



Department  
for Education

# Engaging employers in the National Retraining Scheme

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Learning and Work Institute



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# 1. Introduction

## Introduction

Starting this Parliament, the UK Government is providing £2.5 billion (£3 billion when including Barnett funding for devolved administrations) for a new National Skills Fund (NSF). This is a significant investment which has the potential to deliver new opportunities to generations of adults who may have been previously left behind.

The NSF builds on extensive user research and engagement with local areas and employers undertaken through the National Retraining Scheme (NRS). In a paper published on gov.uk in October<sup>1</sup>, we shared our key findings from the evidence gathered to develop the NRS. This summary report shares further findings from research carried out in 2019 to inform the NRS, and which we have continued to draw on to inform the design of the National Skills Fund.<sup>2</sup>

To ensure the effective implementation of adult training initiatives and encourage a positive employer response, it is crucial to understand how employers make hiring and training decisions to meet their skills needs. As such, the Department for Education (DfE) commissioned Learning and Work Institute (L&W) to undertake research to explore the views of employers in four sectors considered to be at lower risk of automation and showing potential for future growth: Professional, Scientific and Technical; Accommodation and Food; Information and Communication; and Construction<sup>3</sup>. The research sought to:

- establish a better understanding of employer behaviour, motivations and decision-making in relation to training provision,
- review their initial views on the proposed elements of the NRS and
- explore what needs to be in place to ensure employers can successfully engage with the NRS.

This summary report presents the key findings of the research and highlights considerations for the DfE in relation to the future design and development of adult skills initiatives. The report refers to the NRS, as this was the context in which the research took place, but the findings will continue to be used to inform wider adult skills policy, including the National Skills Fund.

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<sup>1</sup> National Retraining Scheme: Key findings paper (October 2020), available [here](#).

<sup>2</sup> The publication of this report has been delayed due to disruption caused by the Covid-19 pandemic.

<sup>3</sup> This analysis used sector risk of automation data from PricewaterhouseCoopers, forecast employment growth data from Working Futures and vacancy data from the Employer Skills Survey.

## 1.2 Methodology

The research took a qualitative approach involving interviews with 6 sector body representatives and 60 employers in summer 2019. Interviews were undertaken with senior managers who have primary responsibility for training decisions in each organisation. Interview participants were selected using the Inter-Departmental Business Register (IDBR) to construct a purposive sample of a cross-section of employers by English geographical region and employer size. The table in the appendix provides a breakdown of employers interviewed. As the research was qualitative, the findings are not intended to be, and cannot be taken as, representative of the wider populations of employers.

This research tested employers' initial responses to different elements of the proposed NRS, including a proposed flexible in-work technical training offer, support for individuals engaged with the Scheme and perceptions of individuals seeking to retrain, based on employer assumptions about the Scheme. The topic guide incorporated an element of scenario testing involving two NRS user personas to gain insights in employers' decision-making during recruitment. Interviews were analysed using a framework approach to draw out themes and patterns in the evidence, particularly in relation to factors that drive employers' decision-making and behaviour.

## 2. Employer skills profiles and recruitment patterns

Employers involved in the research require a wide range of skills, which influence their hiring practices, training offers and initial willingness to engage with the NRS. There are variations in skills needs between sectors and role types. In general, interviewees reported that staff working in the Professional, Scientific and Technical and Information and Communication industries tend to be qualified at degree level. The Construction sector has a more even split of academic and vocationally qualified staff, and the Accommodation and Food sector's skills profile is relatively lower qualified in comparison with the other sectors.

Soft skills, such as interpersonal skills, problem solving and organisation, were equally well regarded by employers across all sectors. They are often the main requirements in sectors that require lower levels of technical skills, for example customer facing roles in hospitality industries.

The employers interviewed were divided about whether their skills requirements will change in the future, and the implications of this for their skills profiles and hiring practices. The changing skills requirements that were recognised by employers and sector bodies largely related to a greater demand for digital skills in response to automation and technological change, as well as a need for a resilient and adaptable workforce.

Most employers described their recruitment as recent or continual. They reported that the frequency of recruitment depends on several factors including business growth, turnover rates and the availability of skills. The research findings highlight a range of challenges employers face in recruiting new workers, including high staff turnover in certain roles and difficulties recruiting due to skills shortages. This suggests that initiatives like the NRS may be able to present a different pool of candidates to employers struggling to recruit from the usual candidates available in their locations.

Employers' recruitment needs have implications for their willingness and ability to engage with the NRS, as well as for the types of roles they could make available through the Scheme. Table 1, below, reviews the key aspects that employers look for in new recruits, by sector, based on themes emerging from the interviews. It also highlights the potential implications for employer willingness to recruit NRS users purely on the basis of their transferable skills.

**Table 1: Recruitment patterns, hiring requirements and implications for the NRS by sector**

	<b>Recruitment patterns</b>	<b>Hiring requirements</b>	<b>NRS implications</b>
<b>Accommodation and Food</b>	High turnover and difficulties recruiting	Require candidates to demonstrate soft skills.  Recruits learn skills through on-the-job training or apprenticeships.	More willing to recruit NRS candidates on the basis of their transferable skills.
<b>Construction</b>	Shortage of skilled and qualified tradespeople.	Require entry-level candidates to demonstrate soft skills.  Recruits learn skills through on-the-job training or apprenticeships.	More willing to recruit NRS candidates to entry level roles on the basis of transferable skills.
<b>Information and Communication</b>	Lower staff turnover.  Qualifications can become outdated due to changes in the sector.	Generally high requirement for experience and (often) highly qualified recruits.  Some openness to relevant experience/logical mindset rather than a degree.  Large employers in this sector more likely to use apprenticeships to train employees on-the-job (however employers are predominantly SMEs).	Generally less willing to recruit NRS candidates on the basis of existing transferable skills.
<b>Professional, Scientific and Technical</b>	Lower staff turnover.	Generally high requirement for experience and highly qualified recruits.  Recruits access informal ongoing technical/transferable skills training.	Generally less willing to recruit NRS candidates on the basis of their transferable skills.

### 3. Employer training offers

The research found that training decisions across all sectors are informed by business' skills gaps. Affordability is also a key driver in decision-making about training, shown in a preference for in-house training among those employers interviewed. Where appropriate, businesses are also keen to utilise their apprenticeship levy for wider technical training. Employers often said they prefer investing in paid-for training for their existing and longer-term employees rather than new starters, as they have demonstrated potential or commitment. This preference for investing in 'proven' existing employees could potentially disadvantage NRS users.

Employers in the Accommodation and Food and Construction sectors tended to have the most need for recruitment and prioritise soft skills when hiring. These industries often reported providing front-loaded training to new hires with on-the-job training pathways for them to gain technical skills. In contrast, employers who tend to recruit individuals with the required skills and experience for the role tend to focus on less formal ongoing transferable and technical training.

The research found distinct differences in the types of employers offering apprenticeships depending on the sector and size of employer. Employers in the Construction and Accommodation and Food sectors often reported offering apprenticeships, as did employers that paid into the apprenticeship levy. The main reasons given by large employers for offering apprenticeships were to spend their apprenticeship levy; the close fit between apprenticeship standards and an employer's core business activities; and opportunities to recruit, train and retain employees in skills shortage areas.

The main reasons given by employers for not offering apprenticeships included: a lack of knowledge about apprenticeships; perceptions of apprenticeships as low-level qualifications; negative prior experiences; and a lack of capacity to support apprentices, especially for smaller organisations. Apprenticeship reforms, particularly the requirement for 20% off-the-job training, are also challenging for smaller employers and those with pressing capacity demands who find it more difficult to release staff from their day-to-day work. Interviewed employers in Professional, Scientific and Technical and Information and Communication sectors tended to report recruiting already highly qualified and skilled staff rather than offering apprenticeships to develop these skills. Non-apprenticeship needs-based training, which develops technical skills in a shorter timeframe, are often preferable in these industries. These types of needs-based training tend to be more informal, such as e-learning or training delivered by internal staff 'champions'. This enables wide-scale training targeted to skills needs and delivered at a relatively low cost.

There were mixed perceptions about the suitability of apprenticeships for people aged 24 and over. Most employers interviewed reported that apprentices in this age group tend to be existing staff, whereas apprentices below the age of 24 are often new hires. Employers highlighted several business-related benefits of offering apprenticeships to

existing staff such as recouping the apprenticeship levy, improving staff retention and productivity. Some employers also thought that older apprentices may gain more from the programme as they are likely to be more confident, committed and experienced. However, other employers perceived that some aspects of the apprenticeship offer are less appealing to people aged 24 and over. The main disincentives were the perception that apprenticeships are for younger people, the length of programmes, finding time for staff with established workloads to complete 20% off-the-job training requirement and low apprenticeship pay. The English and maths requirements of an apprenticeship could also discourage existing staff who did not have or could not provide evidence of the relevant qualifications. Employers referred to staff who had developed the relevant maths and English skills through their working careers who found this requirement patronising and unnecessary.

Employers were generally positive about a flexible alternative to apprenticeships for older workers seeking to retrain. Employers and sector bodies noted several benefits to this proposed alternative offer in comparison to apprenticeships for people aged 24 and over:

- A shorter training duration was seen to be more appealing to older employees, especially those with families, to enable them to quickly retrain and spend less time on lower wages.
- Some employers highlighted that a mature learner could potentially upskill more quickly than the 12-month minimum apprenticeship duration due to prior learning and transferable work experience.
- A modular offer and/or the opportunity to tailor training to skills gaps were seen as beneficial compared to the more rigid apprenticeship standards.
- Some employers believed that a retraining offer may not carry the stigma of apprenticeships as being for young people only, and therefore could be more appealing to older employees.

However, some employers noted that the flexible offer will need industry approval to have the same recognition and transferability as apprenticeships. There is also some concern that a reduced programme length may not be sufficient, and a full apprenticeship is needed to provide the underpinning knowledge the industry requires.

## 4. Opportunities and barriers to engaging with the NRS

There are several opportunities for the NRS to engage employers, including by making use of the existing training pathways for new recruits without relevant technical skills, using the Scheme to fill existing skills gaps, and appealing to employers' corporate social responsibility agendas. The research found that while some employers are immediately willing to engage with the NRS, others consider it unsuitable for their organisation.

Employers willing to engage in the Scheme were from all sectors included in the research, but employers interviewed from the Accommodation and Food and Construction sectors were most likely to view the Scheme positively (see Table 1 above). Some employers believe that participation in the NRS could help increase the diversity of their workforce or sector. Other employers identified specific roles in their organisation where they think the NRS would be particularly beneficial, as staff in these positions can be trained on-the-job with no requirement for pre-existing technical skills.

The key reason some employers considered the Scheme unsuitable related to their current hiring practices where they required specific skills, relevant work experience and minimum qualification levels. This was most commonly reported by employers in the Professional, Scientific and Technical and Information and Communication sectors. These employers felt that NRS users would not have the relevant qualifications, skills or experience to compete with other candidates for roles in their core business.

Business size is also a factor in employer willingness to engage with the Scheme, with those larger employers interviewed generally more willing to participate. The main concerns voiced by small companies about the NRS were that the retraining may be too general to fit their industry and match their vacancies. Some small employers also noted having more limited infrastructure to support individuals to retrain.

Concerns raised by employers in the research can be categorised into three themes: negative perceptions of potential NRS participants; concerns about the quality of the training offered; and time and financial cost of participation.

Employers generally perceived NRS participants as older workers (typically above the age of 50) within the manufacturing sector, with either low levels of qualifications, or a niche skillset, and poor digital skills. Some employers also assumed that NRS participants are 'forced' to change jobs and thought that they may be disillusioned, unmotivated and dispassionate about changing sector.

Employer concerns about the Scheme itself include a lack of confidence that it can provide the high quality careers advice needed to correctly match an individual into a new sector, as well as a concern that the NRS training offer will be too generalist to be useful within their sector. A common concern raised by employers and sector bodies was the

potentially high level of resources required to participate in the Scheme, including the cost of training, their ability to provide on-the-job training, staff time and the administrative burden. Finally, some employers found the current landscape, including T level industry placements and apprenticeships challenging to understand and felt that an alternative offer could lead to further confusion.

## **4.1 Employer suggestions for supporting their engagement with the NRS**

The main suggestion from employers is for the NRS to be sector specific and developed in collaboration with industry, to ensure that it sufficiently accounts for current and changing skills requirements across different sectors. Employers lacked confidence that a generic offer will meet the wide-ranging needs within and between the sectors highlighted in the research. Furthermore, employers generally see sector involvement and endorsement as key to promoting the benefits of the NRS among employers and building their confidence, with some citing the success of the apprenticeship trailblazers.

Government investment or co-investment in training was a key request from most employers who indicated that they require financial support to provide apprenticeship type training to older workers, such as training co-investment or wage subsidies. Other funding suggestions included grants and tax breaks to incentivise their participation. The ability to use their existing apprenticeship levy to fund the retraining was a further common suggestion among levy paying employers.

Employers also recommended including a work placement or a similar activity which provides participants with industry insight into the Scheme. This activity, alongside high-quality careers advice, is likely to improve employer and participant confidence in the new sector being the right fit for the individual. Employers who place a high value on employee commitment to the industry in their hiring and training decisions felt a work-based activity within the scheme would minimise the risk of taking on an NRS participant. Pre-screening candidates and a probationary period were other suggested methods of improving employer confidence in the Scheme.

Employers demonstrated a strong preference for a new technical training offer to be easily accessible, have reduced administrative requirements and less stringent eligibility rules, on-the-job training and functional skills qualifications than apprenticeships.

Finally, employers suggested that high quality careers guidance and coaching is essential to ensure that participants access the right sector and can effectively link their transferable skillsets to the role requirements. Mentoring which aims to empower, build confidence and resilience could also be beneficial to provide NRS users with desirable traits for employers.

## 5. Implications for the NRS

This research with employers highlights important considerations for the development of the National Retraining Scheme (NRS).

### Targeting employers:

- The NRS could provide an attractive offer to employers by supporting individuals to transition into sectors and employers with hard-to-fill vacancies, skills gaps, high levels of recruitment, less restrictive hiring policies and a willingness to train new starters on-the-job.
- The research indicates that there may be more opportunities with larger employers and those in the Accommodation and Food and Construction sectors. Employers with ambitions to increase workforce diversity, or those with existing retraining pathways could also be targeted for the Scheme.
- The research findings strongly suggest that industry involvement will be critical to ensuring employers' trust and confidence in the quality of the Scheme and its relevance to their sector. Taking a sector led approach could also identify examples of good practice which could be built upon, including pre-existing employer engagement with individuals seeking to change career.

### Promoting the NRS:

- DfE will need to clearly communicate how employers can become involved in the NRS and what the benefits are for doing so. Employers will require clear guidance about how the NRS sits alongside other government schemes that are requiring their engagement, and the specific target group for the Scheme.
- The key area which requires clarity when promoting the NRS is how the Scheme will be funded. The DfE will therefore need to make funding arrangements very clear at the earliest point in their engagement with employers. Employers generally displayed a preference for selecting existing and longer-term employees for paid-for training, which could disadvantage NRS users unless suitable funding is in place.
- Employers assumed that NRS users would be at risk of redundancy rather than seeking to retrain in anticipation of future changes to their job. The DfE will need to consider how the NRS is communicated to both 'exporting' and 'importing' employers to address the potential issue of an individual starting to retrain with a view to moving to a new employer.

## The NRS offer:

- An effective pre-recruitment training offer to NRS users will be vital to ensure that individuals' skills are current and attractive to employers in the changing labour market. The training offer should ensure that people accessing the NRS with outdated or limited digital skills are able to update these to meet the digital capabilities increasingly required by employers. This support should also ensure that participants can demonstrate (and develop if required) the soft skills and attributes desired by employers to empower them to compete in and adapt to the job market.
- To reduce the risks for employers and individuals involved in the Scheme, the NRS could include pre-screening; probationary periods; and work-based activities. These activities would ensure that employers are supported in only accepting suitable candidates. Work placements could also provide the necessary sector experience and a clear line of sight to a job role for NRS users.
- The in-work training offer within the NRS could present an attractive alternative to apprenticeships for people aged 24+ and their employers. Employers tended to expect this new offer to be more straightforward and less administratively burdensome than apprenticeships. The in-work training offer could offer a more flexible modular approach to learning enabling the training offer to be tailored to the role and delivered in a shorter timeframe.

## Appendix 1: Sample of employers

	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Total</b>	<b>Region</b>
Accommodation and Food	2	5	5	<b>12</b>	8/9
Construction	5	2	7	<b>17</b>	9/9
Information and Communication	5	6	2	<b>13</b>	7/9
Professional, Scientific and Technical	8	8	5	<b>21</b>	7/9
<b>Total</b>	<b>20</b>	<b>21</b>	<b>19</b>	<b>60</b>	



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