Increasing Employer Demand for Training – What Role for Policy? Insights from UK CES Collective Measures Project

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Overview of Collective Measures Study

- Conceptual Review
- Empirical Evidence Review
- Policy Review
- Policy Prioritisation Exercise
- Review – Final Report

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Policy options examined

- Training levies
- Tax breaks
- Rights to time off to train
- Investors in People
- Inter-employer networks
- Occupational licensing
- General subsidies
- Public procurement
- Loan guarantees
- Improved dialogue between managers and employees on training

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Occupational licensing

Advantages

- Setting minimum skills requirements for occupation targets skills gaps directly
- Can build in requirement for future training
- May stimulate higher productivity
- May benefit workers in firms offering less training

Disadvantages

- Customer costs may increase without perceived benefits
- Limited applicability – for occupations with measurable skills, customer perception of quality/safety/risk
- Rigour and transparency of enforcement

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Inter-employer networks

Advantages	Disadvantages
• Credible to employers	• Problems of building trust between organisations, particularly in supply chains
• Overcome asymmetry of information and power on training provider quality	• Some supply chains compete solely on cost reduction
• Evidence that network membership leads to increased training in SMEs	• Employer-led collaboration can lead to provision of firm-specific rather than transferable training
• Wider spillover effects eg new customers/suppliers developed through networks	• Resource-intensive face-to-face contact needed to secure SME participation and sustaining participation from key employers can be difficult

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Policy Option 1 – Employer Networks

- Establish employer network training fund open to competitive bidding
- Employers to meet 25% of costs and must include minimum number of SMEs
- Flexible models to meet different needs eg sector, location, supply chain using support/facilitation of intermediary organisations
- Access to training subsidies and tax breaks for SMEs through network membership

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Policy Option 2 – Extended Occupational Licensing

- Subsidy - 25% of costs for self-employed
- Employees pay maximum 25% with employers responsible for rest
- Duration of licence 1-3 years depending on occupation
- Light touch licensing could include registration and certification
- Suggested range of potential occupations: plumbers, beauticians, cooks, motor mechanics, bricklayers, assembly line workers, estate agency

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Conclusions

- Policies relying on compulsion more difficult in UK institutional environment but significant potential for employer-led measures
- Tackling social inequity in skills distribution through employer-related policy levers problematic
- What are your views on the policy options?

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Questions and discussion...

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