

Institution: King's College London		
Unit of Assessment: 17 Business and Management Studies		
Title of case study: Rethinking and Re-engineering Government Skills Policy		
Period when the underpinning research was undertaken: 2003 – 2020		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Alison Wolf	Sir Roy Griffiths Professor of Public Sector Management	From 01/10/03
Period when the claimed impact occurred: 2014 – 2020		
Is this case study continued from a case study submitted in 2014? N		
1. Summary of the impact		
<p>For several decades, education policy in the UK has not adequately addressed the critical issue of technical and vocational education and training, resulting in skills shortages in the economy and the underdevelopment of talent. Research by Professor Alison Wolf at King's Business School into the relationship between the UK's education system, changing labour market requirements and government funding has directly contributed to three major government education reviews. The recommendations put forward by Wolf have led to important policy reforms that have increased the proportion of students who successfully pass Maths and English GCSEs and resulted in the creation of new national technical qualifications. King's research is also shaping current governmental skills policy, including prioritisation of skills and technical education.</p>		
2. Underpinning research		
<p>In response to major knowledge gaps concerning the relationship between the UK's education system, changing labour market requirements, government funding and regulatory policies, research by Wolf at King's Business School has advanced new evidence and critical analysis, questioning widely held assumptions about the economics of human capital, the returns on basic skills, the institutional contingencies of effective workplace training and the logic of government funding formulae concerning higher and further education.</p>		
Education and economic performance		
<p>The widely accepted economic theory of human capital suggests that investment in formal education is directly linked to the rate of national economic growth and productivity. This theory has been one of the forces behind the expansion of UK higher education, but at the expense of other post-compulsory provision. King's research has critically assessed the contemporary real-world relevance of human capital theory, arguing that the relationship between theory and what happens in the labour market is far more complex than can be captured by a simple input–output model. The research argues that the theory conflates individual financial advantage (because more formal education 'signals' to the labour market that an individual is more employable) with social gains, for which the evidence is more uncertain [1,2].</p> <p>Evidence of stagnant productivity growth combined with declining and variable returns on university degrees in the UK and across the world has led academics, including Wolf, to question the appropriateness of human capital economics. The incongruent results exemplified by weak economic growth, despite state investment in education and training, further support an urgent reappraisal of human capital economics and the need to consider an array of other explanatory factors related to the marketisation of UK higher education, the strategies of employers, new technologies and diverse career pathways [3]. These findings are reinforced by analysis of the priorities and strategies of universities. Wolf performed a multiple linear regression analysis of data from 96 UK universities to quantify the importance of reputational and signalling variables to the teaching income of UK universities in the context of the marketisation of UK higher education and competition for student income. The study shows that UK universities deploy increasing resources to enhance brand reputation and rankings in global leagues in order both to attract high-</p>		

calibre students and to project a signal of quality to prospective employers; however, this can be interpreted as a misallocation of resources [4].

Basic skills and the labour market

Empirical research by Wolf examines which specific formally acquired skills and knowledge are highly valued and required by the labour market, and are currently in short supply. It focuses particularly on the importance of 'basic skills' (literacy and numeracy) and demonstrates the growing importance of mathematics (at all levels) as evidenced by both detailed workplace studies and analysis of financial returns on specified skills and qualifications. The research provides recommendations to improve the contribution of basic skills education to economic performance [1,2,3].

Workplace skills training

Policy documents emphasise that, although the UK scores very well in terms of the large proportion of working-age people in employment, it scores poorly with regard to the level of workforce skills. The third major research strand addresses this issue by analysing the institutional contexts that enable or hinder effective skills delivery in the workplace. In particular, King's research has demonstrated the ineffectiveness of government-funded skills training in workplaces that employ people on short-term, temporary or casual contracts—a model that is widespread in the UK but is an obstacle to long-term skills investment. Furthermore, the research evidence points to the benefits of an approach to training that is initiated by employers who have tailored its provision, seen its benefits and also selected its recipients [5].

Government funding for education and training

Patterns of funding for different parts of the education and training system have been analysed and evaluated in light of the research outlined above, focusing on the incentives and the often dysfunctional impact of specific funding formulae. The UK government has prioritised resources for teaching in universities rather than teaching in the adult skills sector. This was done despite the data on basic and workforce skills showing an evident mis-alignment with labour market demand and individual progress. King's research supported by the Gatsby Foundation examined the perverse effects of the government funding model. This policy approach rewards institutions on the basis of qualifications acquired rather than the actual acquisition of skills by learners. As such, the easier it became for learners to attain qualifications, the easier it was for institutions to claim 'delivery' of the course and get paid. The result is a system that fails to produce enough technicians, despite the strong market demand for them [6].

3. References to the research

The research has been supported by several prestigious grants in which Professor Wolf was a principal investigator (ESRC [2003–8]; DfES [2003–8]; Gatsby Foundation [2014–15]; Nuffield Foundation [2017–19]) and one ESRC project: "Opportunity, equality and agency in England's new VET landscape: a longitudinal study of post-16 transitions" (2019–24). [6] is a peer-reviewed monograph, supported by the Gatsby Foundation.

- [1] Wolf, A. (2004). Education and Economic Performance: Simplistic Theories and Their Policy Consequences. *Oxford Review of Economic Policy*, 20(2), 315–333. DOI:10.1093/oxrep/grh018
- [2] Wolf, A. (2020). 'One Size Fits All' - A Default Policy that is Serving No One Well. *European Review*, 28(S1), S28–S43. DOI: 10.1017/S1062798720000885
- [3] Wolf, A., & McNally, S. (2011). *Education and economic performance*. International Library of Critical Writings in Economics 256. Cheltenham, UK: Edward Elgar.
- [4] Wolf, A., & Jenkins, A. (2018). What's in a Name? The Impact of Reputation and Rankings on the Teaching Income of English Universities. *Higher Education Quarterly*, 72(4), 286–303. DOI:10.1111/hequ.12162
- [5] Ananiadou, K., Jenkins, A., & Wolf, A. (2004). Basic Skills and Workplace Learning: What Do We Actually Know About Their Benefits? *Studies In Continuing Education*, 26(2), 289–308. DOI:10.1080/158037042000225263

[6] Wolf, A. (2015). *Issues and ideas. Heading for the precipice? Can further and higher education funding policies be sustained?* The Policy Institute at King's College London.

4. Details of the impact

King's research on labour market requirements and the UK education system has informed policy debates around education and directly influenced government policy, ultimately leading to improved education outcomes for GCSE students and reformed technical education programmes. Three major government education reviews have drawn directly on Wolf's research findings: one review was led and sole-authored by her, and the second and third reviews drew directly on her research and direct input. Wolf frequently publishes research-based reports for various think tanks [A] and is a regular witness for parliamentary committees. Her acknowledged research-based expertise in these areas has led to her part-time secondment to the No 10 Policy Unit and her research feeds directly into the formation of government skills policy [B].

The Wolf Review: changing government policy on GCSE requirements

The most significant impacts to date result from Wolf's single-authored 2011 Review of Vocational Education ('The Wolf Review') carried out for the UK Government and for which she was awarded a CBE and a cross-bench life peerage. The Wolf Review's 2011 recommendations were accepted in full and implemented sequentially, many of them between 2014 and 2019.

For example, based on Wolf's research on the types of skills and knowledge required by the UK labour market [1,2], as well as on the Review's analysis of the institutional disincentives leading to a near-abandonment of GCSE resits, a key recommendation was that all students aged 16–19 years who had not achieved GCSE A*–C should continue with Maths and English. Outlined in the July 2014 *Further Education Workforce Strategy*, published by the Department for Business Innovation & Skills, a commitment was made to reform Maths and English GCSEs to make them both more stretching and more relevant to employers' needs [C p.4]. Since 2017, the new GCSEs have become the national standard qualifications for 16–19-year-olds in full-time education who did not achieve a good pass in these subjects by the age of 16 years. They now take account of real-world contexts and provide greater assurance of literacy and numeracy [C p.4]. The reform has subsequently led to a very large increase in GCSE passes among 16–18-year-olds who had not achieved A*–C grades at the age of 16 years, from 9% in 2014 to 21% in 2018, and to an overall increase in the proportion of each cohort passing overall [D].

The Sainsbury Review: developing new pathways for technical training

In highlighting the shortcomings of the UK vocational education system and the problems in the performance of the youth labour market, the Wolf Review generated an important policy debate on how to transform the education system to tackle both the UK skills shortage and the lack of career pathways for students. In 2014, this prompted the Secretary of State for Education and the Minister for Skills to establish an Independent Panel on Technical and Professional Education, chaired by Lord Sainsbury, to explore these issues, with a special focus on the lack of quality technical education pathways at the upper secondary school level. Wolf, who was invited to join the panel as the only academic expert, co-authored the report.

The Panel's report (known as the Sainsbury Review) [E] drew extensively on the Wolf Review as well as on Wolf's research [1,2,5] to illustrate the discrepancies between labour market demand and government funding for education. Its main recommendations were the creation of two distinct pathways post-16 (academic and technical) and 15 additional routes encompassing all technical education qualifications at levels 2–5 to equip individuals with the knowledge, skills and behaviours necessary to perform well in an occupation. By offering 15 technical education routes, the aim was to help the government overcome the failings of an overly complex system that used to offer more than 13,000 qualifications for 16–18-year olds.

Its recommendations were incorporated into and formed a large part of the government's Post-16 Skills Plan, published in 2016 and referencing Wolf's recommendations that only the highest quality qualifications valued by employers should be funded and that qualifications in Maths and English, which best enable adult learners to progress to GCSE standard, should be identified [F]. Following the 2015 election, the Post-16 Skills Plan was launched implementing the ground-breaking recommendations of the Sainsbury Review, thereby creating new T-level qualifications for students at 16+, which are integrated with apprenticeship routes. The first students enrolled in

September 2020. The Plan also led to the restructuring of the Institute for Apprenticeships, as an organisation which ensures high-quality apprenticeship and funding standards and is assigned responsibility for overseeing and delivering the 15 core technical routes mandated by the Technical and Further Education Act of 2017.

The Augar Review: reforming non-university post-18 education

Growing concern within the government about the decline in higher-level technical education, skills shortages and underfunding of Further Education led to the creation, by Prime Minister May, of the ‘Independent Review of Post-18 Education and Funding’ headed by Philip Augar, which produced the Augar Review in 2019—the first government review since Robbins in 1963 to investigate the whole of post-18 education [G]. Wolf was one of the panel’s six members, and her research was highly important in raising governmental awareness of the need for reform, especially in areas where the economic theory of human capital shaped funding decisions, leading to investments in low-level qualifications with poor labour market returns. [text removed for publication].

Wolf was the main author of two chapters in the report—on skills and on further education—and many of the report’s key recommendations reference and draw on her research. The first three recommendations in the Skills chapter [G, p. 33 – 61]—which are also the first three in the report—directly reflect her research [3,5] and her most recent substantial report ‘*Remaking tertiary education*’ written for the Education Policy Institute and distributed across government [A]. The report called for “*a single lifetime tertiary education entitlement, which can be drawn down as a loan in whatever instalments an individual pleases, whenever they wish, and used at any approved tertiary institution*” [A p. 67]. This policy would significantly reduce the cost of loans to students and also the cost to taxpayers, enabling resources to be effectively reallocated to other forms of education in order to meet labour market demands and address skills shortages. It argued that this is a precondition for any significant improvement in the quality, openness and employment relevance of the system.

The Augar Review also called for a rebalancing of expenditure on Further Education: this is now a stated objective of the current government. The 2019 Budget delivered on Manifesto commitments with a large capital increase and a National Skills Fund worth GBP2,500,000,000 for further education and skills training over five years; additionally, in September 2020, the Prime Minister set out government policy for skills reform, including a flexible lifetime higher education loan, which was the number one Augar Review recommendation [I].

Informing the government’s developing skills policy

Following her involvement in the reviews, Wolf was appointed a part-time expert adviser to the Prime Minister on skills. Her research feeds directly into the government’s policy for developing skills, developed by the No 10 Policy Unit, the Department for Education and HM Treasury. In particular, her research has been of direct and major importance in helping the government rethink its Further Education and Skills policy by identifying the mismatches between skills demands and educational provision. As Director of the No 10 Policy Unit, points out, “*in all three government departments, Professor Wolf’s research is being drawn on very actively to inform policy and funding decisions*” [B].

5. Sources to corroborate the impact

[A] Wolf, A., Sellen, P., & Dominigues-Reiz, G. (2016). *Remaking tertiary education: Can we create a system that is fair and fit for purpose?* Education Policy Institute.

[B] Testimonial from Munira Mirza, Director of Policy Unit in No 10 Downing Street.

[C] Department for Business Innovation & Skills (2014) *Further education workforce strategy, the Government’s strategy to support workforce excellence in further education.*

[D] Department for Education (2019) *Official statistics on further education and skills.*

[E] Sainsbury, D., Blagden, S., Robinson, B., West, S., Wolf, A. (2016) *Report of the independent panel on technical education.* Department for Education.

[F] Department for Business Innovation & Skills and Department for Education (2016). *Post-16 skills plan and independent report on technical education.*

- [G] Augar, P., Crewe, I., de Rojas, J., Peck, E., Robinson, B., Wolf, A. (2019) *Independent panel report to the review of post-18 education and funding*. Department for Education.
- [H] [text removed for publication]
- [I] Speech on the Lifetime Skills Guarantee by Prime Minister Boris Johnson, Given at Exeter College 29 September 2020. Transcript available at gov.uk