

HIGHER TECHNICAL QUALIFICATIONS:

HOW TO LIBERATE
EMPLOYERS &
SKILL WORKERS
FOR THE FUTURE

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The views in this report are those of the author and Policy Connect. Whilst these were informed by the contributors to our inquiry, they do not necessarily reflect the opinions of either individuals or organisations.

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Co-chair's Foreword

As co-chairs of the Policy Connect Skills Commission inquiry into Higher Technical Qualifications (HTQs), we are pleased to present this vital report on maximising the potential of HTQs. The report clearly outlines the barriers hampering HTQ uptake by employers and individuals. Lack of awareness, inflexibility, and financial disincentives dampen demand, while providers struggle to supply HTQ places even when interest exists.

The policy recommendations in this report present solutions centred on empowering employer choice and facilitating coordination. Employers must be free to invest their Apprenticeship Levy funds into accredited HTQs tailored to their needs. Enhanced local collaboration can enable flexible, modular HTQs that serve both companies and training providers. Government, industry, and educational providers must work together to embed HTQs within the skills system. Only a concerted strategy will develop the technical skills vital for the economy while empowering career progression.

The inquiry's sector-specific roundtables underscored employers' craving for a talent pipeline equipped with HTQ-enabled skills ready to excel in the jobs of the future. We are confident that implementing these recommendations will expand the relevance, accessibility, and prestige of HTQs. This will require a phased approach focused first on building employer demand, then learner demand while boosting provider capacity in parallel.

The destination is clear: a workforce armed with the technical abilities derived from HTQs to flourish in the 21st-century economy. This Skills Commission report charts an evidence-based course for arriving there. Now, realising this vision will depend on the drive and collaboration of policymakers and stakeholders across the skills landscape.

We want to express our gratitude to everyone involved in making the inquiry and the report a reality. Thank you to our fellow commissioners in the Skills Commission, whose knowledge was invaluable to the inquiry. Thank you to Policy Connect who have supported the commission and have delivered this report in collaboration with the Centre for Education & Youth. Finally, we are very grateful to NOCN Group, Jisc and Kent Further Education for sponsoring this much-needed inquiry. Without their generous support, this report would not have been possible.

Co-chairs of the Skills Commission



Rt. Hon Sir John Hayes MP



**The Rt Hon the Baroness
(Sue) Garden of Frogal**



**Graham Hasting-Evans,
CEO of NOCN Group**

Executive Summary

In recent years, significant amounts of policy attention in the country has been devoted to the ‘skills agenda’. The need for appropriately skilling or re-skilling the country’s workforce is urgent, especially in the face of rapid economic shifts to a greener and more automated industrial economy. Several experts argue that higher technical education is among the most efficient and accessible ways of increasing the supply of key skills required in this changing economy. Yet, despite the value of higher technical education, the UK has lagged behind other countries in its uptake.

In 2020, the Government introduced a new class of qualifications to revitalise higher technical education: Higher Technical Qualifications (HTQs). HTQs are employer-led technical qualifications at Level 4 and Level 5 that are an alternative to apprenticeships or degrees. According to key voices in industry, HTQs provide the skills employers require while also being designed for modular and flexible study, allowing learners to engage in courses while remaining at work. Yet, uptake and utilisation remains low.

Amid this landscape, Policy Connect’s Skills Commission has conducted a series of sector-specific roundtables to understand how HTQs have fared so far in various sectors of the economy and what can be done at the policy level to improve their relevance and uptake. The evidence gathered during these hearings highlights three primary reasons for the low uptake and utilisation of HTQs.

1. Learner-led demand is held back by a lack of awareness, financial disincentives, lack of flexibility, and uncertainty about employment prospects.
2. Employer-led demand is held back by a lack of awareness and financial disincentives.
3. Even where there is demand for HTQs, providers face barriers to offering course places.

Grounded in the evidence gathered, the Skills Commission arrives at five key policy recommendations that can address the existing gaps.

Recommendations

RECOMMENDATION 1: A phased employer-led strategy for growth

The Government should follow a phased approach that provides an opportunity for gradual development of recognition of the value of the HTQs. First, greater demand needs to be generated from employers for the training of their employees. Then, adult learners need to be encouraged to independently up-skill or re-skill themselves. In the subsequent phase, a broader appeal for HTQs must be developed that includes the specialisation of school leavers.

RECOMMENDATION 2: Liberate employers' choice

Employers should be given greater ease and ability to spend the Apprenticeship Levy. For example, employers could either choose to use 100% of their Apprenticeship Levy for apprenticeships or choose to use up to 50% of that Levy for accredited higher technical qualifications.

RECOMMENDATION 3: Seed the market for HTQs funded via the Lifelong Learning Entitlement (LLE) [Partially accepted as of November 2023]

The Government should encourage the use of the LLE for HTQs by removing barriers to their use, such as minimum eligibility requirements and equivalent or lower qualification restrictions. Increasing employer demand for HTQs will de-risk individuals' use of the LLE on a HTQ.

RECOMMENDATION 4: Back flexible training offers through coordination

A joined-up approach between the relevant actors at the local level can improve coordination. It will allow employers to drive new markets for training providers by sourcing appropriate in-service training for employees that is flexible and modular in nature. Collaborative approaches can result in greater confidence in the value of HTQs and enable flexible training offers that fit the needs of both employers and training providers.

RECOMMENDATION 5: Accredite modularised qualifications

To enable mid-career upskilling and reskilling through HTQs, both employers and learners feel the need for flexible modularised qualifications that are accredited. Regional collaborative mechanisms should be employed to inject flexibility into HTQs. Backed by published apprenticeship standards, modularised HTQs can be accredited and quality-marked under new powers of the Institute for Apprenticeships and Technical Education (IfATE), leading to recognisable learner outcomes and competencies demanded by employers.

1. The UK Skills Agenda

Skills are a central part of current educational and industrial policy. Yet, analysts have long identified a deficiency in the country's talent pipeline. Our workforce lacks the skills required for the green and high-tech industries that are forecast to dominate the British economy in the coming decades. In response, the Government's Skills and Post-16 Education Act (2022) legislates the prioritisation of training in green skills, the introduction of the Lifelong Learning Entitlement (LLE) to support mid-career upskilling and reskilling, as well as the creation of local skills plans to align employers' demands for skills with the training available from local providers.

This 'Skills Bill' aligns with a wider government agenda to promote vocational and technical education. This has included changes to student finance to encourage more school leavers to pursue vocational courses over academic university degrees, as well as the introduction of T-Levels – technical and vocational post-16 qualifications that are each equivalent to three A-Levels and include a placement in industry.

At a political level, the Government have framed this overall agenda as moving towards building a “high wage, high skill” economy. In opposition, the Labour Party have similarly engaged with the skills zeitgeist. Labour Party leader Keir Starmer commissioned Lord David Blunkett to produce an independent report on skills in Britain. Lord Blunkett's 'Skills Report' places a renewed approach to skills at the centre of the vision for a transformed economy, with an emphasis on growing the Further Education sector, standardising and improving career guidance available to young people, and the removal of financial barriers to accessing lifelong learning.¹

Simply put, the current policy space is dominated by discussions on skills. Amid this landscape, Policy Connect's Skills Commission has continued to supply vital evidence and insights in shaping the skills agenda. Chaired by Sir John Hayes, MP and Baroness Sue Garden, the Commission runs inquiries into key elements of the country's skills pipeline, representing voices from education, training, and employment. Most recently, the Commission has been committed to understanding how Level 4 and 5 technical qualifications fit into England's skills landscape and whether more can be done at a policy level to increase the uptake and impact of these qualifications.

¹ The Labour Party, “Report of the Council of Skills Advisers,” 2022

Level 4 & 5 Higher Technical Qualifications

Level 4 and 5 Higher Technical Qualifications (HTQs) are technical qualifications that provide an alternative to degrees or apprenticeships. As many HTQs are employer-approved, they are in principle aimed at learners who want a more practical, employer-led approach to acquiring vocational skills. However, HTQs also involve taught elements that are delivered in an institution or school setting and consequently have more of a “classroom” component than most apprenticeships.

The Government has long been concerned that even though HTQs can play a vital role in plugging current skills gaps in England, the number of learners taking HTQs remains low compared to other countries.² As a result, the Department for Education announced plans in 2020 to reform HTQs by ensuring that:

- HTQs meet the needs of employers through a national approval process.
- HTQ courses and providers are high-quality.
- HTQs are more visible and are an attractive route for learners.

Despite this agenda, voices from the worlds of training, industry and policy have continued to be concerned that more needs to be done to allow HTQs to deliver on their potential to advance the Government’s overall skills agenda.

The present report

The present report examines the current state of HTQs in England. Despite the Government’s interest in the issue, we find that more needs to be done to improve the uptake and impact of HTQs. Drawing on a wide range of evidence, we present the current challenges that frustrate the accessibility and growth of HTQs and recommendations for how these challenges can be overcome.

² House of Commons, “Securing Britain’s Industrial Future,” 2022

2. The need to increase uptake and utilisation of HTQs

Our inquiry found that HTQs can be high-quality qualifications that provide learners with the skills to succeed in their careers and employers with the skilled employees they need to grow.

However, in many cases, HTQs are failing to deliver on this potential. In large part, this is due to a lack of uptake of HTQs among learners but also due to challenges that learners have with finding suitable employment on the basis of an HTQ. This can be seen when we consider:

1. The scale of current and projected skills gaps.
2. Current rates of uptake and utilisation of HTQs.
3. HTQs are vital to meeting these skill needs.

2.1 The scale of current and projected skills gaps

Our economy is in a process of rapid and significant change. The pace of this change is set to accelerate. These changes in economic activity result in changes in the types and levels of skills that employers want. In particular, demand is increasing for skills that are adapted to the green industry and an increasingly automated economy. Equally, there are current inefficiencies and forecasted shocks to our labour supply that create other skills gaps that may be plugged by increased uptake of HTQs.

Gaps in skills for a greener economy

The Government reaffirmed its target to become carbon neutral ('net zero') by 2050 in its 2021 'Build back better' paper on industrial strategy. This target will mean significant capital investment in changing how the country produces and distributes energy. It will also mean significant reform to the industry to lower the amount of energy it consumes.³ The Government's 2020 10-point plan for the 'green industrial revolution' also commits to several major economic changes, including the creation of 250,000 jobs in green industries.⁴ The Labour Party have also outlined a vision for increased growth in green industries and jobs.⁵

These transformations all require changes in the skills required in the economy. However, at present, there is a shortage of the required skills. A 2021 survey of manufacturers by Make UK found that while 92% of manufacturers believe that the 2050 net zero target is achievable, 38% do not think their workforce is equipped with the skills they need to manufacture goods and products more sustainably.⁶

Similarly, a 2020 report by the National Grid found that meeting the 2050 target will require the creation of a 'net zero workforce'.⁷ This workforce will be composed of 400,000 new entrants into industry between now and 2050 who will actively work to reshape the country's energy infrastructure. However, the report also identifies that the country's current skills and training system is not up to this task. In particular, there is a lack of uptake of scientific and engineering training at the level of technical vocational education outside of degrees.

³ HM Treasury, "Build Back Better: Our Plan for Growth," 2021

⁴ HM Government, "The Ten Point Plan for a Green Industrial Revolution," 2020

⁵ The Labour Party, "Report of the Council of Skills Advisers," 2022

⁶ Make UK, "Unlocking the Skills Needed for a Digital and Green Future," 2021

⁷ The National Grid, "Building the Net Zero Energy Workforce Report," 2020

Gaps in skills for a more automated economy

Our economy is forecast to increasingly depend on automation. This automation will involve digital and mechanised processes that will require less direct human intervention. This will change the types of labour humans engage in as part of the economy, meaning that the labour force will need to cultivate certain skills at a higher level and also develop new skills.

The Learning and Work Institute estimates that a third of current jobs will be affected by automation, with lower-level roles slated to be the most affected.⁸ If this prediction is right, those occupying these lower-level roles will need opportunities to upskill or reskill into higher technical roles where there will be shortages. The Learning and Work Institute's analysis concludes that HTQs are likely to be one of the best pathways for this upskilling and reskilling.

Inefficiencies and under-utilisation of the total labour supply

Some of the evidence we received noted that there are major demographic disparities in many professions. Witnesses related much of this disparity to how systems of upskilling and training in their sector work.

For example, we were told that the legal sector suffers from a lack of training routes, which leads to many able and highly qualified prospective trainees being unable to become accredited legal professionals.

“The legal sector desperately needs different quality vocational routes. It generates a direct revenue of about £40 billion a year...but several students incur costs of £60,000 to go through initial training only to find that they cannot actually get a training contract or pupillage.”

Jonathan Bourne, Managing Director, DAMAR training

The lack of a range of training routes in the legal sector also resulted in demographic disparity. Although the sector employs half a million people, 22% of qualified lawyers attended fee-paying schools (compared to just 7% of the wider population). This was related by witnesses to the ability of individuals from wealthier backgrounds to access financial support for longer to endure the highly competitive process of acquiring training contracts. The consequence of these issues is that the legal sector fails to utilise the total available talent in the labour supply, an issue that could be resolved through more accessible HTQ routes. These same disparities in access were reported by witnesses from the creative industries and product design, highlighting that the issue of failing to utilise all available talent extends across the skills and training system.

Forthcoming labour supply shocks

We heard from two industries – creative and design, and life sciences – about major forthcoming disruption to the total available supply of key skills in their labour force. In both cases, this was related to key skills being concentrated among the older members of their workforce, many of whom are approaching retirement age. There is a lack of the required key skills among younger members and new entrants into each sector. The result is a sudden major exodus of skills out of these sectors, resulting in a loss of productivity and output.

⁸ Learning and Work Institute, “Making a Market for the Missing Middle: Higher Technical Education,” 2021

In the case of creative and design, the Heritage Craft Association reported to us that, based on their research, many of the skilled craftspeople in their sector are about to retire. Challenges within the sector have prevented the transmission of their skills to younger and newer members of the workforce. This challenge has been further aggravated by the reduced uptake of creative subjects at school and the decrease in the number of technical routes into the creative industries. As an example, the number of students taking Design and Technology at GCSE level has fallen by 70% between 2010 and 2022.⁹

Similarly, representatives from the life sciences told us that certain skills – such as being a lab technician – are clustered among older cohorts in the profession who are similarly approaching retirement. This, in part, relates to government’s historic emphasis on interested young people pursuing academic degrees in science, which do not equip young people with the skills required for lab tech work. There is a hope that, in the long run, the Government’s recent introduction of the science T-level may help solve this issue. However, the lead time between the full-scale rollout of T-levels, their mass uptake and completion, and the qualification of entrants to pursue HTQs means that there will be a long lag time in which the life science sector is desperately lacking in lab technicians.

2.2 Current rates of uptake and utilisation of HTQs

The Government has acknowledged that the uptake of HTQs currently falls below the desired level.¹⁰ This has prompted actions (described in Section 2) to increase the uptake of HTQs. However, the uptake of HTQs remains low in England compared to other countries. While 10% of adults aged 18-65 hold an HTQ as their highest qualification in England, this figure stands at 20% in Germany and 34% in Canada.¹¹

Similarly, the number of individuals enrolling in HTQs has been in decline over the last decade, falling by 63% between 2009-10 and 2016-17 (a fall of approximately 320,000 enrolments).¹² HTQs have remained under-discussed at a policy level as well, with The Augar Review of Higher Education recommending the Government take action to remedy this oversight.¹³

2.3 HTQs are vital to meeting these skill needs

Several reports from industry have concluded that HTQs are the ‘missing middle’ of the skills and training system. A Confederation of Business and Industry (CBI) 2019 report and a 2021 report from the Learning and Work Institute argue that HTQs are among the most efficient and accessible ways of increasing the supply of key skills required by the UK’s changing economy.¹⁴

Make UK’s ‘Unlocking the Skills Needed for a Digital and Green Future’ notes that almost half (45%) of manufacturers believe that the green skills that they need sit at the HTQ level.¹⁵ The same survey found that 45% of manufacturers believe that the green skills they require to drive changes in their production can be acquired through HTQs. By contrast, only 30% believe the skills they require sit at the degree level.¹⁶

In addition to the approval of industry, HTQs also have other advantages that make them preferable to similar training routes. The evidence we received from training providers emphasised that HTQs have the potential to be designed for flexible, modular study, which allows learners to engage in courses while remaining in work. This can make HTQs a preferable route to apprenticeships for many learners who are seeking to upskill or reskill.

As a consequence, HTQs have the scope to play an especially important role in plugging England’s current and forthcoming skills gaps. However, in order to improve their uptake and impact, we must understand the reasons for the current low levels of engagement with these courses. This is the focus of the next section of this report.

⁹ The Manufacturer, “Analysis Reveals Design and Technology Student Numbers Have Fallen,” 2022

¹⁰ Department for Education, “Post-18 Review of Education and Funding: Independent Panel Report,” 2019

¹¹ House of Commons, “Securing Britain’s industrial future,” 2022

¹² Ibid.

¹³ Department for Education, “Post-18 review of education and funding: independent panel report,” 2019

¹⁴ CBI, “Education and Learning for the Modern World: CBI/Pearson 2019 Education and Skills Survey report,” 2019; Learning and Work Institute, “Making a market for the missing middle: Higher technical education,” 2021

¹⁵ Make UK, “Unlocking the Skills Needed for a Digital and Green Future,” 2021

¹⁶ Ibid.

3. Why uptake and utilisation of HTQs remains low

Our review of the evidence on HTQs highlights three primary reasons for low uptake and utilisation:

1. Employer-led demand is held back by lack of awareness and financial disincentives.
2. Learner-led demand is held back by a lack of awareness, financial disincentives, lack of flexibility, and uncertainty about employment prospects.
3. Even where there is demand for HTQs, providers face barriers to offering course places.

3.1 Employer-led demand is held back by lack of awareness and financial disincentives

We reviewed evidence showing that employers are often insufficiently aware of HTQs and how they can support their skills ambitions. Similarly, they may face financial disincentives to encouraging employee participation in HTQs, creating further barriers to the uptake and impact of these qualifications.

Lack of awareness

Much of the evidence we received suggested that employers have a generally weak understanding of HTQs. Part of this problem included how to interpret HTQs as a qualification for particular roles in their setting. For example, it was noted by some submissions that the Government's investment in publicising apprenticeships and their benefits since the introduction of the Apprenticeship Levy has succeeded in improving understanding of apprenticeships. However, one of the consequences of this was that apprenticeships are now viewed as the only vocational 'alternative' to academic degrees among employers.

Similarly, we saw evidence that suggested that employers often do not appreciate that HTQs are an upskilling or reskilling pathway for their current staff. As a result, they miss out on valuable training opportunities, instead often focussing efforts on apprenticeships that may not offer the skills they are seeking.

Financial disincentives for enrolling employees in HTQs

We heard from some witnesses that the lack of flexibility of some HTQ courses meant that enrolling an employee on such a course could incur large costs in lost productivity to an employer. However, the primary financial challenge for employers we encountered in the evidence relates to the Apprenticeship Levy.

The Apprenticeship Levy was introduced in 2017 and mandates that all large employers with a pay bill of over £3 million pay 0.5% of their total pay bill as a levy. The money generated by the levy goes into funding apprenticeships in businesses across the country. However, large employers who pay the levy are able to access the levy funds they contribute to fund apprenticeships within their own organisation.

It was noted by some who gave evidence that the ringfencing of the Apprenticeship Levy so that it can only be spent on apprenticeships tilts the behaviour of large employers towards using apprenticeships as their main pathway for upskilling and reskilling. As a consequence, the restrictions on the Levy act as a disincentive to employers exploiting HTQs as a pathway for their current and prospective employees.

3.2 Learner-led demand is held back by a lack of awareness, financial disincentives, lack of flexibility, and uncertainty about employment prospects

The evidence we received emphasised that learners experience several barriers to engaging with HTQs, frustrating their wider uptake and utilisation. The consequence is that the current HTQ system is failing to upskill many interested and willing individuals.

Uncertainty about the employability value of HTQs

Employers in some sectors lack awareness that individuals who obtain HTQs would be a good fit for their skills needs. The result is that graduates of HTQ courses often find that employers in their sector do not recognise their qualifications, frustrating their attempts to secure work but also meaning the sector fails to extract the value of their skills. Learners are disincentivised to take up an HTQ under these uncertain conditions.

In nursing, individuals who had obtained nursing HTQs told us that many hospitals and NHS trusts do not recognise these qualifications. This prevented them from acquiring work or enrolling in further nursing training qualifications. This issue was framed as especially troubling in light of 40,000 current nursing vacancies within the healthcare system.

Lack of awareness of HTQs

We heard from several witnesses that potential HTQ learners simply do not know about HTQ courses as a skills pathway. This issue was best summarised in an interview we conducted with IfATE, who reported that ‘apprenticeships’ have a strong brand identity and are relatively well understood as a vocational, work-based route. As a result, potential learners often perceive their upskilling options as either undertaking an academic degree or an apprenticeship route – they do not perceive the third option of HTQs at all. The consequence is a lack of enrolment in a pathway that may suit many prospective learners better than a strictly academic or apprenticeship-based route.

We also heard from other witnesses that providers of career guidance, both within the education system and in lifelong support to work, lack literacy around HTQs and were thus unable to effectively explain the route and its benefits. This was noted as a particular problem at school, where career guidance is already heavily focussed on degree courses and general ‘university lifestyle’. This problem of poor knowledge of and access to HTQs is compounded by the lack of centralised guidance or support. For example, it was noted by the Open University that there is no centralised recruitment channel for HTQs (akin to UCAS).

Financial disincentives for enrolling in HTQs

Evidence received from the National Society of Apprentices noted that undertaking an HTQ requires individuals to take on large student loans for tuition fees and maintenance costs. If studying full-time, they also incur the loss in earnings that comes from not working. While part-time study of HTQs is possible, part-time maintenance loans are only available for a small number of HTQs for pre-registration medical courses. Relatedly, 41% of prospective learner respondents to a survey by Phoenix Insights reported that they worry about taking on debt, which acts as a barrier to participating in a training course that requires them to pay high fees with a loan.¹⁷ The consequence is that it is challenging for learners, especially those who have dependents or who are mid-career, to access HTQs.

Lack of flexibility associated with many HTQ programmes

Some HTQ courses offer relatively modularised pathways that allow learners to access upskilling in a way that aligns with their own personal and professional availability. However, we reviewed evidence from training providers and from current HTQ learners who noted that some programmes – such as ones for construction or digital technologies – often lack this kind of flexibility. This acts as a barrier to enrolment in these courses, especially for mid-career learners who may also have dependents.

3.3 Even where there is demand for HTQs, providers face barriers to offering course places

Training providers reported that their interest in offering HTQ courses was often frustrated by financial difficulties. This came about for two primary reasons.

Firstly, the cost to providers to offer HTQs is particularly high. Witnesses told us that this was because many HTQs in courses such as product design often require “expensive, industry-standard equipment”. Equally, offering HTQs that meet the standards of a given industry often requires regulatory alignment that can incur high costs to a provider. It was also reported that the industry experience and teaching skills required for HTQ instructors often made them especially difficult to recruit. This takes place in the context of technical and vocational education providers already struggling with recruitment and retention and overstretched budgets.

Secondly, witnesses also reported that the currently low levels of demand for HTQs among learners and employers made it difficult for providers to justify the investment that offering HTQs requires. Stimulating stable demand among employers and learners would be a necessary precursor to providers being able to increase the number and range of HTQ courses they offer.

¹⁷ David Phoenix, “Filling the Biggest Skills Gap: Increasing Learning at Levels 4 and 5”, 2018

4. What changes need to happen to HTQs

4.1 A phased employer-led strategy for growth

Aim

Generate greater demand and esteem for HTQs, developing them as a valuable, quality-assured pathway in the skills ecosystem for employers as well as learners.

Rationale

Employers need more high-skilled technicians to take up Level 4 and Level 5 job roles that address skills shortages and fulfil the growth potential of automation and a green economy. Representatives from a cross-section of industry believe that HTQs can deliver these skills to employers in the timeframe required. However, there continues to be a poor understanding of HTQs among the wider employer community and prospective learners.

As a result, there is a need to boost the supply of and engagement with HTQ courses. However, we believe that this process should be phased into successive stages. The first stage would be to improve employer-led demand for HTQ courses. This subsequent growth in HTQs and their utilisation can then be used as a foundation to build a positive brand around HTQs. This positive brand can then help drive demand for HTQs among school leavers. The advantage of this phased approach is the gradual development of and broader social recognition of the value of HTQs, avoiding placing extra loads on learners, employers, providers and awarding bodies to abruptly grapple with an unfamiliar qualification. This is a challenge common to the sector that we have previously referred to as the 'Skills Puzzle'.

RECOMMENDATION 1:

Therefore, we recommend that the Government should phase its reframing of HTQs in the following order:

1. Generate greater demand from employers for training their employees.
2. Use this greater demand to raise awareness and develop a stronger brand for HTQs so as to encourage adult learners to independently upskill and reskill.
3. Use this growth in HTQs to then develop a broader appeal that includes the specialisation of school leavers.

4.2 Liberate employers' choice

Aim

Deregulate to allow employers to continue to use 100% of the Apprenticeship Levy for apprenticeships or use up to 50% of the Levy for accredited higher technical education and training.

Rationale

Representatives from across industry told our inquiry that HTQs can provide skills that they urgently require. However, there are not enough HTQ courses at present and demand among the wider community of employers must be stimulated for providers to justify investment in developing an HTQ offer.

RECOMMENDATION 2:

To stimulate this demand, employers should be given greater ease and ability to spend the Apprenticeship Levy. This would involve:

- Simplification of the levy
- Reorientation of up to 50% of already available funds in the levy to upskill current employees with accredited higher technical qualifications
- Promotion of a portion of the Levy as a tool for reskilling or upskilling new hires to promote entry and re-entry into the labour market (in a way functionally similar to apprenticeships)

This liberalisation of the Levy would free employers to make alternative decisions on their investment in the future of England's workforce according to their needs. As a further positive spillover, channelling investment in higher technical education through the Levy could also mitigate risks for small and medium-sized employers in participating in training and support productivity gains. This recommendation also aligns with several reports in our previous skills inquiries that the Apprenticeship Levy should be reformed as part of renewed government skills policy.

4.3 Seed the market for HTQs funded via the Lifelong Learning Entitlement

Aim

Instil confidence in entrepreneurial learners to successfully take up the Lifelong Learning Entitlement for HTQs by demonstrating its value via a reformed Apprenticeship Levy.

Rationale

Our review of the evidence found that student finance for HTQs was a challenge for individual learners, leading to problems of aggregate demand for HTQs. This, in turn, disincentivises training providers from investing in growing their HTQ offer.

The LLE is a government policy that will provide all learners in England with a £37,000 loan for flexibly funding education over the course of their lifetime. The policy aims to give individuals greater flexibility when it comes to upskilling or retraining into new career pathways. In the meantime, the Modular Acceleration Programme (MAP) has been recently introduced to help support the delivery of flexible individual modules of HTQs in the lead-up to the full launch of the LLE. We welcome these steps, and believe further policy changes will do even more to address the student finance challenge to the demand for HTQs.

RECOMMENDATION 3: [Partially accepted as of November 2023]

From 2025, individuals will be able to use the LLE to fund HTQs. However, the LLE can also be used to fund other qualifications at levels 4, 5 and 6. As such, the Government should encourage the use of the LLE for HTQs by:

- Removing barriers to the use of the LLE for HTQs, such as minimum eligibility requirements and equivalent or lower qualification restrictions.
- Increasing employer demand for HTQs (as per Recommendation 1) to de-risk individuals' use of their LLE on an HTQ.
- Re-introducing maintenance grants to support learners on Level 4 or Level 5 courses.

We briefed officials on emerging findings and recommendations from this inquiry. We are pleased to see that our recommendation to remove the restriction on learners using it to study equivalent or lower level qualifications than they already possess has been taken up. We commend the Government on this action and hope it will address other barriers to the use of the LLE for HTQs.

This approach can support the LLE to realise its fundamental aims while plugging a gap in the current funding landscape for skills and training.

4.4 Back flexible training offers through coordination

Aim

Expand the usage of regional collaboration mechanisms on skills policy to guarantee training offers that fit how and when employers need to train employees.

Rationale

The evidence we reviewed shows that there is currently a lack of coordination between employers, training providers and policymakers over skills. The consequence is a complex lack of supply and demand for key skills the economy needs and can be acquired through HTQs.

There are several collaborative mechanisms already in the current policy toolkit to support this local collaboration over skills. This includes Local Skills Improvement Plans and Skills Advisory Panels commissioned by ever more integrated and joined-up Combined Authorities. Therefore, these mechanisms can be utilised to create a more coordinated joined-up approach to skills acquired through HTQs.

RECOMMENDATION 4:

The range of mechanisms for skills collaboration at the local level should be exploited. This would improve coordination between relevant actors, allowing employers to drive new markets for training providers by sourcing appropriate in-service training for their employees, including flexible, modular training. These mechanisms should be used to build a stable, joined-up approach to growing the availability of relevant HTQs for local employers by the Government as a way of serving levelling-up productivity goals. This will promote new, adaptive approaches to how HTQs are accessed, improving their impact and uptake.

This collaborative approach has further benefits:

- The confidence resulting from regional collaboration mechanisms reorientates ‘market making’ for higher technical qualifications, centring employers’ needs without sacrificing the business rationale of providers.
- Employers’ demand for flexible, continuous professional development of their employees – such as through micro-qualifications or units of HTQs – can be better met through tighter regional collaboration.

This effective practice is already being exemplified in some regions in England with devolved skills and power. For example, in the West of England, the West of England Institute of Technology (IoT) has demonstrated a collaborative ecosystem composed of Further Education (FE) colleges, a partner university, and anchor employers in sectors relevant to the region. This has guaranteed flexible training offers fit how and when employers need to train their employees.

4.5 Accredit modularised qualifications

Aim

Utilise the Skills and Post-16 Education Act 2022 to ensure accreditation for potential modularised HTQ options that satisfy IfATE requirements for modularised qualifications with learner outcomes and competencies recognised and demanded by employers.

Rationale

Our review of the evidence highlighted the need for mid-career upskilling and reskilling through HTQs. Employers and learners told us that this would work best in a way that allowed HTQ learners to access this skill acquisition flexibly. As such, modularised qualifications would be attractive to many. However, our understanding of the skills space leads us to conclude that these qualifications need to be properly accredited for these skills to be ported between jobs.

Qualification and credit systems have been contested policy spaces in the past. Centralised qualifications frameworks have been seen as either 'light-touch' (e.g. 2015 Regulated Qualification Framework) and offering little incentive for credit recognition, or prescriptive (such as the 2008 Qualification and Credit Framework) and carrying high costs for the mutual recognition of units by awarding bodies and providers.

However, accrediting flexible, modularised qualifications benchmarked to apprenticeship standards is now simpler. Recent amendments to the functions of the IfATE in the Skills and Post-16 Education Act 2022 enhance its remit and provide for additional powers with regard to the approval and quality-marking of technical education qualifications. These changes include further powers to approve suitable technical education qualifications.

RECOMMENDATION 5:

These new frameworks should be employed by regional collaborative mechanisms to inject flexibility into HTQs, backed by published apprenticeship standards. It is therefore recommended that this legislation and IfATE's power under it be made use of. Modularised HTQs should be accredited and quality-marked under IfATE's new powers when they lead to recognisable learner outcomes and competencies demanded by employers.

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Methods and Steering Group

Scoping for this inquiry began in October 2021, with work on this report starting in April 2022. The findings and policy recommendations herein are based on a review of pertinent literature, semi-structured interviews, responses to a written call for evidence, and three evidence-gathering online roundtables organised by occupational pathway, which took place from May to June 2022.

Co-Chairs

- Rt. Hon Sir John Hayes MP, Member of Parliament for South Holland and the Deepings
- Sue Garden, The Rt Hon the Baroness Garden of Frognal
- Graham Hasting-Evans, Chief Executive, NOCN Group

Skills Commissioners

- Elena Wilson, Policy Manager, Edge Foundation
- Robin Ghurbhurun, Managing Director, Further Education, Skills, Jisc
- Graham Razey, CEO of EKC Group, Kent Further Education
- Dr Jane Towers-Clark, Head of Academic Partnerships, ACCA Global
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- Sam Green, Head of Research and Planning, LTE Group
- Peter Mayhew-Smith, Group Principal and CEO, South Thames Colleges Group
- Professor Kathryn Mitchell, Vice-Chancellor and Chief Executive, University of Derby
- Professor Ewart Keep, Chair of Education, Training and Skills, University of Oxford
- Gila Tabrizi, Senior Policy Manager, WorldSkills UK

List of Contributors

Roundtables

Roundtable 1: Construction Pathway; Accounting and Legal Pathway (11.05.2022)

- Ian Woodcroft, Head of Policy and Government Relations, CITB
- Martyn Price MBE, Chair, Cross Construction Apprenticeship Task Force
- Prof. Alfred Seaman, Professor, Humber College Institute of Technology and Advanced Learning
- Stuart Pedley-Smith, Head of Learning, Kaplan Financial
- Robert Boucherat, Head of Apprenticeship Quality & Compliance, ACCA Global
- Dr Sue Pember CBE, Policy Director, HOLEX (Adult Community Education)
- Jonathan Bourne, Managing Director, DAMAR Training
- Ben Kinross, Apprenticeship Engagement Officer, National Society of Apprentices/National Union of Students

Roundtable 2: Craft and Design Pathway; Media, Broadcast and Production Pathway (17.05.2022)

- Patricia Lovett MBE, Chair, Heritage Crafts Association
- Daniel Carpenter, Managing Director, Heritage Crafts Association
- Cat Drew, Chief Design Officer, Design Council
- Michele Gregson, General Secretary, National Society for Education in Art and Design
- Sam Cairn, Co-Director, Cultural Learning Alliance
- Tim Weiss, Director of Vocational Skills, ScreenSkills
- Ruben Hale, Deputy Director, University of the Arts London Awarding Body

Roundtable 3: Care Services Pathway; Health and Sciences Pathways (24.05.2022)

- Claire Arbery, Director, West of England Institute of Technology
- Justine Fosh, CEO, Cogent Skills
- David Gallagher, CEO, NCFE
- Julie Hyde, Director of External and Regulatory Affairs, NCFE
- Lucy Hunte, National Programme Manager Apprenticeships, NHS England
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Interviews

- Sarah Beale, CEO, Association of Accounting Technicians
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Written submissions

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- Collab Group
- Open University
- Phoenix Insights
- University of Derby

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- James Taylor, Policy Connect

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About the Centre for Education & Youth

The Centre for Education and Youth (CfEY) is a 'think and action-tank'. We believe society should ensure all children and young people receive the support they need to make a fulfilling transition to adulthood.



The Centre
for Education
& Youth

We work with a wide range of organisations, and people who share this belief, helping them make wise, bold decisions about how best to support young people.

We use our timely and rigorous research to get under the skin of key issues in education and youth, aiming to shape debate, inform policy and change practice. Set up as a community interest company, we have a particular interest in issues affecting marginalised young people.

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NOCN Group is an educational charity whose core aims are to help learners reach their potential and organisations thrive. The group includes business units specialising in regulated UK and international qualifications, End Point Assessment, assured short courses, SMART job cards, assessment services, consultancy, and research.



Our heritage, rooted in upskilling workers for redeployment in industrial Britain, informs our social mobility agenda, and our charitable status drives our purpose and activity:

- We believe passionately in the power of education and its impact
- We want more people to engage in education, apprenticeships and skills training, more often in their lives
- We want to build awareness and promote the positive value of education, apprenticeships and skills training to employers, learners and parents

About Jisc (inquiry sponsor)

Jisc's vision is for the UK to be the most digitally advanced education and research nation in the world. At its heart is the super-fast national research and education network, Janet, with builtin cyber security protection. Jisc also provides technology solutions for its members (colleges, universities and research centres) and customers (public sector bodies), helps members save time and money by negotiating sector-wide deals and provides advice and practical assistance on digital technology. Jisc is funded by the UK higher and further education and research funding bodies and member institutions. Find out more at www.jisc.ac.uk



About Kent Further Education (inquiry sponsor)

Kent Further Education (KFE) comprises the three Kent college groups; East Kent Colleges Group, MidKent College, and North Kent College which have a combined student population of 25,000. KFE works pro-actively with key external partners across Kent and Medway and more widely across the region to advance further education in the interests of learners, communities, employers and other stakeholders.





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