce Development Programme

In broad terms, the Welsh Assembly Government's WDP, "encourages employers to participate in training and development of their workforce through the provision of advice, guidance and access to support, tailored to meet the needs of differing organisations in Wales, particularly SMEs" (CRG, 2006: i).

Origins

The WDP grew out of an earlier Company Learning Account (CLA) pilot scheme, which tested the structured use of discretionary public funding for in-company learning and which also introduced the use of specialist advisors to act as the means of allowing companies to access funding. One of the initial drivers of this development was a desire to avoid an entitlement approach, whereby every company was a potential beneficiary. The aim was to spend very limited funds to produce the largest effect. The WDP took the successful elements of the 3-year CLA pilot, and built onto them the use of the iP Standard as an operational framework and as a quality assurance system for the advisors. The WDP was launched in November 2005.

Rationale

The thinking underlying the Welsh Assembly Government's WDP is fundamentally different from that which has come to underpin T2G. Whereas T2G primary goal appears to be to target individuals' skills via their employer in order to deliver a universal qualification-based minimum learning platform/entitlement, the WDP starts with an economic development model that ties publicly-supported skills interventions to business improvement. In T2G additional skills are expected to change product market strategy. In the WDP, an organisational strategy for business improvement is expected to provide the rationale for the supply of additional skills. This approach is in accord with the findings of research which has demonstrated that skills are often a third or fourth order issue for management, that they do not normally determine an organisation's product market or competitive strategy, and that therefore altering their supply through public subsidy may have very little long-term impact on what organisations produce or how they choose to compete (Keep, Mayhew & Payne, 2006; Ashton & Sung, 2006).

The WDP thus opts to see economic development and derived demand as the starting point for policy design. As WAG's *Skills and Employment Action Plan for Wales 2005* (WAG, 2005: 27) notes:

The drive for higher skills has to be promoted on the back of wider efforts towards business improvement to help organisations move up-market and stimulate demand for skills through adopting higher specification product

strategies and better quality jobs. This suggests we must give as much attention to business support services, innovation, management and entrepreneurship strategies, as to improving the supply of training and learning provision and qualifications.

Operation

The point of access to the WDP comes via an inquiry from an employer, which can be directed through a variety of channels. This is in stark contrast to T2G, where the vast bulk of activity appears to be initiated by brokers and other agencies, which approach employers and seek to 'sell' them T2G. Thus many of the recipients of T2G were not looking for help with a business problem.

The advisors

The WDP relies upon the Human Resource Development (HRD) advisors, who have been IiP trained, and who work with the company to produce an analysis of learning needs that is driven by business need. The process gives rise to a learning plan. The advisors also help the company to source the learning supplier and to put their plan into action, and through their knowledge of the different pots of funding can help companies to access public support.

The HRD advisors can also put companies in touch with a Work Based Learning advisor, who deals with apprenticeship provision, including adult apprenticeships (which are currently being developed through a two-year pilot programme). At present there are around 100 HRD advisors, and it is planned to increase their numbers to 170. Some are self-employed, while others work for training providers.

Structure

In terms of structure, the WDP is best seen, not as a single scheme, but as a framework inside which resides a menu of different streams of targeted funding and activity (CRG, 2006). These include:

1. Structured support to achieve IiP
2. Leadership and Management workshops
3. Work-Based Learning (i.e. a suite of flexible apprenticeship provision for young people and adults)
4. People in Business seminars (a small fee is charged for attendance)

5. Specialised or regional programmes

- Skills in the Workplace (N. Wales only) delivering bite-sized chunks of learning
- ReACT – financial support for businesses taking on employees who have recently been made redundant
- A range of ESF-funded activities
- College Services for Business
- Sector programmes (e.g. construction and automotive)
- Other programmes

As will be discussed below, the complexity of the offer allows for interventions that can be matched to company need, but carries with it some problems for marketing and managing the Programme.

It is also worth underlining that the IiP National Standard forms an integral part of the WDP, both in terms of a standard to which the brokerage service is trained, and as a diagnostic tool to be applied to recipient organisations' in determining their skill needs (CRG, 2006: 12).

Targeting

In essence, the WDP is based around the rather unfashionable (at least in English policy circles) notion of a selective rather than blanket approach. Rather than being an offering open to all comers, or loosely targeted on an ill-defined 'hard to reach' group (many of whom may not be training for good reason – their businesses do not need any additional skills), the WDP's limited resources (in terms of money and expertise) are meant to be focused firms that nominate themselves as being in need of help, and on particular groups, such as:

- Inward investors who are 'new' to Wales
- Businesses involved in the Knowledge Bank programme
- Businesses that are deemed to be of strategic importance to economic development on a regional basis within Wales.
- Businesses in key sectors (for example, Construction), who will be identified by the Welsh Employment and Skills Board and supported via a Sector Priority Fund.
- Companies seeking IiP accreditation (this is an 'open access' stream of activity which comes with limited (maximum £10,000) funding).

The overall aim is to boost productivity, increase the number of higher quality and better paying jobs and grow overall levels of sustainable employment. By implication, this selective approach means that the WDP is unlikely to be able to deliver universal entitlements to learning.

Outcomes

Again, in contrast to T2G, the WDP is not solely driven by supplying qualifications. The aim is to enhance employees' skills in line with identified business need. In some cases this will mean training that leads to qualifications. In others it will not. This approach, which stresses government part-funding new and additional skills for the workforce in response to the needs generated by a business plan, means that the WDP is not anywhere near as liable as T2G to be generating outcomes that are largely the accreditation of pre-existing skills. Coupled with the fact that the government only contributes part of the cost, this implies that additionality will probably be higher, and deadweight lower, than on T2G. Unfortunately, the one published evaluation of the WDP (CRG, 2006) does not provide much hard evidence on this topic, and is forced to rely on users' reflections on its impact. Overall, 47 per cent of employers said that they would have proceeded with the training without support, 18 per cent might have undertaken some of what the WDP supported, and 35 per cent believed that they would not have thought about training and would not have invested in it (CRG, 2006: 51).

Within the WDP what qualifications may have an impact on is the funding - if the training leads to a transferable qualification then normally the state provides up to 50 per cent of the cost, whereas if the training is firm-specific, non-transferable (and normally uncertified) it requires a 75 per cent contribution from the employer.

It is also recognised that by providing additional training (with an element of public support), businesses may change their underlying attitude towards investing in skills, bolster workforce commitment and retention, and potentially perhaps create additional employment opportunities. Other additional organisational outcomes from the Programme can include:

- Achievement of the IiP standard
- Signing up to the Employer Pledge on basic skills

- Commitment to the IiP Leadership and Management Model

The three outcomes listed above enable the WDP to help the WAG to meet some of its wider E&T targets, and the willingness of the organisation to pursue these different outcomes allows it to access particular streams of funding, which are set at different levels.

It is important to note that the WDP has, until now, been a relatively small scale activity, accounting for just 1.8 per cent of the value of the combined planned school VI form, FE college and work-based learning budget in 2007-08. Its relatively small scale means that it is a different kind of operation from a mass, blanket programme like England's T2G.

Problems and weaknesses

The first problem, at least as perceived when trying to assess the Programme, is that it is not a single programme per se, but rather a brand name for a portfolio of different processes and streams of funding all of which are to do with supporting businesses to develop through skill acquisition and which are grouped under the WDP banner. Even among WAG officials it is possible to detect a degree of ambivalence about where the boundaries of the WDP can be drawn.

Such an approach can be seen as both a potential strength (in terms of the flexibility and opportunities to tailor-make solutions for individual firms (CRG, 2006: iii)), and as a possible weakness, in terms of the clarity of the 'offer' that is being sold to employers. The existing evaluation hints at problems of perception among employers that may be bound up with the interaction between targeting, funding criteria, a menu of offerings and programme marketing (CRG, 2006). Put simply, the WDP and the activities contained therein may be difficult to sell in ways that do not lead to customer frustration, as only a sub-section of employers are eligible for support from it, and eligibility may only be amenable to clarification once a company has become engaged with an advisor. There is hence the risk of disappointment if funding is not able to be forthcoming, and also a danger that the HRD advisors may expend substantial effort in trying to access different pots of money as a means to meet client expectations and/or need.

This complexity also militates against straightforward evaluation of the WDP. Its multiple strands of activity and quite complex range of possible outcomes/outputs represents a challenge that can probably only be met by relatively expensive and complex programmes of evaluation.

It should also be noted that there is a possibility that with the launch of the new WAG Skills Strategy the range of activities brigaded under the WDP banner may increase. Other problems identified by the CRG evaluation included:

- Process issues in terms of relationships with the HRD advisors (particularly from the advisors' side, around the level of business that was being generated for them), and low levels of referral to and from other strands of business support activity (CRG, 2006).
- Progress against targets (e.g. IiP accreditation) had not, at the time of CRG's evaluation report, always been satisfactory (CRG, 2006: ii)

The Future

In the recently launched consultation document *Skills That Work for Wales – A skills and employment strategy* (WAG, 2008), the Welsh Government outlined its plans to significantly expand the WDP as a means of “focusing our investment where it will have the biggest impact and generate the best value” (WAG, 2008: 17). *Skills That Work for Wales* underlines the fact that the WDP aims to deliver business development through skills development, with a focus on priority sectors and businesses that are judged to be key to the future development of the Welsh economy. It is also clear that the discretionary funding available under the WDP will be directed at businesses committed to growth and best practice in HRD. A key aim for the future is to deliver a more integrated service to business, with simplified referral processes and products, an HRD advisor network with greater specialist advisor capacity, a closer alignment between funding available for training and the WAG's Single Investment Fund (administered by the Department for the Economy and Transport), and the use of European Structural Funds to support new forms of development activity for management and leadership in Welsh businesses (WAG, 2008: 20).

Conclusions

This paper has argued that T2G and the WDP represent two very different models of public intervention on skill, operating on very different scales. They start from different underlying premises, are aimed at different audiences and their methods of operation are fundamentally different. If we accept these contrasts, how might we evaluate the two schemes' relative performance, and perhaps more importantly the validity of their underlying assumptions and design principles?

As suggested above, some potential criteria for evaluation are:

1. Which intervention is best fitted for its intended purpose?
2. Is Wales's narrower focus through the WDP more or less sensible than England's desire for T2G to tick several different economic and social policy objective boxes simultaneously?
3. Which model delivers an intervention that is more closely-tailored to actual demand for skill in the labour market and hence is better positioned to be responsive to employers' real needs?
4. Which model is liable to minimise levels of deadweight and maximise leverage over other actors' investment decisions in order to increase additional outcomes?
5. Which models stands the greatest chance in the long-term of altering beneficiary firms' attitudes and practices on training their workforce?

Unfortunately, providing a simple, objective answer to these questions is currently impossible. The data needed to arrive at a definitive conclusion is lacking as neither intervention has yet been fully evaluated, and in some cases what evaluation has taken place is not within the public domain. In the case of T2G there is the additional problem that the intervention continues to change in form, focus and intended target audience, so that what evaluation effort is currently being mounted by the LSC finds itself chasing a moving target. Given this situation, all that can be attempted here are some preliminary thoughts on the issues involved.

On questions 1 and 2, which the author takes to be closely linked, the WDP's relatively tight focus on skills linked to business development seems to be a strength compared to England's multi-role T2G. Within T2G there appear to be substantial tensions between its function in delivering a universal entitlement/learning platform at Level 2 and a desire to integrate it within business development activities. Thus we witness the simultaneous announcement of the extension of T2G so that it is open to all employers (i.e. an effective end to any attempt to target the initiative) and plans to

more closely integrate T2G within wider business support/development work. In the end, given the volume roll out/take-up targets that dominate the performance indicators set for both the T2G brokers and the LSC, a blanket, scattergun approach is most likely to win out.

At a wider level, as noted above, T2G embraces a complex and extremely ambitious set of intended outcomes. In doing so, T2G mirrors a continuing attempt by English policy makers to fashion E&T interventions that can deliver packages of multiple, not always closely connected, policy objectives. The general history of such interventions over the last quarter of a century is one of partial or almost complete failure. One comparator for T2G is the Youth Training Scheme (YTS) in its various guises. This was originally loaded with a range of ambitions as broad as that heaped upon T2G. These included:

- Reducing youth unemployment
- Replacing traditional apprenticeships
- Producing a permanent mass, high quality work-based route for initial vocational education and training (VET) that would stand comparison with provision overseas (e.g. the German ‘dual system’)
- Fundamentally changing employers’ perceptions of the value of training their young employees

In the event, despite massive cost to the public purse, YTS managed only the first of these objectives, and failed more or less completely on the other three. Indeed, its legacy, in the shape of the low status of government ‘schemes’ within the work-based route for initial VET continues to haunt Level 2 ‘apprenticeships’ in England (Fuller and Unwin, 2004). What YTS failed to achieve, expanded FE and HE systems in the end delivered, with almost no direct involvement from employers.

Furthermore, English policy makers’ obsession with the need for a universal adult entitlement to a first Level 2 qualification is not one that is shared by a substantial sub-section of employers, with many seeing it as irrelevant to their needs (Tennant, Brown & O’Connor, 2005). In sectors such as retailing, hotels, catering, cleaning and food manufacture, qualifications often have a patchy and limited hold on recruitment and selection decisions, and the skill levels of many of the jobs in these sectors appears closer to Level 1 than Level 2. In other sectors, such as engineering (see the SfBN submission to the House of Commons Select Committee, 2007b), Level 3 is the point of concern rather than Level 2. If approaches based around universal

minimum learning platforms do not align with real needs in the labour market, then policy interventions whose primary role is deliver such learning platforms are liable to face serious problems in terms of their relevance to employer demand.

In terms of question 4 on leverage/additionality, there is a very real issue as to whether government programmes of the type represented by T2G can exert substantial leverage on employers' patterns of investment in skill, in terms of both the level of spending and the types of workers who benefit. The fact that on its prime first Level 2 offering T2G offers 100 per cent subsidy (including all training/assessment costs and all wage costs for any off-the-job training), plus its weak (soon to be more or less non-existent) targeting, means that it is inherently more likely to generate a limited leveraging effect on employer spending compared to the WDP, where the employer is liable to contribute between 50 and 75 per cent of the cost. In other words, under the WDP the employer has to want the skills being supplied enough to contribute between half and three-quarters of the cost of them – which is a significant level of leveraging by public money.

As noted above, at Level 3 T2G is supposed to be piloting an approach around a 50 per cent employer (or individual) contribution, but appears to have met with little initial success. This may be because general demand for vocational Level 3 skills is often limited. The fact that T2G is not tied to any business improvement strategy is also liable to weaken its ability to generate purchase on employer commitment and spending, since the aim of the Level 3 T2G is inherently to meet government targets for the proportion of the national workforce with a first Level 3 – a goal not shared or endorsed (in its own right) by many employers. The move to roll out a Level 3 T2G across the whole of England suggests that the government's aspirations for employer co-funding of adult Level 3 provision will soon be put to widespread test.

The final, perhaps key issue is the ability of T2G and the WDP to catalyse fundamental change. Here there are two key, inter-related issues. First, the need to impact on the capability of the firm to design, deliver and evaluate training activity, whether formal or informal, or to commission it from outside suppliers. There is some evidence (Buchanan et al, 2001; Lloyd, 2002; Newsome & Thompson, 2006) that in the face of pressure to generate short-term efficiency gains, firms may be reducing their systemic capacity to replicate the skills they need to sustain and improve production of goods and services. The most likely outcome is a transfer of responsibility, and hence of cost, from the employer to the public purse.

A critical test for public policy interventions ought therefore to be their ability to use public funding to leverage greater employer investment in skill, with the aim of developing in-company commitment and capacity. It could be argued that both T2G and the WDP try to do this, but T2G's apparently frequent failure to tie the training to any wider business planning processes and goals, and the offer of 100 per cent subsidy for much of what is on offer, are liable to reduce its ability to catalyse long-term buy-in and to secure a long-term, self-sustaining after effect or help firms develop a greater in-house capacity for self-help in developing skills.

Second, and even more fundamentally, is the need for the intervention to influence the competitive and product market strategy of the firm and thereby increase resultant salience that this affords to the skills of the broad mass of the workforce. The evidence from a great deal of research (Hogarth & Wilson, 2003; Ashton & Sung, 2006; Dickerson & Vignoles, 2007; Edwards, Sengupta & Tsai, 2007) is clear - different firms and different sectors have widely varying needs, which in turn reflect the range of product and labour markets they are operating within. Without more targeted and differentiated interventions that engage with the complexity of real need for skill within particular productive environments and product market regimes, policy will continue to fail to generate much leverage, either in terms of organisational performance or employers' long-term commitment to investment in the skills of the mass of their workforce. This point is particularly important when there is a growing fixation within policy making and skill funding systems with the concept of universal minimum skill (actually qualifications at a particular level) entitlements.

As the authors of one extremely perceptive overview of thinking on skills and productivity argue:

The importance of integrating any employer intervention for skills firmly within any equivalent offer for business support – the real value of greater skills will only be plain where the business is thinking about its wider future. Simply put, upskilling a workforce without a corresponding improvement in the equipment they use or the markets they service will rarely achieve more than a marginal improvement in overall productivity; and little more in profit for the business. (Davis and Greeves, 2005: 6)

It is apparent that the WAG's WDP comes a good deal closer to this ideal than does England's T2G. Indeed, the nature of many of the English government's preferred policy instruments - blanket national targets for qualifications gained, and one-size-fits all skills supply initiatives – militate against their ability to impact on employers'

business strategies or training investment strategies. The real problem with the WDP may be its quite small scale and therefore potentially limited overall impacts on the performance of Welsh organisations.

Scotland and its new *Skills for Scotland* (Scottish Government, 2007) strategy illuminate the central dilemma now facing skills policy very clearly. As noted above, the Scots have already done (and spent) a great deal to supply general upskilling, yet the expected economic benefits have not materialised to anything like the extent that has been expected or desired. The government has therefore concluded that its skills problems, in the main, rest with a ‘demand pull’ deficiency within the Scottish economy and with poor usage of skills once they have been created. The locus of skills policy has therefore started to shift towards a position where skills are more closely integrated into economic development and business improvement activity, and much attention is now being given to how best to design and pilot interventions that seek to improve skill usage within Scottish workplaces.

Scotland is not alone in moving in this direction. The Australian experiments around skills ecosystems (see Payne, 2007) also represent an attempt to shift policy away from simple skills supply measures and to integrate skill development with wider business improvement and labour relations upgrading. What all this suggests is that both T2G and the WDP need close, carefully and objective evaluation on an ongoing basis. If the WDP can both build volume and deliver on its basic objectives, then it may represent a model that could be of value across the UK.

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