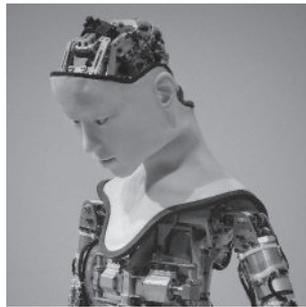


THE LONG GAME

How to reboot skills training
for disadvantaged adults

June 2020



The Long Game: How to reboot skills training for disadvantaged adults
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About the Centre for Social Justice

Established in 2004, the Centre for Social Justice is an independent think-tank that studies the root causes of Britain's social problems and addresses them by recommending practical, workable policy interventions. The CSJ's vision is to give people in the UK who are experiencing the worst multiple disadvantages and injustice every possible opportunity to reach their full potential.

The majority of the CSJ's work is organised around five 'pathways to poverty', first identified in our ground-breaking 2007 report *Breakthrough Britain*. These are: educational failure; family breakdown; economic dependency and worklessness; addiction to drugs and alcohol; and severe personal debt.

Since its inception, the CSJ has changed the landscape of our political discourse by putting social justice at the heart of British politics. This has led to a transformation in government thinking and policy. For instance, in March 2013, the CSJ report *It Happens Here* shone a light on the horrific reality of human trafficking and modern slavery in the UK. As a direct result of this report, the Government passed the Modern Slavery Act 2015, one of the first pieces of legislation in the world to address slavery and trafficking in the 21st century.

Our research is informed by experts including prominent academics, practitioners and policy-makers. We also draw upon our CSJ Alliance, a unique group of charities, social enterprises and other grass-roots organisations that have a proven track-record of reversing social breakdown across the UK.

The social challenges facing Britain remain serious. In 2020 and beyond, we will continue to advance the cause of social justice so that more people can continue to fulfil their potential.



Foreword

It is a sobering thought that, even before the problems hurled at our jobs market by Covid-19, so many adults struggled with basic skills. Astonishingly, over six million working aged adults in England are not qualified to level 2 (GCSE level). And yet our adult learning offer is fragile. This is one of the most pressing social issues of our time. Why? Because, as this CSJ report shows, adult training is a lifeline for people who left school under-qualified. More often than not, a poor start in school means a tough ride in life; millions end up in low-paid jobs, their prospects dragged into the quick-sand. Between 2006–2016, just 17 per cent of low-paid workers moved permanently out of low pay.

As this report also highlights, things could get a whole lot worse. Covid-19 is already reshaping the labour market, and many people will need to retrain. And pandemic or no pandemic, the jobs market was already going to change radically: the march of the robots is coming. 1.5 million people are employed in jobs that are at high risk of automation, and low-skilled jobs are particularly exposed. With the destruction there will also be creation, but people will need to have the means to adapt.

Despite the clear need for world-class adult learning, we're letting our adult offer slide into disrepair. Take part-time higher education, where the number of adults enrolling has fallen by 70 per cent since 2009/10. Employer investment in training, too, is not what it once was – the proportion of employees who receive job-related training was lower in the last four years than at any point since the mid-1990s.

But worst of all, we are not doing enough specifically for disadvantaged individuals. Adult training, it seems, is a higher earner's game. Those who might benefit most from training are the least likely to be doing it. Almost half of adults from the lowest socioeconomic groups have not received any training at all since they left education. Even worse, this doesn't look like it will change much anytime soon: only 12 per cent of adults with no qualifications say they are very likely to be given job-related learning in the next two to three years.

So how can we make sure that those who are most vulnerable in the jobs market of today, and tomorrow, are able to thrive? The CSJ's timely report is packed full of important ideas, at a time when, more than ever, people are going to need to reskill as we recover from Covid-19. I'd like to echo three in particular.

First, we need to start small. Community learning centres are the local lifeblood of adult learning. They give low qualified people with tough personal challenges a platform to progress. Ofsted ratings are high; many learners build skills and move into better jobs; and there are well documented health benefits. You should see the centre in my Harlow constituency – it's remarkable. However, we lack a helicopter view of the need for community learning; when I was skills minister, we didn't even know how many centres

there were. And worryingly, the number of learners has dropped. We need a better steer on what exists, and whether it meets local need. I'd like to see an adult community learning school, working closely with local FE provision, in every town in the country that needs one.

We must also re-energise employer-led training. This is a crucial engine for adult learning, and yet it has declined over the years. The government must find a way to support employers to invest in the development of their workers, and it can do that through the tax system. The government already gives employers R&D tax credits; it should introduce an equivalent skills tax credit for businesses (particularly SMEs) that are genuinely investing in skills and lifelong learning. This would have social justice right at its core: it would focus on training people with lower level skills, and would link the offer to emerging skills needs.

And the government should nurse part-time higher learning back to health. Access to this flexible learning, which includes many technical options, has dropped at a frightening pace. This undermines organisations like the Open University and Birkbeck – bastions of social justice that make learning possible for many disadvantaged adults. Part-time learners are often more mature and tend to have financial commitments. Over a third have dependents to think about. And many are from modest backgrounds. We should reinstate fee grants for disadvantaged part-time learners who meet our skills needs.

Ultimately, what we have to ask ourselves is this: do we want to live in a society in which today's divisions escalate because people who have the most to gain from adult learning continue to be the least likely to access it? Or do we want to build something else? A society in which people have the tools to adapt and prosper in the face of adversity – whether that comes from a tricky past or an uncertain future. I know where I stand. And that's why my colleagues and I in the Education Committee have launched an inquiry into adult learning.

I invite you all to get right behind this excellent CSJ report. By doing so, you'll be helping to extend the ladder of opportunity to the people who need it most.

Rt Hon Robert Halfon, MP for Harlow

Chair of the Education Select Committee, 2017–present

Minister of State (apprenticeships and skills), 2016–2017

Executive summary

The jobs market is an unforgiving place for those who arrive underqualified. Low qualifications make unemployment more likely, depress earning potential, and undermine the home learning environment.

By improving their qualifications later in life, adults can start to redress these challenges. Even brushing up on basic skills pays dividend. And there is a clear positive relationship between higher-level qualifications and earning potential. There is room for skills growth in existing roles (a quarter of workers in the UK are underqualified for their jobs, and 11.3 million adults do not have the full set of basic digital skills), and prior to the current pandemic, hundreds of thousands of vacancies were hard to fill because employers could not find people with the right skills.

But this is not just about today's jobs. Our jobs market is evolving quickly, which is calling into question the relevance of certain skills. Although predictions about the magnitude of change vary, it is clear that many people will need to adapt. And disadvantaged individuals are more precariously poised than most: while 1.5 million people are employed in jobs that are at high risk of automation, 98.8 per cent of these individuals are qualified to level 3 or below. For people whose skills are likely to be wiped out by a fast-changing labour market, adult learning offers a way back.

Adult learning also allows us to shape our jobs market. Currently, a quarter of jobs in the UK are low-skilled and we can raise living standards by building a higher skilled economy. Part of the answer, of course, lies in school-level reforms. And the blend of skills in any given economy is also a product of demand-side skills policies and complex macroeconomic variables, including international trade and labour flows, economic growth and employment rates. However, supply-side skills policy for adult learners, the subject of this paper, remains a vital part of any successful attempt to gravitate towards such a goal.

Despite the clear transformative potential associated with adult learning, it is stagnating. We know this for a number of reasons.

First, the number of adult learners dropped sharply, from 4.4 million to 1.5 million, between 2004/05 and 2017/18.

Second, our offer for individuals who are furthest removed from the prospect of learning is not strong enough. Community learning courses have a good track record in reaching individuals who are traditionally hard to engage. 92 per cent of community learning providers are rated 'good' or 'outstanding' by Ofsted. They help people build skills and improve their job prospects, and are strongly linked to better mental health. However, participation dropped by 23 per cent between 2011/12 and 2018/19 and we are concerned that there is unmet need.

Third, although millions of individuals lack basic skills, we are not making enough headway in fixing this. Over a third of working aged adults in England are only qualified to level 2 or below, and a third of our 16–19-year-olds are about to leave secondary education with low basic skills. And yet adult learning at the lower end of the skills spectrum, which is crucial for unlocking better paid jobs, has plummeted.

Fourth, we are not meeting our skills needs at levels 4 and 5. Many industries rely on technicians who are trained to a higher (but sub-degree) level, but many employers are unable to find suitably trained individuals. In 2018, there were 398,244 technician-level STEM shortages alone, all of which required level 4 and 5 qualifications – the largest number of estimated STEM-related vacancies across all levels. And yet the number of level 4 and 5 starts (excluding apprenticeships) declined from 242,600 in 2014/15 to 187,052 in 2016/17, and we estimate that this figure may have fallen further, to around 171,000 in 2017/18.

Fifth, employer-led training – traditionally such a powerful source of skills development – is stuck in a rut. The proportion of employees who receive job-related training was lower in the last four years than at any point since the mid-1990s. Many employers want to roll out more training (in 2017, 44 per cent of employers in England wanted to provide more than they offered in the previous year), but prohibitive cost tops the list of reasons why they cannot.

Lastly, part-time higher education at level 4+, a key motor of adult learning, has dropped sharply. Disadvantaged individuals rely disproportionately on this form of learning and yet staggeringly, the number of adults enrolling in part-time higher education has fallen by 70 per cent since 2009/10. Several disadvantaged areas, where returns to qualifications could be more transformative, experience particularly poor access to any form of higher education – whether at the traditional point or at a more mature age.

All these trends are, together, sapping the dynamism and energy of our adult learning offer. While this presents problems for us all, it is particularly destructive for disadvantaged adults. These individuals stand to benefit most from skills development, and yet are the least likely to be learning. Almost half of adults in the DE social group (49 per cent) have not participated in any learning since leaving full-time education, while the figure in the AB group is 24 per cent. And workers whose jobs are at high risk of automation (overwhelmingly lower skilled jobs) have a participation rate in training that is 21 per cent lower than those in low-risk jobs.

It is time to reboot our lifelong learning offer, and to make sure it is firmly within reach of society's most disadvantaged adults. In our report, we offer a suite of practical recommendations which, if implemented, would enable us to achieve this.

Covid-19

We drafted this paper before the pandemic, and focused on boosting low-skilled employees' prospects in a buoyant labour market. The pandemic will leave a deep and profound imprint on our labour market, and some analysis in this paper will have changed. Many job vacancies will no longer exist, and the immediate challenge will be to protect jobs and support unemployed individuals back to work through welfare policy – none of which are within the scope of this paper.

And yet many of the challenges, and solutions, we outline in this paper will be more salient than ever.

First, as we emerge from lockdown and pick ourselves up, the jobs market will not resemble the one we previously occupied. Some furloughed employees will not go back to stable jobs and will need to retrain; between 18 May 2020 and 31 May 2020, 30 per cent of the workforce had been furloughed. Meanwhile, some others sectors have grown and individuals could retrain to seize new opportunities.

Second, we will need a strong adult skills offer as we move beyond these immediate challenges. Consumer demand will change. Some sectors will suffer heavily and will take a long time to recover; some may never recover at all. But others will expand and evolve over time, and we will need a mechanism to match people to new opportunities. Over the medium term, replacement demand will also drive new vacancies. And, of course, adults will still need to retrain as we continue to move inexorably towards a more technologically driven labour market.

Third, some of the trends we present in this paper are likely to proliferate as a result of Covid-19, which would further reinforce the need for reform. For example, many lower skilled workers are already precariously poised in the context of technological change: 1.5 million people have jobs that are at high risk of automation, 98.8 per cent of whom are qualified to level 3 or below, and we know they are less likely to undertake training than their peers. There are signs that the risk to these individuals will intensify; according to a recent survey by Ernst and Young, for instance, four in 10 executives are already expediting plans to automate parts of their businesses.

Lastly, we will need to think about what kind of economy we want to craft after the pandemic. As we outline in this paper, millions of adults have low-skilled jobs, with little prospect of improving their living standards. Higher-skilled jobs are, overwhelmingly, linked to higher living standards. And so, as we rebuild, we must make sure we aim high, and we should fine-tune our adult skills offer to support jobs that will thrive in the future.

Viewed from various different vantage points, it is clear that we will need to adapt, and that an accessible adult skills offer must be right at the heart of our effort to do so. Yet we cannot cultivate such an offer without removing the structural barriers that exist. In this paper, we highlight six such barriers, and propose ways we can dismantle them.

Scope of the paper

In this paper, we outline several major barriers faced by disadvantaged individuals in the context of adult learning. However, this is not an exhaustive list of the issues at hand. In particular, **we have chosen not to include an analysis of apprenticeships policy**, an increasingly important tool for adult training. Our reason for doing this is that **we will soon publish a separate paper that focuses solely on apprenticeships policy**.

Nor do we seek to resolve all the challenges alluded to in this paper, and in some cases simply highlight them for completeness. For instance, we have a high level of skills mismatch in our labour market, which is undermining individual prospects and the economy. One way to tackle this is to refine supply-side skills policy through adult learning – the focus of this paper. But we must also ensure that our school system equips the next generation of young workers with the right skills, and that we introduce policies that encourage investment in high-skill, high wage jobs; these latter points are not within the remit of this report.

We drafted this paper before the coronavirus pandemic's inception, at a time when the economic climate was substantially different to the one in which we now find ourselves. Accordingly, our paper focused on boosting the prospects of low-skilled, low-wage employees in a labour market that, at the time of writing, was buoyant and fluid. As we outline on page 7, some of the analysis we carried out in this paper will, therefore, have since changed. And in the context of a substantial spike in unemployment, the immediate challenge will be to protect jobs through emergency job retention schemes, and to support unemployed individuals back to work through welfare policy and policies that support job creation – neither of which are within the scope of our work here. However, many of the challenges, and solutions, that we outline in this paper will be more salient than ever as we emerge from lockdown and pick ourselves up.

Summary of recommendations

Recommendation 1

Invest in community learning where there is unmet need; develop a stronger strategic approach to community learning; and simplify funding streams.

Recommendation 2

Reinstate fee grants for employed 24+ learners who are studying towards their first full level 2 qualification; employed 24+ learners who are studying towards their first full level 3 qualification (restricted to qualifications that meet skills needs); and 19–23-year-old learners who hold full level 3 qualifications (restricted to qualifications that meet skills needs).

Recommendation 3

We strongly support the government's pledge to offer people with low digital skills the chance to undertake entry level/level 1 skills training. However, to avoid crowding out other adult learning, this offer should be fully funded.

Recommendation 4

Consult employers, sector experts and labour market information to identify existing level 4 and 5 courses that are high quality, and formally recognise these as such. Give employers a greater role in formulating new qualifications.

Recommendation 5

Once the government has identified and accredited higher value level 4 and 5 courses, it should allow students enrolled on these courses to access the same student finance system that is available for 'prescribed' courses.

Recommendation 6

We strongly welcome the government's election manifesto pledge to invest in FE colleges' capital bases – it should ensure that a sufficient portion of these funds is allocated to capacity-building at levels 4 and 5, specifically.

Recommendation 7

Introduce a 'learning and skills tax rebate' for employers who invest in low-skilled workers.

Recommendation 8

Reinstate tuition fee grants for disadvantaged part-time HE learners who study qualifications that meet skills needs.

Recommendation 9

Leverage access and participation plans to better support part-time HE learners.

Recommendation 10

Improve information flows for part-time HE learning and build a single UCAS application portal for part-time courses.

Recommendation 11

Focus part-time HE providers' minds on childcare requirements where relevant.

Recommendation 12

Publish return on investment data for a broader range of courses and levels, including technical and vocational routes at all levels, and formulate a value-added metric for part-time, mature learning.

Recommendation 13

Update, and continue to refine, previous labour market analyses to provide cutting-edge data on current and likely future skills demands, and hardwire outcomes data into careers advice.

Recommendation 14

Offer workers at high-risk of losing their jobs, including those on furlough, the chance to assess their options and retrain where suitable.

Please see Part 3: Recommendations for further details and rationale in each case.

part one

Why we need a strong adult learning offer

part one | section one

Millions of adults have low-level qualifications

In 2018, over a third of working aged adults in England were only qualified to level 2 or below,¹ and according to an OECD report in 2016, around nine million working aged adults in England lack functional literacy or numeracy.² As Figure 1 demonstrates, there is also a striking level of regional diversity in our population's qualification base. London's population fares best: the proportion of people aged 16–64 there who are only qualified to level 2 or below is 35.5 per cent. Adults in the South East and South West are also more qualified than they are on average nationally. However, in other parts of the country, levels are alarmingly low – none more so than in the North East, where over four in ten people aged 16–64 are only qualified to level 2 or below.

Table 1: Levels of qualifications, England

Level	Equivalent educational level
2	5 GCSE passes at grades A*–C
3	2 A-level passes
4, 5	Foundation degree, Higher National Diploma, Higher National Certificate
6 and 7	Bachelor's, master's degree

Source: DfE³

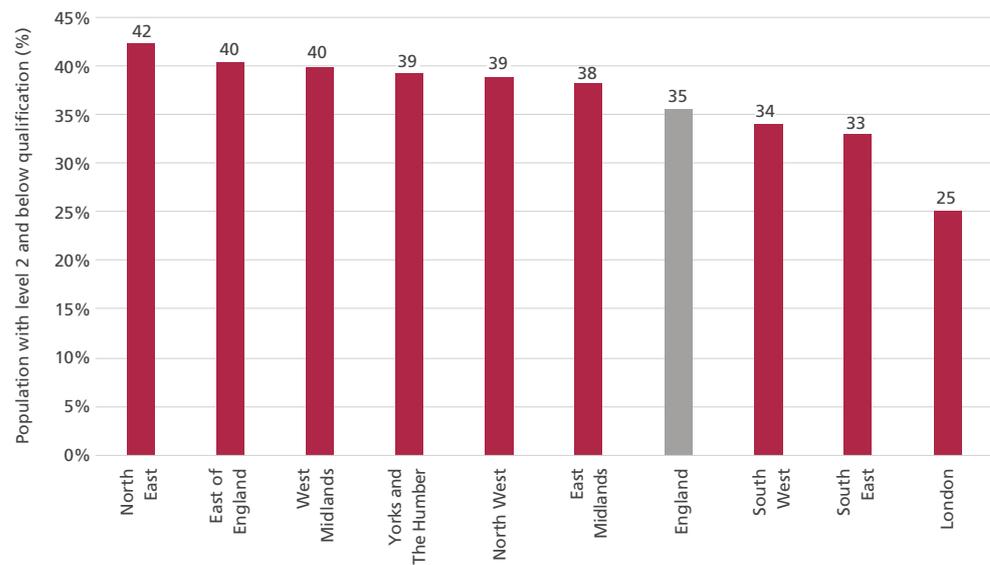
Over a third of working aged adults in England are only qualified to level 2 or below, while around nine million working aged adults lack functional literacy or numeracy.

1 CSJ analysis of NOMIS data: ONS, 2020, Annual Population Survey, accessed via: www.nomisweb.co.uk/home/detailedstats.asp?resume=no. Definitions of NVQ used in analysis, accessed via: www.nomisweb.co.uk/articles/937.aspx

2 OECD, 2016, Building skills for all: a review of England, accessed via: www.oecd.org/unitedkingdom/building-skills-for-all-review-of-england.pdf

3 DfE, 2020, What Qualification levels mean, accessed via: www.gov.uk/what-different-qualification-levels-mean/list-of-qualification-levels

Figure 1: Proportion of population (aged 19–64) who are only qualified to level 2 or below (England by region, Q4 2015)



Source: Annual Population Survey⁴

In this context, it is not surprising that a large portion of our population have low-skilled jobs. As Figure 2 demonstrates, although the general trend of our workforce has been to move gently towards higher skilled jobs over time, the proportion of low-skilled jobs in our economy remains stubbornly high. In 2017, a quarter of all jobs still fell into this category, a level that remained unchanged since 2014.

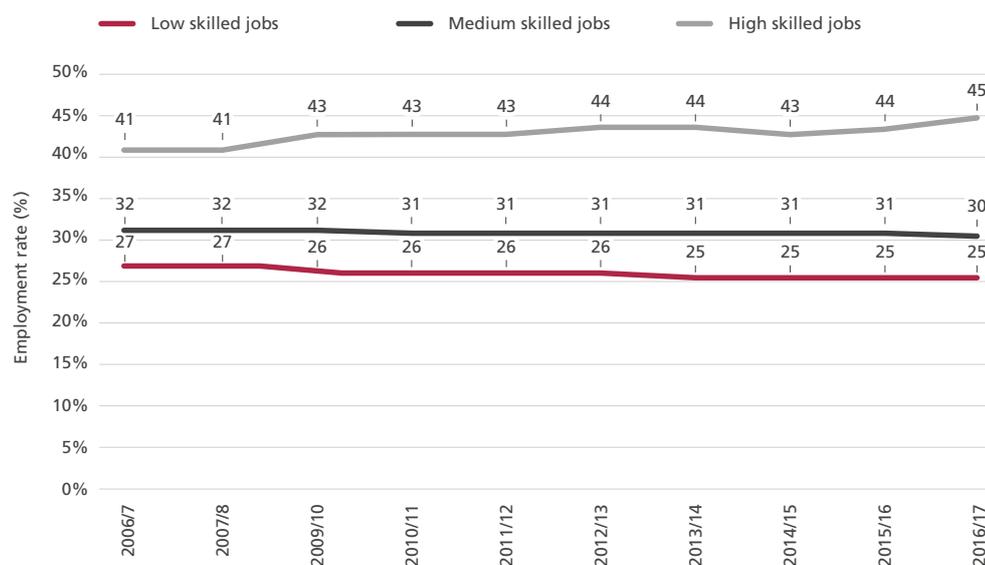
A quarter of all jobs are low-skilled.

The current mix of jobs in our labour market reflects the recent evolution of our economy towards a more service-oriented base. Over time, we have lost many low-skilled manufacturing jobs, but have also created many low-skilled service sector jobs. Job creation in high-skilled service sectors has also accelerated. And many mid-skilled manufacturing jobs have been eroded (although the latter trend is not as simple as is sometimes suggested, as new jobs in some skilled trades have partially tempered and complicated this effect).⁵

⁴ CSJ analysis of NOMIS data: ONS, 2020, Annual Population Survey, accessed via: www.nomisweb.co.uk/home/detailedstats.asp?resume=no. Definitions of NVQ used in analysis, accessed via: www.nomisweb.co.uk/articles/937.aspx

⁵ See, for example: Foresight, 2016, Skills demand, training and skills mismatch: a review of key concepts, theory and evidence, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/571667/ER4_Skills_Demand_Training_and_Skills_Mismatch_A_Review_of_Key_Concepts_Theory_and_Evidence.pdf; Peugny, Camille, 2019, The decline in middle-skilled employment in 12 European countries: new evidence for job polarisation, accessed via: <https://journals.sagepub.com/doi/full/10.1177/2053168018823131>; DfE, 2020, Working futures 2017–2027: long-run labour market and skills projections for the UK, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/863506/Working_Futures_Main_Report.pdf, Table 4.4; NB: associate professional and technical qualifications are mostly medium-skilled roles. ONS, 2016, SOC2010 volume 1: structure and descriptions of unit groups, accessed via: www.ons.gov.uk/methodology/classificationsandstandards/standardoccupationalclassificationsoc/soc2010/soc2010volume1structureanddescriptionsofunitgroups, Table 2

Figure 2: Low, medium and high-skilled jobs as a proportion of all jobs in the economy (UK, 2006–2017)



CSJ analysis of ONS data⁶

To be clear, not all individuals with low-level qualifications are necessarily low-skilled. Some adults may, for instance, acquire skills in their jobs that are not expressly captured by accompanying qualifications, and the government has rightly taken steps to certify skills that fall into this category (including through Recognition of Prior Learning (RPL) and Recognising and Recording Progress and Achievement (RARPA)). It is also true that some people are overqualified for the jobs they do. And of course, the blend of low, medium and high skills in any given economy is not simply a function of the education levels of its workers; it is also a product of demand-side skills policies and complex macroeconomic variables, including international trade and labour flows, economic growth and employment rates.

Notwithstanding these facts, and as we demonstrate in the next section of this report, it is clear that higher qualifications are strongly associated with better opportunities in the jobs market. And in this context, the fact that so many adults are poorly qualified is a real problem. So, too, is the fact that many more will join them poorly equipped to meet employers' expectations. Staggeringly, around a third of pupils in state-funded mainstream schools in England fail even to pass (grade 4/C) their English and maths GCSEs at 16.⁷ And for some, reality is bleaker still: disadvantaged individuals are, on average, 18.1 months behind by the time they take their GCSEs and around 60 per cent do not pass (grade 4/C) their English and maths GCSEs at 16.^{8,9}

6 ONS, 2019, X02: Labour force survey flows estimates, accessed via: www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/labourforcesurveyflowsestimatesx02; ONS, 2019, All in Employment by occupation, accessed via: www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/allinemploymentbyoccupationemp08

7 DfE, 2020, Key stage 4 performance 2019 (revised), accessed via: <https://www.gov.uk/government/statistics/key-stage-4-performance-2019-revised>

8 Education Policy Institute, 2019, Education in England: Annual Report 2019, accessed via: <https://epi.org.uk/publications-and-research/annual-report-2019/>

9 DfE, 2020, Key stage 4 performance 2019 (revised): National characteristics tables, accessed via: <https://www.gov.uk/government/statistics/key-stage-4-performance-2019-revised>. NB: pre-2014/15 a student would have to have both English Language and Literature at a C or above in order to be classed as a pass. Instead, pupils now only need to achieve in one.

part one | section two

The market is unforgiving for people with low qualifications

2.1 Low qualification levels dampen people's prospects in the labour market

The consequences of leaving education with poor qualifications are sobering. We can see this in a number of ways. First, lower qualifications are associated more strongly with unemployment than higher qualifications are. For instance, adults aged 19–64 in England who are educated to level 3 are almost 50 per cent more likely to be unemployed than those who are educated to level 4 and above.¹⁰ And while 87.7 per cent of graduates aged 16–64 who lived in England are employed, the figure for non-graduates is 71.6 per cent.¹¹

17% of low-paid workers moved permanently out of low pay between 2006 and 2016.

Second, lower qualifications depress earning potential. As Figure 3 demonstrates, there is a clear incremental association between higher qualifications and higher wages. For example, in 2014, working-age adults in England who held level 4+ qualifications commanded hourly wages that were, on average, 42 per cent higher than for those who possessed level 3 qualifications, and nearly 60 per cent higher than those who only had level 2 qualifications.¹² And once individuals find themselves in low-skilled, low-paid jobs, it is often hard for them to break out: just 13 per cent of low-skilled workers in the

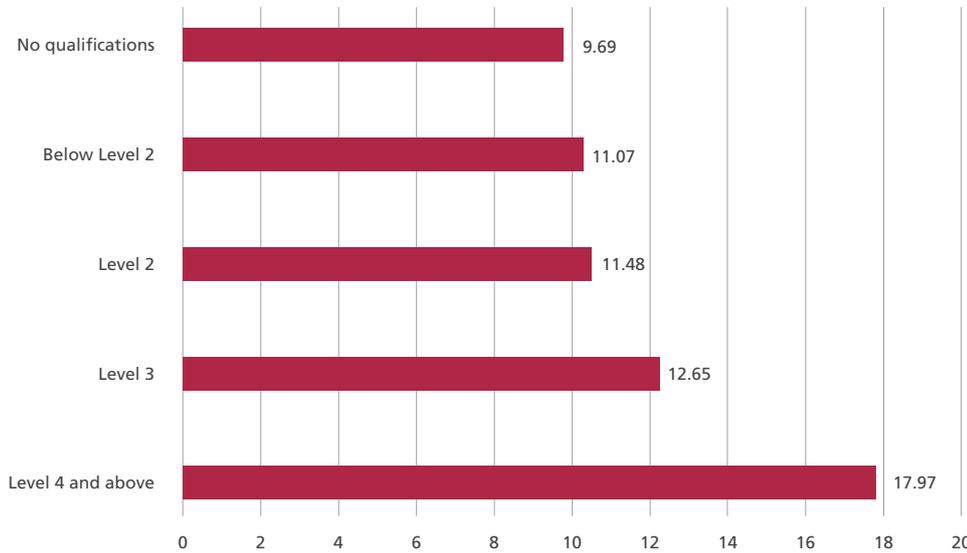
10 DfE, 2016, Qualifications in the population, Economic activity by level of highest qualification held by people aged 19 to 64 in England: April 2015, accessed via: www.gov.uk/government/statistical-data-sets/fe-data-library-qualifications-in-the-population-based-on-the-labour-force-survey

11 DfE, Graduate Labour Market Statistics 2018, pg 1, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/797308/GLMS_2018_publication_main_text.pdf

12 DfE, 2016, Qualifications in the population, accessed via: www.gov.uk/government/statistical-data-sets/fe-data-library-qualifications-in-the-population-based-on-the-labour-force-survey. Mean Hourly Wage by Level of Highest Qualification Held in England: April 2015

UK progressed from low-skill jobs to mid-skilled occupations between 2004 and 2011 (only 5 per cent to high-skill occupations),¹³ while just 17 per cent of low-paid workers moved permanently out of low pay between 2006 and 2016.¹⁴

Figure 3: Mean hourly wage (£) of full-time employees in England aged 19–64, by highest level of qualification (2014)



Source: DfE¹⁵

Third, poor qualifications are associated with detrimental non-pecuniary effects. There is, for instance, a link between low basic skills and poor home-learning environments. The average numeracy of individuals aged 16–20 in England whose parents achieved upper secondary education is significantly higher than for those whose parents did not complete at least upper secondary education.¹⁶ And in England, individuals with tertiary-educated parents are nine times more likely to enter tertiary education themselves than those with low-educated parents where neither parent completed upper secondary education.^{17,18} There is also an association between basic skills and criminal activity. Half of prisoners in custody have the literacy and numeracy skills expected of an 11-year-old child,¹⁹ and 42 per cent of adult prisoners were permanently excluded from school, which in turn is strongly associated with extremely poor educational outcomes.²⁰

13 IPPR, 2015, Employee Progression in European Labour Markets, accessed via: www.ippr.org/publications/employee-progression-in-european-labour-markets

14 Social Mobility Commission, 2017, State of the Nation 2017: social mobility in Great Britain, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/662744/State_of_the_Nation_2017_-_Social_Mobility_in_Great_Britain.pdf

15 DfE, 2016, Qualifications in the population, accessed via: www.gov.uk/government/statistical-data-sets/fe-data-library-qualifications-in-the-population-based-on-the-labour-force-survey. Mean Hourly Wage by Level of Highest Qualification Held in England: April 2015

16 OECD, 2016, Building skills for all: a review of England, accessed via: www.oecd.org/unitedkingdom/building-skills-for-all-review-of-england.pdf, pg 27

17 OECD, 2018, Equity in Education: Breaking Down Barriers to Social Mobility, accessed via: www.oecd.org/pisa/Equity-in-Education-country-note-UK.pdf, UK profile, pg 3

18 Definition of 'low-educated' in: OECD, 2018, PISA: Equity in Education, Chapter Two: How is equity in education changing? Accessed via: <https://www.oecd-ilibrary.org/sites/9789264073234-5-en/index.html?itemId=/content/component/9789264073234-5-en>, Figure 2.15

19 Prison Reform Trust, 2018, Fact file, accessed via: www.prisonreformtrust.org.uk/Portals/0/Documents/Bromley%20Briefings/Summer%202018%20factfile.pdf (reference 127)

20 Dame Sally Coates, 2016, Unlocking Potential: a Review of Education in Prison, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/524013/education-review-report.pdf

2.2 Higher qualifications boost life prospects

For people who left education with no, or low-level, qualifications, adult learning can offer a way back. Even brushing up on basic skills pays strong dividend. For instance, working adults with basic digital skills are paid an average annual salary that is 50 per cent higher than those without these skills.²¹ And a one standard deviation increase in literacy proficiency is associated with a 10 per cent increase in wages in England.²²

Viewed from several different vantage points, there is also a clear positive relationship between higher-level qualifications (both vocational and academic) and wages. For example, gaining an NVQ qualification at level 4/5²³ is associated with a 32 per cent wage rise seven years after completion for men, and a 28 per cent increase for women.^{24, 25} Three years after completion, a level 4 apprentice can expect to earn a median income of £23,290 a year after completion,²⁶ which is £7,000 per year higher than for a level two apprentice.²⁷ 65.4 per cent of working age graduates (16–65) are in high-skilled jobs, while the figure for non-graduates is 22.9 per cent.²⁸ And a male graduate earns, on average, 25 per cent more than one with five good GCSEs who did not access higher education; for women, the figure is more than 50 per cent.²⁹

Adult learning is also linked to greater wellbeing, particularly for more disadvantaged individuals.³⁰ According to one study, while 33 per cent of non-disadvantaged individuals undertook adult learning to improve their health and wellbeing, the figure for disadvantaged adults was 50 per cent.³¹ And according to a separate study, adult community learning can have a very positive effect on mental health; in this particular sample, 'three in ten learners showed significant improvement in their symptoms of depression and four in ten showed significant improvement in their symptoms of anxiety.'³²

21 CSJ analysis of Lloyds Bank data: Lloyds Bank, Consumer Digital Index 2019 Report, Appendix 32, accessed via: www.lloydsbank.com/assets/media/pdfs/banking_with_us/whats-happening/lb-consumer-digital-index-2019-report.pdf

22 OECD, 2018, Skills Matter, accessed via: www.oecd.org/skills/skills-matter-9789264258051-en.htm, pg 27

23 They use an NVQ level 4/5 to be equivalent to 'Diploma in Higher Education, First Degree, Post-graduate Degree, PhD, Other Degree'.

24 LSE, 2010, Measuring the returns to lifelong learning, accessed via: <http://eprints.lse.ac.uk/28282/1/ceedp110.pdf>

25 Although this was not against a control group, and therefore are not projected to be relative to those who did not take this option. There are also limitations concerning the age of the learner, as individuals who learn later in life have smaller returns in the jobs market.

26 DfE, 2018, FE outcome based success measures 2015–2016, accessed via: www.gov.uk/government/statistics/further-education-outcome-based-success-measures-2015-to-2016. Earnings tables, Table 3a

27 Figures adjusted for inflation. Inflation calculated between 2011 and 2017 as 2.5 per cent per annum, according to the Bank of England, accessed via: www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator

28 DfE, Graduate Labour Market Statistics 2018, pg 1, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/797308/GLMS_2018_publication_main_text.pdf

29 IfS, 2018, The impact of undergraduate degrees on early-career earnings, accessed via: www.ifs.org.uk/publications/13731

30 ONS, 2012, Measuring national well-being, education and skills, accessed via: https://webarchive.nationalarchives.gov.uk/20160106222514/http://www.ons.gov.uk/ons/dcp171766_268091.pdf

31 This is indicative only because of a small base: total unweighted base = 1665. Zero = 346, one = 701, two = 443, three or more = 175

32 Ipsos MORI, the Centre for Mental Health and Liz Lawson, 2018, Community learning mental health research project: phase two evaluation report, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/746503/Community_learning_mental_health_research_project_phase_2_evaluation_report.pdf

part one | section three

Adult learning allows people to capitalise on skills gaps

Broadly speaking, there are two ways in which adults might capitalise on skills gaps. First, there is room for people to grow in their current jobs. This is because many individuals are underqualified for the jobs they do. As Figure 4 demonstrates (see ‘under-skilled density’ rates), although the number of people in this position has declined, many employees still lack the skills they need to do their current jobs proficiently. In total, just over one million individuals in English companies are not fully proficient at their jobs,³³ and 12 per cent of employers in England report that at least one of their employees is unable to perform a literacy or numeracy task to the required level. Digital skills, too, are in short supply: one in twelve individuals in the UK does not have any of the five basic digital skills (managing information, communicating, transacting, problem solving, and creating) and 11.3 million adults do not have the full set of basic digital skills.³⁴ The Science and Technology Committee estimates that the collective value of digital skills gaps alone is £63 billion in lost GDP annually.³⁵

Second, when we conducted this analysis prior to the current pandemic, many vacancies were hard to fill due to skills shortages. As Figure 4 demonstrates (see ‘SSV Density’ figures), the proportion of job vacancies that are classed as hard to fill because applicants do not have the right skills is rising,³⁶ and this is the case in almost all occupations. In total, these vacancies rose from 16 per cent of all vacancies in 2011 to 22 per cent of all vacancies in 2017. In numerical terms, the number of skills shortage vacancies has more than doubled during this time, from 91,000 to 226,000.³⁷

33 DfE, 2018, Employer Skills Survey report, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/746493/ESS_2017_UK_Report_Controlled_v06.00.pdf

34 Lloyds, 2019, Consumer Digital Index 2018 report, accessed via: www.lloydsbank.com/assets/media/pdfs/banking_with_us/whats-happening/LB-Consumer-Digital-Index-2018-Report.pdf

35 House of Commons Science and Technology Committee, 2016, Digital Skills Crisis, accessed via: <https://publications.parliament.uk/pa/cm201617/cmselect/cmsctech/270/270.pdf>

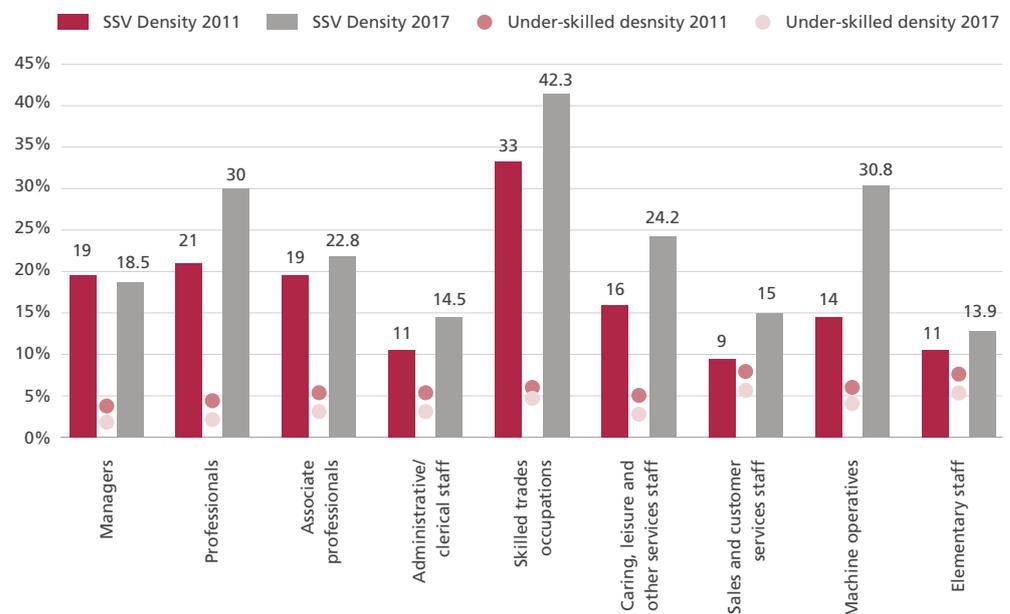
36 UK Commission for Employment and Skills, 2014, Skills Shortage vacancies: UKCES explains, accessed via: <https://ukces.blog.gov.uk/2014/06/04/skills-shortage-vacancies-ukces-explains/>

37 Skills shortage vacancies are a subset of hard-to-fill vacancies, due to lack of skills, qualifications or experience. DfE, 2019, Employer Skills Survey 2017, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/303374/ukces-employer-skills-survey-11.pdf, pg 51, Figure 4.3

The number of skills shortage vacancies grew from 91,000 to 226,000 between 2011 and 2017.

Although the Standard Occupational Classifications outlined above do not clearly differentiate between qualification levels, it is clear that many of these vacancies are in higher skilled jobs. For instance, the skill shortage vacancy density for skilled trades occupations has soared in recent years – this figure now stands at 42.3 and is higher than in any other occupation – and we know that these trades require a substantial amount of training.³⁸ In addition, the jobs market of the future will continue to demand higher level qualifications; according to UKCES, more than half of all new roles created between 2014 and 2024 will be in highly-skilled occupations.³⁹

Figure 4: Skills shortage vacancy density as a proportion of all vacancies (% , 2011 and 2017), and staff not fully proficient as a proportion of the workforce (% , 2011 and 2017) (England)



Source: DfE⁴⁰

There also appears to be a strong level of skills mismatch in our economy. According to the OECD, in 2015, 40 per cent of workers in the UK were employed in jobs for which they did not have the right qualifications; 25 per cent of workers were underqualified for their jobs (they were working in jobs for which higher qualifications were typically require), while 15 per cent of workers were overqualified (they were working in jobs for which lower qualifications were typically required).⁴¹ The rate of underqualification in the UK is one of the highest in the OECD: in 2016, 27.7 per cent of workers (aged 15–64)

38 ONS, 2010, SOC2010 volume 1: structure and descriptions of unit groups, accessed via: www.ons.gov.uk/methodology/classificationsandstandards/standardoccupationalclassifications/soc/soc2010/soc2010volume1structureanddescriptionsofunitgroups
 39 UKCES, 2016, UK labour market projections: 2014 to 2024, accessed via: www.gov.uk/government/publications/uk-labour-market-projections-2014-to-2024
 40 DfE, 2019, Employer Skills Survey, accessed via: www.gov.uk/government/publications/employer-skills-survey-2017-uk-report
 41 OECD, 2016, Mismatch – National Statistics, accessed via: <https://stats.oecd.org/Index.aspx?DataSetCode=MISMATCH#>

were underqualified, compared to 17.7 per cent in the United States and an EU average of 18.7 per cent; among OECD countries, only Ireland had a higher rate of underqualification than the UK (29.5 per cent).^{42, 43}

A quarter of workers in the UK are underqualified for their jobs.

To some degree, short-term skills shortages and mismatches naturally occur in a buoyant labour market – as ours was prior to the recent coronavirus pandemic. Some skills become less marketable, others more so. While innovation creates new openings and employers seek to grow, they cannot always immediately find people with the right skills and/or training providers with the ability to deliver the right training. However, more entrenched skills gaps suggest that there is a lack of symmetry between our education system and our jobs market. Part of the answer lies in school-level reforms, which are beyond the remit of this paper. And, of course, the blend of skills in any given economy is not simply a function of people's education; it is also a product of demand-side skills policies and complex macroeconomic variables, including international trade and labour flows, economic growth and employment rates (none of which are the focus of this paper). However, supply-side skills policy for adult learners, the subject of this paper, remains a vital part of any successful attempt to address our skills mismatches and improve lives.

42 OECD, 2016, Mismatch – National Statistics, accessed via: <https://stats.oecd.org/Index.aspx?DataSetCode=MISMATCH#>

43 NB: there are some caveats to the methodology of overqualification used by the OECD, including classification anomalies (for instance, some roles are not easily classed as “skilled”) and inability to factor in intentions of graduates (in other words, there might not be something systematically wrong). See: Brant, P, 2018, What is a graduate job? Accessed via: <https://wonkhe.com/blogs/what-is-a-graduate-job/>

part one | section four

Our jobs market is changing rapidly

4.1 The jobs market of the future will look different to the one we currently occupy

The relative composition and volume of skills that are required in our labour market will change, and some individuals will find themselves in a position where some or all of their skills are no longer required. Predictions about the magnitude and nature of change vary. According to one estimate, 28 per cent of jobs taken by 16–24-year-olds could be at risk of automation by the early 2030s.⁴⁴ Another suggests that 10 per cent of occupations will be fully automated within 20 years.⁴⁵ And some point out that the effect will be worse for those with lower levels of education; for instance, according to one study, in the UK, the jobs of 49 per cent of individuals in the lowest bracket (International Standard Classification of Education level 1, or primary school level of education)⁴⁶ are at high risk of being automated.⁴⁷ In any event, it is clear that many people will need to adapt.

28 per cent of jobs taken by 16–24-year-olds could be at risk of automation by the early 2030s.

Change will take many forms. While some low skilled occupations are likely to grow (for instance, in caring, leisure and other human contact services), many other low skilled jobs are at risk.⁴⁸ And it is likely that higher skilled occupations will grow strongly in the economy. According to one projection, more than 1.4 million professional and associate

44 PwC, 2017, UK improves opportunities for young workers, but faces longer term challenges from automation, accessed via: www.pwc.co.uk/press-room/press-releases/UK-improves-opportunities-for-young-workers-but-faces-challenges-from-automation.html

45 Arntz et al, 2016, The risk of automation for jobs in OECD countries: a comparative analysis, accessed via: https://read.oecd-ilibrary.org/social-issues-migration-health/the-risk-of-automation-for-jobs-in-oecd-countries_5jlz9h56dvq7-en#page14, pg 14

46 OECD, Chapter 3: ISCED 2011 level 1: primary education, accessed via: www.oecd-ilibrary.org/docserver/9789264228368-5-en.pdf?expires=1585819118&id=id&accname=guest&checksum=21FC3C7C16C65D5AECBDC5530059CED3

47 Arntz et al, 2016, The risk of automation for jobs in OECD countries: a comparative analysis, accessed via: https://read.oecd-ilibrary.org/social-issues-migration-health/the-risk-of-automation-for-jobs-in-oecd-countries_5jlz9h56dvq7-en#page14, pg 34

48 Foresight, 2014, Skills Demand, training, and Skills Mismatch: a review of key concepts, theory and evidence, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/571667/ER4_Skills_Demand_Training_and_Skills_Mismatch_A_Review_of_Key_Concepts_Theory_and_Evidence.pdf

professional jobs will be created between 2014 and 2024.⁴⁹ Another study suggests that the managerial, professional, associate professional and technical occupations (traditionally higher skilled roles) will grow from 39 per cent of the UK workforce to 47.1 per cent of jobs by 2024.⁵⁰ In all, therefore, we seem to be moving towards what some experts refer to as ‘asymmetric polarisation’, where ‘overall movement is towards an upgrading of skills demand, with the growth of high-skilled jobs being dominant.’⁵¹

Certain soft skills, too, are likely to become more strongly emphasised. According to one study by the World Economic Forum in 2016, for example, ‘social skills – such as persuasion, emotional intelligence and teaching others – will be in higher demand across industries than narrow technical skills, such as programming or equipment operation and control.’⁵² And aside from industry-specific skills, more of us will need to develop ‘catch-all’ skills – in particular, digital, problem-solving, and social and emotional skills.⁵³

It is also highly likely that our workplaces will increasingly comprise older individuals. We are living longer and the demographic balance of our population is tilting towards older age. The employment rate of individuals between the ages of 50 and 64 increased from 59.5 per cent in 1998 to 71.9 per cent in 2018. And projections suggest that this trend will continue. According to the DWP, between 2014 and 2024, the UK will have 200,000 fewer 16–49-year-olds, and 3.2 million more people aged between 50 and the state pension age. Meanwhile, the ONS predicts that, by 2043, although the working adult population will grow by 931,000, it will have to support an extra 5.2 million pensioners.⁵⁴

4.2 Low-skilled individuals are highly susceptible to disruption, and must adapt to preserve employment and capitalise on new opportunities

Although many of us will need to think about reskilling, this is particularly true for people with lower level qualifications. For several reasons, these individuals are currently not well placed to adapt to the changes that are coming. First, people with low-level qualifications are disproportionately prone to job displacement through automation. According to the ONS, in 2017, around 7.4 per cent (1.5 million) of the English population were employed in jobs that were at high risk of automation, and 98.8 per cent of these individuals were qualified to level 3 or below. Conversely, 87 per cent of people who had jobs that were deemed to be low-risk had degree-level educations.⁵⁵

49 Foresight, 2014, The UK's Current Mix: Current Trends and Future Needs, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/571675/ER5_The_UK_s_Skills_Mix_Current_Trends_and_Future_Needs.pdf, pg 18

50 UKCES, 2016, Working Futures, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/513801/Working_Futures_final_evidence_report.pdf, pg 60

51 Foresight, 2016, Skills demand, training and skills mismatch: a review of key concepts, theory and evidence, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/571667/ER4_Skills_Demand_Training_and_Skills_Mismatch_A_Review_of_Key_Concepts_Theory_and_Evidence.pdf

52 World Economic Forum, 2016, The Future of Jobs, accessed via: www3.weforum.org/docs/WEF_Future_of_Jobs.pdf, pg 22

53 OECD, 2017, OECD Skills Outlook 2017, accessed via: www.oecd.org/publications/oecd-skills-outlook-2017-9789264273351-en.htm, pg 77

54 CSJ analysis of ONS data: National population projections: 2018-based, Figure 3, accessed via: www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/nationalpopulationprojections/2018based#changing-age-structure

55 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/theprobabilityofautomationinengland/2011and2017> – Figure 7

1.5 million people have jobs that are at high risk of automation, 98.8 per cent of whom are qualified to level 3 or below.

Second, job-related training is not sufficiently directed towards individuals whose jobs are most likely to be displaced. Workers whose jobs are at high risk of being automated have a participation rate in training that is 21 per cent lower than those with a low risk of automation.⁵⁶ This problem is compounded by the fact that the UK has one of the weakest relationships between skills reported as development priorities by employers, on the one hand, and the skills targeted in their training activities, on the other.⁵⁷

Workers whose jobs are at high risk of automation have a participation rate in training that is 21 per cent lower than those in low-risk jobs.

Third, although our population's overall level of qualifications is getting higher, millions of people still have low levels of qualifications, at a time when employers are increasingly seeking high-level skills. The total number of individuals with no qualifications more than halved between 2004 and 2014,⁵⁸ and the number of individuals qualified to levels 4, 5 and 6 increased by 53 per cent. But over six million adults are still not qualified to level 2.⁵⁹

Fourth, some low-skilled jobs are susceptible to international competition. For example, in part due to falls in transportation costs and improvements in transcontinental communications technologies, substantial portions of global economic production value have shifted,⁶⁰ a trend that has compromised many low-skilled jobs across European countries. To be clear, changing international production flows can also unlock opportunities in new, higher-skilled areas; for instance, according to some forecasts, in the long run, off-shoring has a positive effect on the generation of non-routine, higher value added, jobs.⁶¹ But for previously low-skilled employees to benefit from this sort of replacement effect, they must be able to access training opportunities.

The rest of this report

In Part 1 of this report, we have outlined some of the most prominent reasons why we need a strong adult learning offer, and why this matters most for workers with lower-level qualifications. As we demonstrate in the rest of this report, we are some distance away from realising this goal. Viewed from several different vantage points, our adult learning offer is stagnating: the overall number of adult learners; adult community learning; level 2 and 3 courses; training at level 4 and 5; employer-led training; part-time higher education – all have been depleted in recent years. If we do not act now, we will see unfulfilled talent laid to waste on an imposing scale, and we will all lose out. The rest of this report, therefore, also includes a number of recommendations aimed at avoiding this outcome.

56 OECD, 2019, Future ready adult learning, accessed via: www.oecd.org/unitedkingdom/Future-ready-adult-learning-2019-United-Kingdom.pdf

57 OECD, 2019, Future ready adult learning, accessed via: www.oecd.org/unitedkingdom/Future-ready-adult-learning-2019-United-Kingdom.pdf

58 UKCES Working Futures, pg 97

59 CSJ analysis of NOMIS data: ONS, 2020, Annual Population Survey, accessed via: www.nomisweb.co.uk/home/detailedstats.asp?resume=no Definitions of NVQ used in analysis, accessed via: www.nomisweb.co.uk/articles/937.aspx

60 World Bank, 2018, World Development Report 2019: the Changing nature of work, accessed via: https://elibrary.worldbank.org/doi/full/10.1596/978-1-4648-1328-3_ch1

61 LSE, 2015, Offshoring and the Geography of Jobs in Great Britain, accessed via: http://eprints.lse.ac.uk/65018/1/_lse.ac.uk_storage_LIBRARY_Secondary_libfile_shared_repository_Content_SERC%20discussion%20papers_2015_sercdp0185.pdf

part two

The state of adult learning: six major challenges

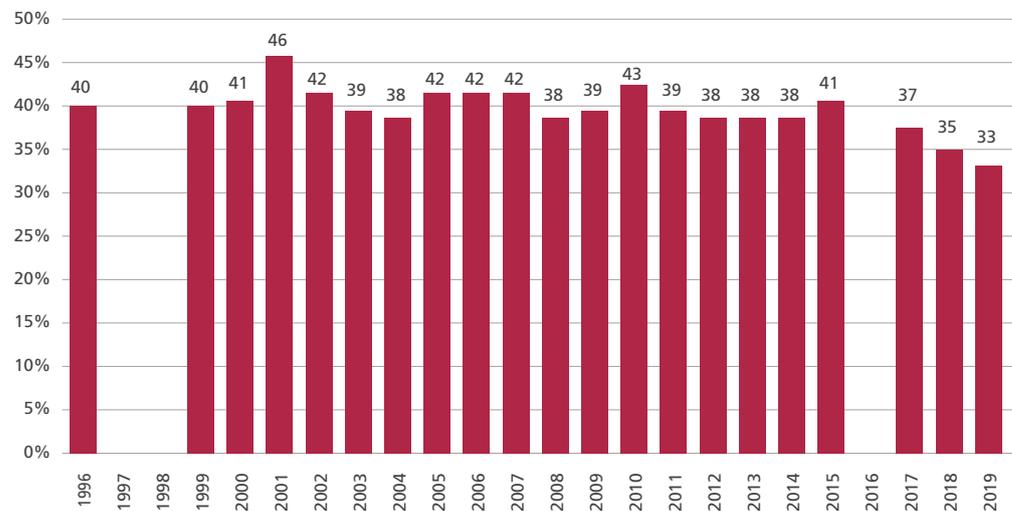
part two | section one

Overall adult learning

1.1 The number of adults in any form of learning has fallen, and is particularly low in some parts of the country

In 2019, 33 per cent of adults surveyed for the Learning and Work Institute's Adult Participation in Learning Survey (a longstanding barometer for the health of adult learning) were engaged in any form of learning in the last three years.⁶² To put this figure in context, it is the lowest level recorded in the history of the survey, which began in 1996. Figure 5 outlines further details regarding the prevalence of adult learning between 1996–2019.

Figure 5: Proportion of adults who were engaged in any form of learning in the last three years (England, 2019)



Source: Learning and Work Institute⁶³ (Note: no data collected in 1997, 1998 and 2016)

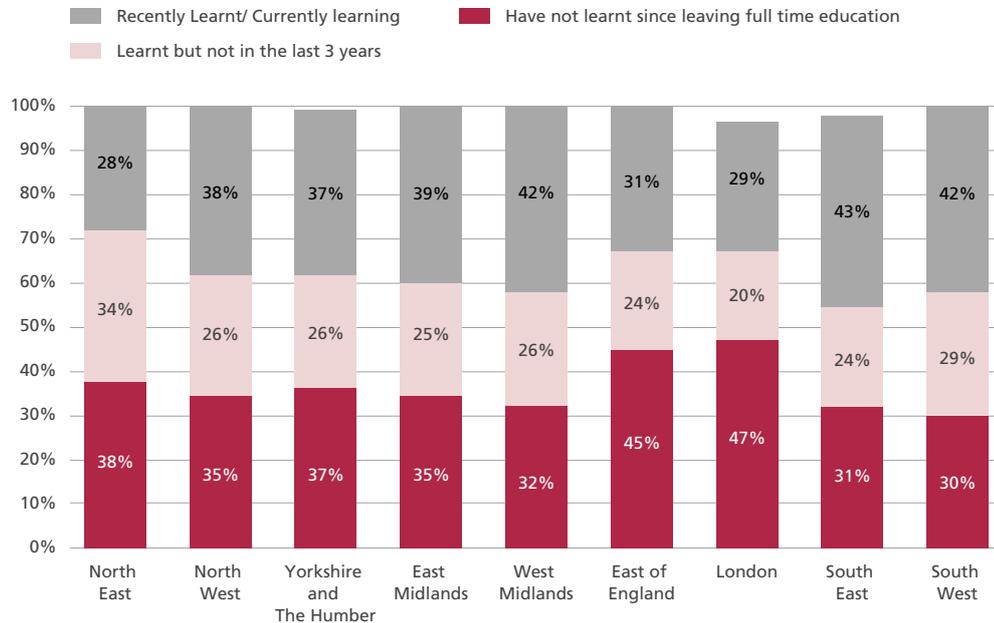
⁶² Learning and Work Institute, 2019, Participation in learning survey 2019, accessed via: www.learningandwork.org.uk/wp-content/uploads/2019/12/2019-Participation-Survey-Report.pdf

⁶³ Ibid

33 per cent of adults were engaged in any form of learning in the last three years – the lowest level since records began in 1996.

As Figure 6 demonstrates, adult learning also varies substantially by geography. In some cases, rates are particularly low – and none more so than in the North East, where in 2019, 72 per cent of adults had either not engaged in any form of learning since leaving full time education, or had not done so in the three years prior to being surveyed. Respective figures were also particularly high in the East of England (69 per cent) and London (67 per cent). Conversely, both the South East and South West had the highest percentage of adults who were learning, or had recently learnt, when surveyed (43 per cent and 42 per cent, respectively).

Figure 6: Proportion of adults (19–64) who have engaged in any form of learning, England, by region, 2019



Source: Learning and Work Institute 2020⁶⁴

The regional gap between adult learning rates also appears to be widening. In 2019, the difference in current/recent learning rates between the worst performing regions (Yorkshire and the Humber in 2017, North East in 2019) and the best performing regions (North East in 2017, South East in 2019) increased from 7.5 per cent in 2017 to 15 per cent in 2019.⁶⁵ And in the North East, there has been a precipitous collapse in current/recent learning, from 44.6 per cent in 2017 to just 28 per cent in 2019.

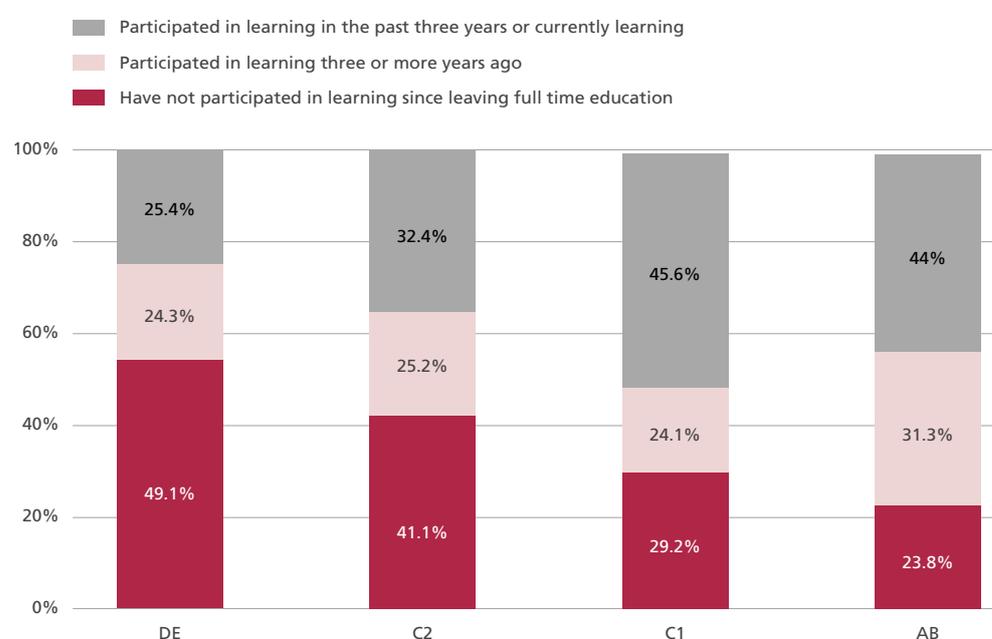
64 Learning and Work Institute, 2020, Participation Survey Report, accessed via: www.learningandwork.org.uk/wp-content/uploads/2019/10/2018-Participation-Survey-Report_FINAL.pdf

65 Learning and Work Institute, 2020, Participation Survey Report, accessed via: www.learningandwork.org.uk/wp-content/uploads/2019/10/2018-Participation-Survey-Report_FINAL.pdf

1.2 Individuals who would benefit most from adult training are the least likely to be learning

As we outlined in Part 1 of this report, disadvantaged individuals have an enormous amount to gain from adult learning. And yet they are the least likely to access it. There is, for instance, a clear negative incremental relationship between socioeconomic position and propensity to engage in adult learning. Figure 7 outlines the spread across four different social groups, and shows that in 2019, more than twice as many adults in the DE grade (49.1 per cent) had not participated in any learning since leaving full-time education than those in the AB grade (23.8 per cent). There is also a link between low income and low tendency to engage in training; for example, while 86 per cent of individuals with household incomes of £45,000 and above engage in any type of training, the figure for those from household incomes of £14,999 or below is 68 per cent.⁶⁶

Figure 7: Participation in learning by social grade in the UK, 19–64, 2019 (%) (weighted base: all respondents = 3933; AB = 767; C1 = 1292; C2 = 842; DE = 1032)



Source: Learning and Work Institute⁶⁷

49.1 per cent of adults in the DE social group have not participated in any learning since leaving full-time education.

Having low-level qualifications is also linked to low levels of learning. For instance, according to the Adult Education Survey in 2016, only 52.6 per cent of individuals with no qualifications had engaged with any form of learning in the previous year, while the rate for those with GCSE-level qualifications was 70.7 per, and 91.9 per cent for those

⁶⁶ DfE, 2018, Adult Education Survey 2016 research report, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714752/Adult_Education_Survey_2016_research_report.pdf, pg 13

⁶⁷ Learning and Work Institute, 2020, Participation Survey Report, accessed via: www.learningandwork.org.uk/wp-content/uploads/2019/10/2018-Participation-Survey-Report_FINAL.pdf

with degree-level qualifications.⁶⁸ In addition, degree-qualified individuals were also more than twice as likely to undertake learning that led to nationally recognised qualifications in the previous year than those with GCSE or equivalent qualifications.⁶⁹ Degree-qualified individuals were also twice as likely to be engaged in non-formal learning (a course or taught class that does not lead to a nationally recognised qualification) than individuals with GCSE level qualifications, and around five times more likely to do so than those with no qualifications.

Just 12 per cent of adults with no qualifications say they are very likely to do job-related learning in the next two to three years.

In employment, too, higher skilled employees have better access to training opportunities than their lower-skilled peers. According to the DfE's 2018 Adult Education Survey, for instance, while 52 per cent of employees who held a degree or equivalent qualifications were 'very likely' to do some job-related learning in the following two to three years, just 12 per cent of those with no qualifications could say the same.⁷⁰

1.3 Disadvantaged adults are more likely to cite barriers to learning than their peers

Perceiving barriers

As Table 2 illustrates, among adults who have not engaged with learning since leaving full-time education, individuals in the DE social grade are more likely to say that they were prevented from learning than those in the AB social grade. Only 19.1 per cent of the DE cohort said nothing prevented them from studying/learning since they left full-time education, while the figure for the AB group was twice this number (38.6 per cent). In addition, more individuals in the lower social grade faced barriers in 2019 than they did in 2017, when 21.5 per cent of individuals in this group said that nothing was preventing them from learning.

19.1 per cent of adults in the DE social group say nothing prevented them from learning since they left full-time education, while the figure for the AB group is twice this number.

Learners from the DE social group are also far more likely to cite dispositional barriers (and a little more likely to cite situational barriers) than their peers in the AB group. The definitions of these categories are outlined below.

68 DfE, 2018, Adult education survey 2016: data tables fort chapter 2, accessed via: www.gov.uk/government/publications/adult-education-survey-2016, Table 2.8

69 DfE, 2018, Adult Education Survey 2016 Research report, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714752/Adult_Education_Survey_2016_research_report.pdf, pg 5

70 DfE, 2018, Adult Education Survey 2016, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714752/Adult_Education_Survey_2016_research_report.pdf, pg 38

Dispositional: I don't know what is available or how to find out what is; I feel I am too old; an illness or disability; I haven't got around to doing it; I feel no need to learn anymore; I am put off by tests and exams; I have difficulties with reading, writing or numbers; I don't feel confident enough; not interested/don't want to.

Situational: Cost/money/can't afford it; childcare arrangements or other caring responsibilities; transport/too far to travel; work/other time pressures.

Table 2: Grouped barriers to learning (individuals who had selected that they had 'not studied/learnt since I left full time education'), DE and AB social groups, 19–64, UK, 2019 (weighted base: AB = 182; DE = 506)

Barrier Group	DE	AB
Dispositional	73.0%	42.2%
Situational	39.3%	34.8%
Nothing Preventing	19.1%	38.6%

CSJ analysis of Learning and Work Institute raw data⁷¹

Cost

Public investment in adult education has changed a lot in the last 15 years. First, overall spending on adult education in the UK, excluding apprenticeships, has fallen from £5.3 billion in 2003–04 (in 2019–2020 prices) to £3.2 billion in 2018/19 – a 39 per cent real terms cut.⁷² Second, some of the funds that were previously wrapped into the adult education budget are now covered by income-contingent loans; as a result of the introduction of advanced learner loans, almost £187.1 million in 2018/19 was made up of these loans. Third, the overall adult education budget now includes a greater share of spending on apprenticeships; while in 2003/04, 21 per cent of this budget was associated with apprenticeships or work-based learning, the figure was 54 per cent by 2018–19. And fourth, a significant proportion of spending on apprenticeships is now funded by employers through the apprenticeship levy; in 2018/19 (April to March 2019), HMRC received £2.713 billion from the levy and although employers did not spend all of this, demand is forecast to rise.⁷³

The fall in public investment on adult skills between 2003–04 and 2017/18 coincided with a drop of learners, from 4.4 million to 1.5 million.

According to the Institute for Fiscal Studies, the fall in overall public investment on adult education between 2003–04 and 2017/18 coincided with a drop of adult learners, from 4.4 million to 1.5 million.⁷⁴ It is likely that the relative lack of public investment

71 We categorised responses into the same categories as the Learning and Work Institute. Refer to: Learning and Work Institute, 2019, Participation in learning survey 2019, accessed via: www.learningandwork.org.uk/wp-content/uploads/2019/12/2019-Participation-Survey-Report.pdf, pg 34

72 IfS, 2019, Annual report on education spending in England, accessed via: www.ifs.org.uk/uploads/R162-Education-spending-in-England-2019.pdf

73 HMRC, 2019, HMRC tax receipts and National Insurance contributions for the UK, accessed via: www.gov.uk/government/statistics/hmrc-tax-and-nics-receipts-for-the-uk

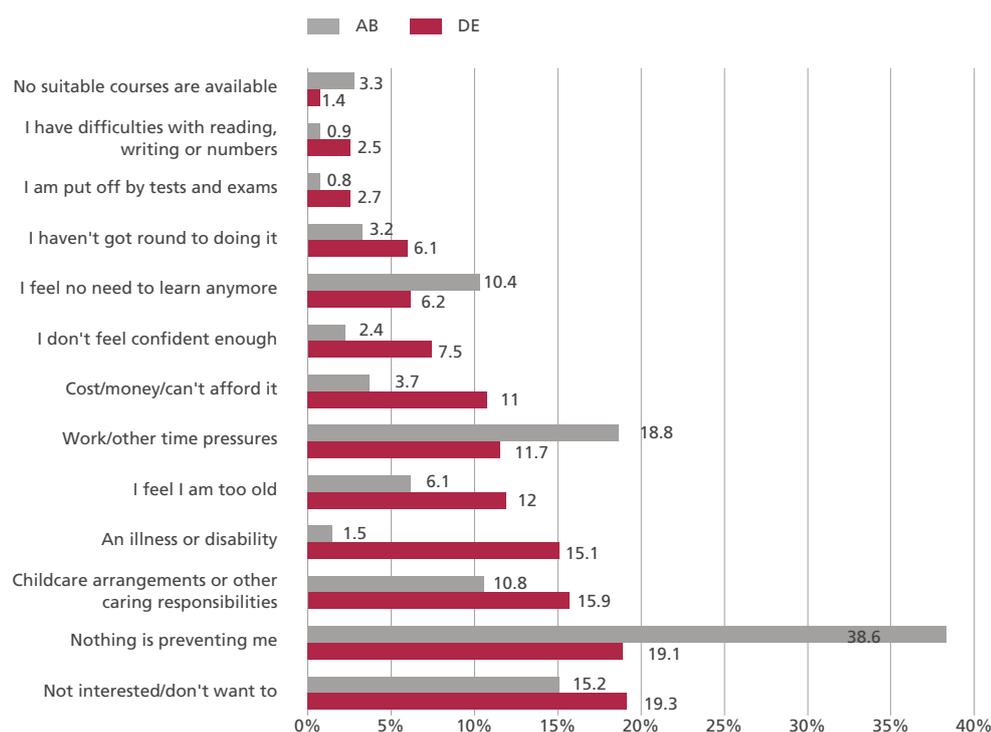
74 IfS, 2019, Annual report on education spending in England, accessed via: www.ifs.org.uk/uploads/R162-Education-spending-in-England-2019.pdf

in adult learning over this time has contributed to falling numbers of adult learners – and in subsequent sections of this report, we outline specific examples across a number of types of learning. However, viewed at a more general level for the time being, we know that cost can be a problem for disadvantaged learners, as the 2019 Participation in Learning Survey demonstrates. And we know that disadvantaged adults are more likely than other adults to cite cost as a barrier to learning: 43.2 per cent of all respondents who cite cost/money as a barrier to learning are from social group DE, compared to just 5.3 per cent in the AB social group.⁷⁵

Non-pecuniary barriers

Price-sensitivity alone does not explain why some adults feel unable to learn. Figure 8 includes a range of commonly cited barriers, including non-pecuniary ones, that prevent adults who have not studied/learned since leaving school from doing so. It also shows that disadvantaged individuals are more susceptible to some of these barriers than their peers are.

Figure 8: Barriers to learning for individuals who have not learnt/studied since leaving full-time education, AB/DE social grades, 19–64, UK (2019)
(weighted base: DE = 506; AB = 182)



CSJ analysis of Learning and Work Institute raw data⁷⁶

⁷⁵ CSJ analysis of Lwl raw data

⁷⁶ Learning and Work Institute, 2019, Participation in Learning Survey 2019, accessed via: www.learningandwork.org.uk/wp-content/uploads/2019/12/2019-Participation-Survey-Report.pdf

part two | section two

Community learning

2.1 Better access to conventional forms of learning will not, on its own, help some harder-to-reach adults

Simply improving access to more conventional, formal adult learning will certainly help many disadvantaged individuals to reskill and upskill. And as we demonstrate in the following sections of this report, there are many things government can do to make this happen. However, for some individuals, simply making formal routes of adult learning more available, and promoting the benefits of adult learning more generally will not, on their own, be enough.

This is because some adults face multiple complex personal challenges that mitigate against further learning. Many of these individuals are less likely to be represented in surveys because they are isolated, or lack basic literacy and numeracy skills. Without tackling other challenges first, these adults' lack of propensity to learn is likely to persist. And to really succeed in supporting them, we must explore the wider patchwork of circumstances they face.

2.2 Community learning can help reach disadvantaged individuals who are traditionally hard to engage

The nature of community learning

Community learning encompasses a wide range of basic courses: parenting classes, functional English (including English for Speakers of Other Languages, ESOL), maths, information and communication technology, employability skills, and much more still.⁷⁷ The aim is to increase participants' skills, confidence, motivation and resilience so that they can progress to formal learning or employment, improve their health and well-being, or develop stronger community ties.⁷⁸

77 University of Bristol, 2020, Community learning courses, accessed via: www.bristol.gov.uk/jobs-training/community-learning-courses

78 ESFA, 2019, ESFA funded adult education budget (AEB): funding and performance management rules 2019 to 2020, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/838580/AEB_2019-20_rules_Sept_Draft_version_3_.pdf

Adults who engage in community learning are often far removed from formal education. Some struggle with family life, while others grapple with challenging finances, have limited language skills, or need to develop basic skills that can help them navigate daily life more effectively and prepare them for work. More than a fifth of community learners have a learning difficulty and/or disability.⁷⁹

The Adult Education Budget (AEB) is a key source of funding for community learning; it is managed by the Education and Skills Funding Agency for non-devolved areas, and since August 2019, it has been devolved to seven Mayoral Combined Authorities and the Greater London Authority. However, community learning providers must often navigate a dizzying array of funding streams to finance their offers. A typical provider might access as many as 10 different funding streams, including, for example, the ESFA's 16–19 study programme; 19+ AEB non-formula funding; 19+ AEB formula funding; 19+ advanced learner loans; 16+ apprenticeships levy funding; the ESF/Communities Lottery Fund; the DfE's Flexible Learning Fund; Heritage Lottery Fund; the ESF/DWP's Way2Work programme; and individual learner fees. And although several of these streams derive from the ESFA, they each tend to be associated with different rules and expected outcomes.⁸⁰

Community learning is often free for individuals from the most deprived backgrounds, but providers often charge for people who can afford it; some operate a 'Pound Plus' policy, which means they source extra income from grants and donations, use voluntary workers, and/or source free learning spaces.⁸¹ While many courses are managed by local authorities, FE colleges and other voluntary and community organisations also offer community learning. Venues vary substantially, from community learning centres to schools, FE colleges and third sector organisations.⁸²

Impact

According to Ofsted's latest annual report in 2018/19, the proportion of community learning and skills providers rated either 'good' or 'outstanding' for their delivery of adult education and training was impressively high. In total, 92 per cent of providers were rated 'good' or 'outstanding' (86 per cent were rated 'good', 6 per cent were rated 'outstanding'), while just 1 per cent of providers were rated 'inadequate'.⁸³

Community learning courses also have a good track record in generating positive impact. First, they motivate people to build their skills and find employment. According to one official analysis, respondents' main reason for learning was to gain skills and knowledge (51.4 per cent), and for adults aged under 40, getting a job was the second most

79 London Councils, 2019, Adult community learning, accessed via: www.londoncouncils.gov.uk/our-key-themes/economic-development/adult-skills-0/adult-community-learning

80 Pember, S, 2019, Adult Community Education: Supporting place and people: Characteristics of success, accessed via: <https://fetl.org.uk/publications/adult-community-education-supporting-place-and-people-characteristics-of-success/>

81 ESFA, ESFA funded adult education budget (AEB): funding and performance management rules 2019 to 2020, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/838580/AEB_2019-20_rules_Sept_Draft_version_3_.pdf, pg 46

82 University and College Union, 2016, Adult and community education, accessed via: https://www.ucu.org.uk/media/7825/Adult-and-community-education-a-briefing-for-MPs-Jan-2016/pdf/Adult_and_community_education_MP_brief_Jan_2016.pdf

83 Ofsted, 2019, Annual report of Her Majesty's Chief Inspector, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/859422/Annual_Report_of_Her_Majesty_s_Chief_Inspector_of_Education_Children_s_Services_and_Skills_201819.pdf

popular reason for learning.⁸⁴ Many learners also appear to succeed in growing their skills and knowledge base. According to one DfE-commissioned analysis, for instance, 65.4 per cent of respondents said that they developed more skills or knowledge as a result of their learning.⁸⁵ And a randomised control trial involving community-based English language provision pilots in 2016 showed that students enrolled on these programmes doubled their English language proficiency, and improved their ability to interact socially, compared to individuals in the control group.⁸⁶ Courses also help individuals overcome low confidence to build new skills; as one community learning provider, CLC Family Learning, puts it: '... adults often come to us convinced that they can't turn a computer on, and leave having learned how to programme a robot or create a digital book.'⁸⁷

92 per cent of community learning providers are rated 'good' or 'outstanding' by Ofsted.

Second, community learning courses are strongly linked to better mental health. According to one government evaluation in 2018, 52 per cent of learners who started their courses with clinically significant symptoms of anxiety and/or depression no longer presented those symptoms at the end of the course, and individuals who were from a disadvantaged family background were most likely to report signs of recovery.⁸⁸ Community learning also serves as a conduit for positive social interaction. According to one recent official analysis, for example, 44.8 per cent of respondents reported that one of the reasons they had taken their course was to meet people and make new friends, and just under a third had taken their course to improve their health or wellbeing.⁸⁹

Third, most community learners are satisfied with their courses. In 2015/16, the average satisfaction rating was 9.4 out of 10.⁹⁰ And while 67 per cent of community learners were 'extremely likely' to recommend their provider to friends and family,⁹¹ the rate for learners who participated in the mainstream Learner Satisfaction Survey (which includes adults in Further Education, up to and including level 3),⁹² the commensurate figure was 35 per cent.⁹³ Completion rates are also good: in 2016/17, 85 per cent of enrolled individuals completed their courses.⁹⁴

84 DfE, 2015, Community learning survey report, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/532805/FE_Choices_Community_Learning_Survey_Report_June_2015.pdf

85 Ibid, pg 17

86 Ministry of Housing, Communities and Local Government, 2018, Measuring the impact of community-based English language provision, accessed via: www.learningandwork.org.uk/wp-content/uploads/2018/03/Impact-evaluation-of-CBEL.pdf

87 Learning and Work Institute, 2017, Family Learning puts parents and children on an equal footing, accessed via: www.learningandwork.org.uk/2017/02/01/family-learning-puts-parents-and-children-equal-footing/

88 DfE, Community Learning mental health project: phase two evaluation report, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/746503/Community_learning_mental_health_research_project_phase_2_evaluation_report.pdf, pg 11

89 Ibid

90 DfE, 2015, Community learning survey report, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/532805/FE_Choices_Community_Learning_Survey_Report_June_2015.pdf, pg 6

91 DfE, 2015, Community learning survey report, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/532805/FE_Choices_Community_Learning_Survey_Report_June_2015.pdf, pg 11

92 DfE, 2016, FE Choices open data guide for learner satisfaction 2015/16, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/599263/FE_Choices_Open_Data_Guide_for_Learner_Satisfaction_201516.pdf, pg 6

93 SFA, 2016, FE Choices learner satisfaction survey, accessed via: https://dera.ioe.ac.uk/28582/1/FE_Choices_Learner_Satisfaction_Survey__3_.pdf, pg 5

94 CSJ analysis of DfE data: DfE, 2019, FE data library: community learning, accessed via: www.gov.uk/government/statistical-data-sets/fe-data-library-community-learning 'Community learning by type: participation and achievement 2010 to 2011 to 2017 to 2018 (August to January)'

2.3 Despite the strong benefits associated with community learning, funding has fallen and the number of participants has dropped sharply

Participation in community learning has fallen in recent years, from 649,600 in 2011/12 to 487,400 in 2018/19 – a fall of 23 per cent.⁹⁵ The biggest drops have been in ‘Family English, maths and language’ (which dropped by 53 per cent between 2011/12 and 2018/19), and ‘wider family learning’ (which also helps parents, carers and guardians to support their children’s learning, and fell by 36 per cent in the same period).⁹⁶

Participation in community learning fell by 23 per cent between 2011/12 and 2018/19.

Funding for community learning, too, appears to have dropped. Between 2010 and 2015, the community learning budget in the AEB was ring-fenced, and maintained at around £211 million in cash terms, which means the budget effectively fell over this time when adjusted for inflation. The overall amount of funding that was allocated through the AEB to community learning providers was £209 million (cash terms) in 2014/2015, and £224 million (cash terms) in 2018/19, which means that this funding stream effectively dropped by 4.4 per cent in real terms during this time.^{97,98} As we have outlined above, community learning centres often also apply for funding from other streams. Due to the multifaceted nature of those revenue streams, it is very difficult to build an accurate picture of funding trends across them all; however, given the sharp fall in funding for adult learning more generally in recent years, it is very likely that funding for community learning centres from other sources has dropped.

We are also concerned that there is a lack of strategic oversight from government regarding the prevalence of community learning centres, which in turn means it is hard for us to meet need across the country. The last time a robust strategy of this kind was devised was in 2011, when the government published ‘New Challenges, New Chances’. Currently, we cannot access the kind of information that would enable us to better understand where in the country there is unmet need. For instance, the DfE does not publish data on the number of community learning centres in the country, and only breaks down different community learning courses by region. And while it publishes general information on all courses delivered in each local authority district, it does not clarify which of these courses are community learning courses, specifically.⁹⁹ Another dataset only illustrates where

95 CSJ analysis of DfE data: DfE, 2019, FE data library: community learning, accessed via: www.gov.uk/government/statistical-data-sets/fe-data-library-community-learning NB: figures pre-2011/12 were not directly comparable to figures after 2011/12

96 Definitions provided in: ESFA, 2019, ESFA funded adult education budget (AEB): funding and performance management rules 2019 to 2020, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/838580/AEB_2019-20_rules_Sept_Draft_version_3_.pdf, pg 45

97 Factoring in inflation which averaged 2.4 per cent per year. Source: Bank of England, Inflation Calculator, accessed via: www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator

98 CSJ analysis of DfE data: DfE, 2016 and 2019, Allocations to training providers, accessed via: <https://www.gov.uk/government/publications/sfa-funding-allocations-to-training-providers-2014-to-2015>; <https://www.gov.uk/government/publications/funding-allocations-to-training-providers-2018-to-2019>

99 DfE, 2019, FE and Skills aims by delivery in each local authority district by provider and level: 2018 to 2019, accessed via: www.gov.uk/government/statistical-data-sets/fe-data-library-further-education-and-skills

community learning providers base themselves, and not the centres in which learning is delivered. In this context, it is hard to reliably ascertain the areas of the country where community learning takes place, and the prevalence in each case.¹⁰⁰

In addition, open source data on the personal characteristics of community learners only captures a limited range of variables: age, gender, learning difficulties/disabilities and ethnicity.¹⁰¹ We cannot cross-reference information about learners with the kind of proxies (for instance, the Index of Multiple Deprivation) that would tell us more about the relationship between geographical deprivation and uptake. In these circumstances, it is hard to identify potential unmet need at a more granular level.¹⁰²

The lack of a strong strategic vision for community learning may, at least in part, be fuelling our lack of attention to the need for this type of provision. For example, between 2016–2019, the North East and Yorkshire/Humber together lost more than 50 per cent of the investment they previously received for community learning, in real terms.¹⁰³ As we know, this mode of learning is often aimed at individuals who are on the margins of the labour market: individuals who lack basic literacy, numeracy and digital skills; people who lack the confidence to build other new skills; and adults who are economically inactive.¹⁰⁴ And yet at roughly the same time as community learning budgets in the North East and Yorkshire/Humber were being cut by 50 per cent, the proportion of people who were economically inactive in those regions remained constant.^{105, 106}

100 DfE, 2019, FE and Skills learner participation by provider, local authority, funding stream, learner and learning characteristics: 2018 to 2019, accessed via: www.gov.uk/government/statistical-data-sets/fe-data-library-further-education-and-skills

101 Ibid, Community learning by type, region and equality and diversity: participation 2005/06 to 2018/19

102 DfE, 2019, Community learning, accessed via: www.gov.uk/government/statistical-data-sets/fe-data-library-community-learning

103 Ibid

104 Defined by the ONS as 'people not in employment who have not been seeking work within the last four weeks and/or are unable to start work within the next two weeks', accessed via: www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity

105 NOMIS, 2016–2019, Annual Population Survey: Economic inactivity as a proportion of the population, and proportion of the population educated below NVQ level 1, accessed via: www.nomisweb.co.uk/

106 The data here represents Jan–Dec 2015 and Jan–Dec 2018

part two | section three

Adult learning at levels 2 and 3

3.1 Many level 2 and 3 qualifications boost wages and are good public investments, but millions of adults lack these qualifications

Although specific combinations of different subjects yield different returns, the three to five-year average wage return for adults aged 19–24 who study a full level 2 qualification is 10 per cent (8 per cent for adults aged 25+).¹⁰⁷ Adult learners aged 19–24 who achieve a full level 3 qualification command an average wage return of 10 per cent (also 10 per cent for learners aged 25+).¹⁰⁸ Level 2 and 3 qualifications also serve as gateways to higher learning and training, which, as we outlined in Part 1 of this report, bring even greater returns.

A full level 2 qualification is equivalent to five or more GCSEs at grade A*–C, or can include passing BTEC Firsts. A full level 3 achievement is equivalent to two or more A-levels (A*–E),¹⁰⁹ or can include vocational qualifications such as passing the BTEC National Diploma.¹¹⁰ The DfE/ESFA sets out lists of subjects/qualifications that count as level 2/3 achievements.¹¹¹

Please note that we do not include level 2 or 3 apprenticeships data in this section of the report; the CSJ will publish a separate paper on apprenticeships in due course.

107 Bibby, D. et al, 2014, Estimation of the labour market returns to qualifications gained in English Further Education, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/383646/Estimation_of_the_labour_market_returns_to_qualifications_gained_in_English_Further_Education_-_Final_-_November_2014.pdf, pg12

108 Ibid

109 The Uni Guide, 2019, Education levels and qualifications explained, accessed via: www.theuniguide.co.uk/advice/preparing-for-university/understanding-education-levels-and-qualifications#Alevels

110 Department for Business, Innovation and Skills, 2015, Total achievements in full level 2 or 3 further education of people academic age 19 years and over, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/409759/Total-achievements-in-full-level-2-or-3-further-education-of-people-academic-age-19-years-and-over.pdf, pg 2

111 Augar, 2019, Independent panel report to the review of post-18 education and funding, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/805127/Review_of_post_18_education_and_funding.pdf, pg 21

The taxpayer, too, benefits from public investment in level 2 and 3 qualifications. For every pound of government spending on full level 2 qualifications, the net present value¹¹² is £21, and the total value of this type of learning to the economy is £28 billion.¹¹³ For full level 3 qualifications that are grant-funded (advanced learner loans were introduced in 2013/14 for individuals over 24 wishing to study any level 3 qualification), the net present value is £16 (£21 if these courses are funded through loans). The total net present value for full level 2 and 3 qualifications is £5.2 billion for loan funded courses, and £4.4 billion for grant-funded courses.

For every pound of government spending on full level 2 qualifications, the net present value is £21, and £16 for full level 3 qualifications.

Despite the strong returns associated with level 2 and 3 qualifications – both individual and public – millions of adults still lack these basic building blocks of learning. In 2018, over 6 million adults in England did not have a level 2 qualification.¹¹⁴ In 2018, over a third of working aged adults in England were only qualified to level 2 or below,¹¹⁵ while 54 per cent of adults were only qualified to level 3 or below. And according to an OECD report published in 2016, around nine million working aged adults in England lack functional literacy or numeracy.¹¹⁶

3.2 The number of level 2 and 3 adult learners is falling

Table 3 outlines the financial support the government currently makes available for adults who are studying level 2 and 3 qualifications. As we explain below, the government gradually tempered the support it offered adult learners in the years preceding this.

112 NPV is the economic value of the sector associated with taking different qualifications, and is calculated by estimating the discounted benefits from achieving a qualification over the working life of the learner (wages, better employment prospects, and 'spillover' to other individuals), and subtracting the costs associated with undertaking the qualification (government funding, fees paid by individual and outputs forgone during learning): BIS, 2011, Economic impact of the FE sector, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/32329/11-816-measuring-economic-impact-further-education.pdf

113 BIS, 2015, Measuring the Net Present Value of Further Education in England. BIS Research Paper Number 228, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/435166/bis_15_323_Measuring_the_Net_Present_Value_of_Further_Education_in_England.pdf, pg 5

114 CSJ analysis of NOMIS data: ONS, 2020, Annual Population Survey, accessed via: www.nomisweb.co.uk/home/detailedstats.asp?resume=no, Definitions of NVQ used in analysis, accessed via: www.nomisweb.co.uk/articles/937.aspx

115 Ibid

116 OECD, 2016, Building skills for all: a review of England, accessed via: www.oecd.org/unitedkingdom/building-skills-for-all-review-of-england.pdf

Table 3: Government contribution table, entry level – level 3 adult learning (excluding apprenticeships)

Provision	19–23-year-olds	24+ unemployed	24+ other
English and maths, up to and including level 2 (must be delivered as part of the legal entitlement)	Fully funded*	Fully funded*	Fully funded*
Level 2 (excluding English and maths) (First full level 2 must be delivered as part of the legal entitlement)	Fully funded* (first and full)	Fully funded	Co-funded*
Learning to progress to level 2	Fully funded^ (up to and including level 1)	Fully funded	Co-funded*
Level 3 (First full level 3 must be delivered as part of the legal entitlement)	Fully funded* (first and full)	Loan-funded	Loan-funded
	Loan-funded** (previously achieved full level 3 or above)		
Traineeship#	Fully funded (including 16–24-year-olds##)	N/A	N/A
English for speakers of other languages (ESOL) learning up to and including level 2	Co-funded*	Fully funded	Co-funded*
	Fully funded – unemployed		
Learning aims up to and including level 2, where the learner has already achieved a first full level 2, or above	Co-funded*	Fully funded	Co-funded*
	Fully funded – unemployed		
Learning aims up to and including level 2, where the learner has not achieved a first full level 2, or above	N/A	Fully funded	Co-funded*

* Must be delivered as one of the English and maths, and/or first full level 2 or first full level 3 qualifications required as part of the legal entitlements

^ Must be delivered as entry or level one provision from local flexibility

Excludes flexible element where funding depends on age and level

16–18-year-old learners must be eligible under the ESFA's young people's residency requirements

** Availability of loans at level 3 does not replace the legal entitlement to full funding for learners aged 19–23 undertaking their first full level 3

* Low wage flexibility may apply, refer to paragraph 158

Source: ESFA¹¹⁷

117 ESFA, 2019, ESFA funded adult education budget (AEB): funding and performance management rules 2019 to 2020, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/816045/AEB_2019-20_rules_2_July_Version_2.pdf, pg 37

Table 4 reflects the difference in level 2 and 3 starts that occurred since the government started to change the way it funded adult learning at these levels. As Table 4 makes clear, there have been declines – some dramatic – in the number of adult learners who take courses at levels 2 and 3. At first glance, the most significant declines were in full level 2 qualifications (-91 per cent), followed by full level 3 courses (-46 per cent).

Table 4: Adult learner numbers (19+ participation, not including apprenticeships) at levels 2 and 3, and % changes between 2012–2019

Qualification	2012/13 learner numbers	2018/19 learner numbers	% change 2012/13–2018/19
Full Level 2	418,900	36,100	-91%
Level 2	677,500	514,600	-24%
Full Level 3	147,400	67,200	-46%
Level 3	238,900	136,600	-43%

Source: CSJ analysis of DfE data¹¹⁸

It is important, however, to note that in 2016/17, the DfE introduced a methodological change to the way it classifies level 2 and 3 learners. The department made these changes in line with recommendations outlined in the Wolf Review 2011, which set out to improve the rigour of full qualifications at these levels. As a result of these changes, learners who were deemed not to be studying for a ‘full level 2’ or ‘full level 3’ qualification were reclassified as learning towards ‘level 2’ or ‘level 3’ qualifications. We comment on these adjustments in section 3.3, where we outline longitudinal trends for full level 2, and full level 3, starts.

3.3 The government’s reduction in support for full level 2, and full level 3, adult learners is likely to have had a depressing effect on starts

Prior to 2012/13, the government subsidised fees for all adults who were studying towards a full level 2 qualification, provided they did not already have such a qualification. However, in 2012/13 it retracted this support for employed 24+ learners and asked them to co-fund full level 2 qualifications.¹¹⁹ It is particularly striking that the number of full level 2 learners fell sharply after the introduction of co-funding for 24+ learners in 2012/13. Figure 9 outlines further details regarding the full level 2 adult learning trend in recent years.

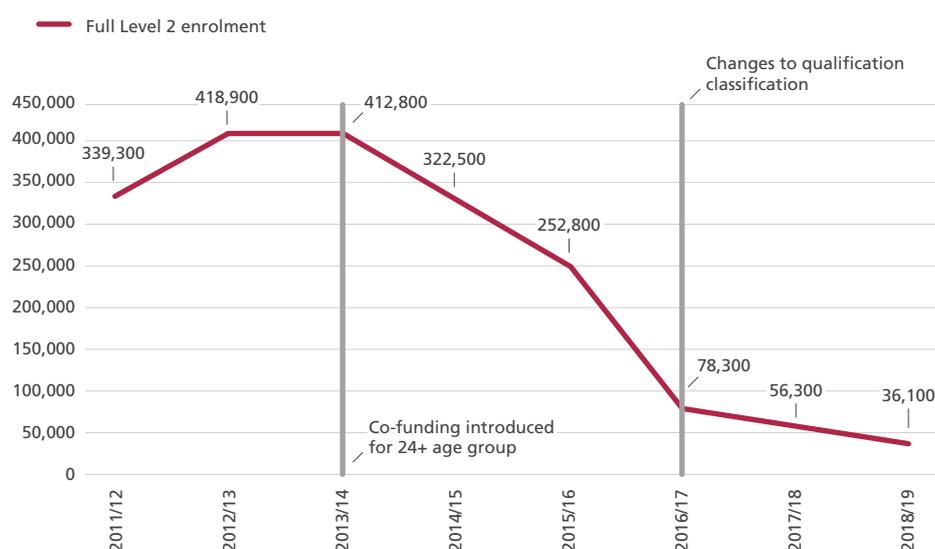
As we mentioned in section 3.2, in 2016/17, the DfE introduced a methodological change in the way it classified level 2, which meant some of the qualifications previously categorised as ‘full’ level 2 qualifications ceased to be recognised as such. If we applied the same logic to full level 2 qualifications in the years that preceded this change, we

118 DfE, 2019, Further Education and Skills in England: November 2019, accessed via: <https://www.gov.uk/government/statistics/further-education-and-skills-november-2019>

119 SFA, 2011, Learner eligibility and contribution rules 2011/12, accessed via: https://dera.ioe.ac.uk/3560/1/learner_eligibility_and_contribution_rules_2011_12_-_published_may_2011-v1.pdf, pg 32–33

would expect the declining curve in Figure 9 prior to 2016/17 to have been softer than it is represented here. Nevertheless, the fact that ‘full’ level 2 entrants dropped by 54 per cent between 2016/17 and 2018/19, after the DfE’s change in classification, suggests that even the more selectively derived ‘full’ level 2 qualifications are on a downwards trajectory. It is worth noting that the data in Figures 9 refer to participation, rather than to entry; as a result, the full effect of the government’s changes to funding will have been lagged, as any downwards impact on new entrants will have taken time to present itself in the data for participation more generally.

Figure 9: Full level 2 qualifications (19+, excluding apprenticeships) – participation, 2011–2019



Source: CSJ analysis of DfE data¹²⁰

It is also striking that the number of people studying full level 3 qualifications dropped substantially, from 147,400 in 2012/13 to 67,200 in 2018/19.¹²¹ In part, this might be explained by funding changes to these qualifications during our window of analysis. Prior to 2012/13, the government covered full course fees for adults aged 19–24 who lacked a full level 3 qualification, and for adults 25+ without a first level 2 qualification, to complete such a qualification.^{122, 123} However, from 2012/13, the government retracted grant support for 25+ adults educated below level 2 (in its entirety for workplace learning and partially for classroom learning); the Government also reduced the age threshold for qualifying learners to 24+.¹²⁴ In 2013/14, the government retracted the remaining support for 24+ learners at level 3, and instead offered these individuals the chance to take up

120 DfE, 2019, Further Education and Skills in England: November 2019, accessed via: www.gov.uk/government/statistics/further-education-and-skills-november-2019

121 The DfE does not have data on enrolments per year, but volume of learners. This means that any impact on the reduction of learner enrolments would have a delayed effect.

122 This was for both classroom based learning and workplace learning (competency aim delivered to employed learner in connection with their occupation or their employers business; an apprenticeship; or Skills for Life aims delivered to an employed learner in their workplace).

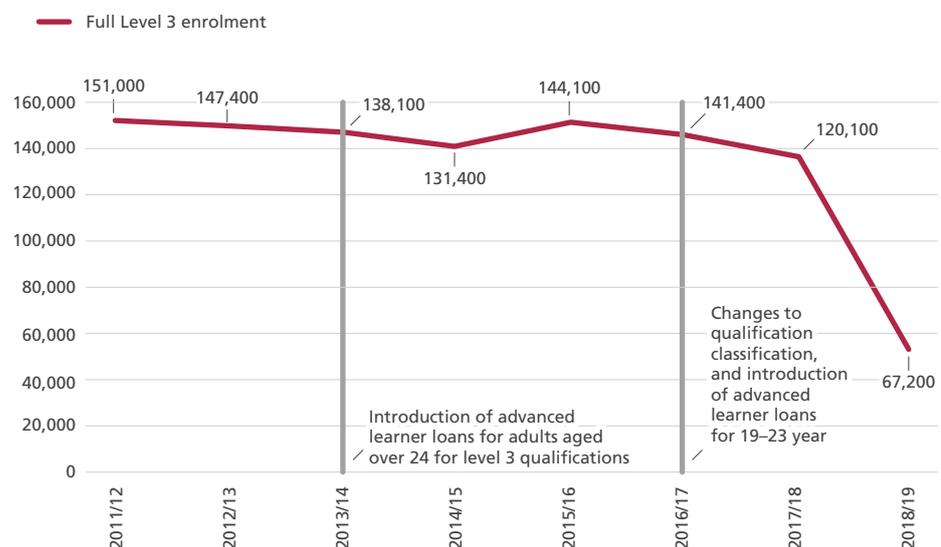
123 SFA, 2011, Learner eligibility and contribution rules 2011/12, accessed via: https://dera.ioe.ac.uk/3560/1/learner_eligibility_and_contribution_rules_2011_12_-_published_may_2011-v1.pdf, pg 32–33

124 Ibid, pg 34

advanced learner loans.^{125, 126} In 2016/17, the government also removed co-funding for all 19–23-year-old learners who already had a full level 3 qualification, and made them eligible for advanced learner loans.¹²⁷

Figure 10 outlines further details regarding the full level 3 adult learning trend in recent years. While the number of learners who were enrolled on full level 3 courses was already falling before the introduction of advanced learner loans for learners aged 24+, the decline in numbers almost tripled between 2012–13 and 2013–14 compared to the previous year. The introduction of advanced learner loans in 2013/14 for individuals whose grant funding was partially or completely removed in 2012/13 may have led to a slow-down in the decline in the numbers of people who took up full level 3 study. And while this rate recovered slightly in 2015/16, the subsequent decline in participation was sharp after the removal of co-funding for 19–23-year-old learners who already had a full level 3 qualification in 2016/17.

Figure 10: Full level 3 qualifications (19+, excluding apprenticeships) – participation, 2011–2019



Source: DfE¹²⁸

As we mentioned in section 3.2, in 2016/17, the DfE introduced a methodological change in the way it classified level 3, which meant some of the qualifications previously categorised as ‘full’ level 3 qualifications ceased to be recognised as such. If we applied the same logic to level 3 qualifications in the years that preceded this change, we would expect the declines in Figure 10 prior to 2016/17 to have been softer than represented here. Nevertheless, the fact that there were substantial drops in ‘full’ level 3 learners

125 House of Commons Library, 2019, Adult further education funding in England since 2010, accessed via: <https://researchbriefings.files.parliament.uk/documents/CBP-7708/CBP-7708.pdf>, pg 10

126 The DfE does not have data on enrolments per year, but volume of learners. This means that any impact on the reduction of learner enrolments would have a delayed effect.

127 DfE, 2018, Evaluating the extension of advanced learner loans, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/754426/Evaluating_the_Extension_of_Advanced_Learner_Loans_Research_report_Nov2018.pdf, pg 10

128 DfE, 2019, Further Education and Skills in England: November 2019, accessed via: www.gov.uk/government/statistics/further-education-and-skills-november-2019

after 2016/17 suggests that even the more selectively derived ‘full’ level 3 qualifications are on a downwards trajectory. It is worth noting that the data in Figure 10 refers to participation, rather than to entry; as a result, the full effect of the government’s changes to funding will have been lagged, as any downwards impact on new entrants will have taken time to present itself in the data for participation more generally.

In this paper, we do not include any specific analysis of apprenticeships data at the various levels we explore; the CSJ will publish a separate paper on apprenticeships in due course. However, it is worth considering that level 2 and 3 apprenticeships have also been declining (from 298,280 to 143,590 at level 2, and from 181,763 to 174,727 at level 3, between 2014/15 and 2018/19). And that the number of older apprentices, in particular, has plummeted;¹²⁹ for instance, level 2 starts fell by 58 per cent for the 25+ age group between 2014/15 and 2018/19, compared to 36 per cent for those under 19.¹³⁰ Apprenticeships can only meet a certain type of training requirement – namely, one that is contingent on an employer that has a particular need for an apprentice, and the expertise and resources to meet that need through an apprenticeship. Not all training falls into this category, and many individuals and employers require other options. But the fact that level 2 and 3 apprenticeships are also declining suggests there is a shortage of options for adults across a wide range of learning at these levels.

129 CSJ analysis of DfE data: DfE, 2019, Statistics: further education and skills, accessed via: www.gov.uk/government/collections/further-education-and-skills-statistical-first-release-sfr

130 CSJ analysis of DfE data: DfE, 2019, Statistics: further education and skills, accessed via: www.gov.uk/government/collections/further-education-and-skills-statistical-first-release-sfr

part two | section four

Adult learning at levels 4 and 5

4.1 There is unmet demand for technical jobs at levels 4 and 5

Many industries rely on technicians who are trained to a higher, but sub-degree, level. However, under 3 per cent of learners in Higher Education or Further Education study level 4 and 5 courses,¹³¹ and some employers are struggling to expand their businesses because they cannot find higher-skilled employees, such as technicians, with the right level of qualifications.¹³²

According to an estimate by the National Audit Office, for instance, in 2018 there were 398,244 technician-level STEM shortages alone; the report goes on to say that these shortages are the result of an ‘undersupply of people with level 3 to 5 vocational qualifications over the last 20 years’.¹³³ According to the 2017 Employer Skills Survey, 18 per cent of employers in England who had skills shortage vacancies said that some of their vacancies were in professional and technical occupations,¹³⁴ which usually require a ‘high level vocational qualification’ and substantial period of training.¹³⁵ And of all the skills shortage vacancies in England in 2017, 15.3 per cent were in ‘Associate and Technical’ occupations,¹³⁶ which often require high-level vocational qualification.¹³⁷

In 2018, there were 398,244 technician-level STEM shortages alone, many of which were linked to an undersupply of higher qualifications.

131 ICF Consulting, 2019, Review of the Level 4–5 qualification and provider market, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782160/L4–5_market_study.pdf

132 Gatsby Foundation, 2017, Gatsby response to industrial strategy 2017, accessed via: www.gatsby.org.uk/uploads/education/reports/pdf/gatsby-response-to-industrial-strategy-201704.pdf

133 NAO, 2018, Delivering STEM skills for the economy, accessed via: www.nao.org.uk/wp-content/uploads/2018/01/Delivering-STEM-Science-technology-engineering-and-mathematics-skills-for-the-economy.pdf, pg 21

134 DfE, 2018, Employer Skills Survey, accessed via: www.gov.uk/government/publications/employer-skills-survey-2017-england-and-local-toolkit, Table 40

135 ONS, 2019, Standard Occupation Hierarchy, accessed via: https://onsdigital.github.io/dp-classification-tools/standard-occupational-classification/ONS_SOC_hierarchy_view.html

136 DfE, 2018, Employer Skills Survey, accessed via: www.gov.uk/government/publications/employer-skills-survey-2017-england-and-local-toolkit, Table T63

137 ONS, 2016, Volume 1: structure and descriptions of unit groups, accessed via: www.ons.gov.uk/methodology/classificationsandstandards/standardoccupationalclassificationsoc/soc2010/soc2010volume1structureanddescriptionsofunitgroups, Table 2

In addition, the subjects people study at levels 4 and 5 are not always well matched to areas of strong need. This is, for instance, clear to see in the engineering sector. There is high demand for engineering jobs (between 2018 and 2020, for example, 7,200 new workers were needed in the high-speed rail sector, and the figure for jobs in big data was 157,000);¹³⁸ however, employers cannot always find what they are looking for and it is estimated that we lack 55,000 skilled engineering workers (educated to levels 3+) across all sectors.¹³⁹ Yet despite clear recent growth in demand for engineering jobs, and a high number of unfilled vacancies, in 2018/19 only 5.4 per cent of all sub-degree starts were in engineering subjects,¹⁴⁰ which equates to just 7,880 starts.¹⁴¹ And in the same year, just 3.3 per cent of apprenticeship starts at level 4 and 5 were in engineering or manufacturing – just 1,726 starts.¹⁴²

4.2 The overall number of starts at levels 4 and 5 is low, and diminishing

The vast majority (88 per cent) of pupils who study at level 4 and 5 take technical courses.¹⁴³ However, according to official records, the number of learners who started courses (excluding apprenticeships)¹⁴⁴ at levels 4 and 5 declined from 242,600 in 2014/15 to 187,052 in 2016/17.^{145,146} Based on a composite analysis of Individualised Learner Record (ILR) data and Higher Education Statistics Agency (HESA) data, we estimate that this figure may have fallen even further, to around 171,000, in 2017/18¹⁴⁷ – however, there is no way to definitively establish this through publicly available data.

Among the 2004/05 GCSE cohort, just 4 per cent of adults had a level 4/5 qualification as their highest-level qualification by age 25.

Other indicators also suggest that the number of people who are qualified to levels 4 and 5 is low. For instance, among the 2004/05 GCSE cohort, only 4 per cent of adults by age 25 had achieved a level 4 or 5 qualification as their highest level of attainment; by contrast,

138 Engineering UK, 2018, Synopsis and Recommendations, accessed via: www.engineeringuk.com/media/1576/7444_enguk18_synopsis_standalone_aw.pdf

139 Centre for Economics and Business Research, 2015, Failure to meet demand for engineering skills could cost UK £27bn a year, accessed via: <https://cebr.com/reports/engineering-skills-in-the-uk/>

140 The subjects were: broadly-based programmes within engineering and technology; general engineering; civil engineering; mechanical engineering; aerospace engineering; naval architecture; electronic and electrical engineering; production and manufacturing engineering; production and manufacturing engineering; chemical, process and energy engineering; and others in engineering.

141 HESA, HE student enrolments by subject area, principal subject, level of study, mode of study, domicile, sex and academic year, accessed via: www.hesa.ac.uk/data-and-analysis/students/table-9

142 CSJ analysis of DfE data: DfE, 2019, apprenticeships and traineeships data, accessed via: www.gov.uk/government/statistical-data-sets/fe-data-library-apprenticeships

143 RCU, 2018, Mapping the Higher Technical Education Landscape, accessed via: www.gatsby.org.uk/uploads/education/reports/pdf/mapping-the-higher-technical-landscape-final-version.pdf

144 Pg 6: 'the research focuses on L4–5 programmes that are not delivered as part of an apprenticeship framework or standard'

145 DfE, 2019, Review of the level 4–5 qualification and provider market: research report, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782160/L4-5_market_study.pdf, pg 79

146 QAA, 2016, sub-bachelor higher education, accessed via: <https://www.qaa.ac.uk/docs/qaa/about-us/sub-bachelor-higher-education-in-the-united-kingdom.pdf>, pg 26 NB: there may be discrepancies when comparing statistics between these two reports.

147 Using statistics from HESA: HESA, 2020, HE student enrolments by level of study 2013/14 to 2017/18, accessed via: www.hesa.ac.uk/data-and-analysis/sb252/figure-3, and statistics from the ILR published on the DfE website: DfE, 2020, FE and skills November 2019 [Accessed via: www.gov.uk/government/statistics/further-education-and-skills-november-2019, Table 5

27 per cent of people in this cohort held level 6 (degree-level) qualifications by age 25, and 26 per cent had level 3 qualifications by age 25.¹⁴⁸ In addition, while 3,368 different level 4 and 5 qualifications were available in 2016/17, less than a third of these qualifications attracted more than 50 learner enrolments in 2016/17.¹⁴⁹

In this paper, we do not focus on apprenticeships data at the various levels we explore, as we will publish a separate paper on apprenticeships in due course. However, it is also worth considering that, although level 4 and 5 apprenticeship starts have been rising (from 19,676 in 2014/15 to 52,579 in 2018/19),¹⁵⁰ this has not fully mitigated the sharp fall in level 4 and 5 learning outside the world of apprenticeships. In any event, apprenticeships can only meet a certain type of training requirement – namely, one that is contingent on an employer that has a particular need for an apprentice, and the expertise and resources to meet that need through an apprenticeship. Not all training falls into this category, and some individuals and employers require other options.

4.3 Several factors account for the dearth of level 4 and 5 starts

4.3.1 Preference for level 6 degrees

In part, the relative paucity of level 4 and 5 starts is likely to be driven by the fact that more individuals are choosing to move from level 3 to level 6 qualifications, instead of progressing to level 4 and 5 qualifications. More and more people are taking the level 6 route because it has become easier to access it; the government's student finance reforms in 2012 removed caps on student numbers and allowed students to borrow substantially to meet their tuition and maintenance costs. The number of people completing university degrees has risen from 495,325 to 585,010 in the last six years.¹⁵¹ And according to a DfE analysis of a cohort of individuals who completed their GCSEs in 2005, while just 4 per cent held level 4 and 5 qualifications by age 25, 26 per cent had level 3 qualifications and 27 per cent held level 6 qualifications; the implication here is that many individuals are either stopping at level 3, or they are bypassing level 4 and 5 courses to get a level 6 qualification.

Some jobs require level 6 qualifications and on average, a degree confers a positive financial return. According to one estimate, for example, men who graduate with a degree earn 8 per cent more on average by age 29 than those who do not, while the figure for women is 28 per cent (once accounting for characteristics such as socio-economic background and prior attainment in each case).¹⁵² However, grade premiums vary considerably according to subject and institution; for instance, an engineering graduate from the University of Cambridge earns 60 per cent more five years after graduating

148 DfE, 2018, Post-16 education: highest level of achievement by age 25: England, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/705269/Post_16_education_highest_level_of_achievement_by_age_25.pdf

149 DfE, 2019, Review of the level 4–5 qualification and provider market: research report, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782160/L4-5_market_study.pdf, pg 8

150 CSJ analysis of DfE data: Statistics: further education and skills, accessed via: www.gov.uk/government/collections/further-education-and-skills-statistical-first-release-sfr

151 HESA, 2020, Who's Studying in HE? First year higher education (HE) student enrolments (including on alternative provider designated courses) by level of study, accessed via: <https://www.hesa.ac.uk/data-and-analysis/students/whos-in-he>

152 IfS, 2018, The impact of undergraduate degrees on early-career earnings, accessed via: www.ifs.org.uk/uploads/publications/comms/DFE_returnsHE.pdf

than the average UK graduate, while an engineering graduate from the University of Huddersfield earns 10.2 per cent less than the average UK graduate.¹⁵³ We also have a high rate of overqualification in this country: 15 per cent of workers are in jobs for which lower qualifications are typically required.¹⁵⁴ And only three fifths of first degree, full-time graduates have permanent contracts 6 months after they leave university.¹⁵⁵ In this context, it is likely that a considerable number of individuals are not making fully informed decisions about their choice of higher-level study.

4.3.2 Lack of access to good quality information on returns to level 4 and 5 qualifications

The returns to level 4 and 5 courses vary considerably, and later in the report we outline why it is important for the government to distinguish between higher and lower value courses at this level. However, in many cases, employment and wage outcomes are good. According to one recent market analysis, just 2 per cent of learners at level 5 (and 5 per cent of learners at level 4) do not progress to a positive destination.¹⁵⁶ In addition, the mean starting salary for level 4 and 5 is good (over £27,000 for individuals who progress to full employment).¹⁵⁷ And middle-performing GCSE pupils who then get level 4 and 5 qualifications have similar median salaries at age 26 as those who obtain degrees.¹⁵⁸

And yet, although level 4 and 5 qualifications in some sectors are relatively well known to learners, overall awareness of these qualifications is low, and many providers report that learners tend to believe degrees are more appropriate for their career progression.¹⁵⁹ UCAS, too, has reported a lack of clarity about the alternative routes that exist after level 3, beyond the now well-rehearsed journey from level 3 qualifications to degrees.¹⁶⁰ This is not helped by the fact that, while the government collects some outcomes data for level 4 and 5 courses, the information that flows from this data into the public domain is not always as concise, granular and accessible as it could be. We can see this in a number of ways. For instance:

- The DfE collects ‘longitudinal education outcomes (LEO)’ data for level 2–7 education in several different contexts. The data includes information about average earnings and destinations, split by several time intervals, in relation to various qualifications. In theory, it is, therefore, possible to track data on sub-degree level outcomes for university courses. However, while the government now regularly publishes consolidated outcomes data (including, for example, on average wages and destinations) for degree-

153 IFS, 2018, The Relative labour market returns to different degrees, accessed via: www.ifs.org.uk/publications/13036

154 OECD, 2016, Mismatch – National Statistics, accessed via: <https://stats.oecd.org/Index.aspx?DataSetCode=MISMATCH#> (background characteristics listed on pg 70)

155 HESA, 2018, Destinations of Leavers from higher education 2016/17, accessed via: www.hesa.ac.uk/data-and-analysis/publications/destinations-2016-17, Introduction tables, Table H

156 ICF Consulting, 2019, Review of the Level 4–5 qualification and provider market, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782160/L4-5_market_study.pdf, pg 105

157 Ibid

158 Ibid

159 DfE, 2019, Review of the level 4–5 qualification and provider market, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782160/L4-5_market_study.pdf, pg 11

160 UCAS, 2017, Progression pathways 2017: pathways through higher education, accessed via: www.ucas.com/file/110596/download?token=aVG758ND

level qualifications,¹⁶¹ it does not do this for level 4 and 5 qualifications – even when those courses are taught by universities, and even though almost a third of level 4 and 5 qualifications are taught by universities.¹⁶²

- Official HESA data includes information on the number of people who start and complete level 4 and 5 courses. It also includes accompanying survey data on outcomes (for example, on wages, destinations and employment). However, in contrast to LEO data, it only collects this information six months after individuals complete their courses,¹⁶³ and there is no easy way to distil different types of level 4 and 5 courses (for instance, apprenticeships) from the broader data.
- The government publishes outcomes data (including on wages and employment) for courses taken in FE colleges. However, this data does not allow us to identify granular enough information on returns to level 4 and 5 courses because it either:
 - bunches all level 4+ courses together (excluding apprenticeships) in one datafile, and affixes accompanying raw data that is not easily accessible; or
 - splits out specific outcomes data by level, but includes apprenticeships.¹⁶⁴

The government has also introduced two new digital tools that are specifically intended for public use. Both aim to give pupils information about the returns associated with different courses and institutions, but these too are limited in their scope when it comes to communicating level 4 and 5 outcomes. The two tools are Think Uni and The Way Up.¹⁶⁵ Although they relay an array of helpful information:

- ThinkUni does not outline any information on level 4 and 5 qualifications,¹⁶⁶ and does not feature courses that are taught at FE colleges; and
- while The Way Up does set out training routes that include level 4/5 courses, it does not outline consolidated outcomes data in the same way LEO data does for graduate destinations.

As a result, it is difficult for the public to readily distil reliable data about the likely returns to different level 4 and 5 courses. Not only does this potentially impede the quality of decisions people make about their futures; it also potentially undermines the brand power of stronger level 4 and 5 qualifications by obscuring their returns from plain site.¹⁶⁷

161 DfE, 2019, Graduate outcomes (LEO): outcomes in 2016 to 2017, accessed via: www.gov.uk/government/statistics/graduate-outcomes-leo-outcomes-in-2016-to-2017

162 Gatsby Foundation, 2018, Mapping the Higher Technical Landscape, accessed via: www.gatsby.org.uk/uploads/education/reports/pdf/mapping-the-higher-technical-landscape-final-version.pdf, pg 8

163 See: HESA, 2018, Destinations of Leavers from higher education 2016/17, accessed via: www.hesa.ac.uk/data-and-analysis/publications/destinations-2016-17

164 DfE, 2019, FE data library, accessed via: <https://www.gov.uk/government/statistical-data-sets/fe-data-library-further-education-and-skills>, specifically: FE and skills participation by level in further education colleges, and total learning aims by provider type and level: 2018 to 2019.

165 DfE, 2018, Winners announced for new student apps, accessed via: www.gov.uk/government/news/winners-announced-for-new-student-apps

166 AccessEd, 2019, Explore: ThinkUni App, accessed via: www.access-ed.ngo/thinkuni

167 DfE, 2019, Review of the level 4–5 qualification and provider market, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782160/L4-5_market_study.pdf, pg 107

4.3.3 Lack of loan support for some individuals undertaking level 4 and 5 courses

Most level 4 and 5 students are mature (just 21 per cent of people enrolled on level 4 and 5 technical courses are under the age of 21)¹⁶⁸ and level 4 and 5 qualifications are often delivered part-time. In many cases, they are delivered by higher education institutions. In 2018/19, for instance, students starting part-time study at levels 4 and 5 at higher education institutions (or franchised out to FE colleges) represented 55 per cent of all part-time undergraduate starts.¹⁶⁹ And in the same year, 69 per cent of all starts on sub-degree courses were part-time.¹⁷⁰ As we outline later in this report, part-time higher education has recently experienced a dramatic fall in numbers. And, as we will demonstrate, although the reasons for that fall are multifaceted, it is clear that the less generous system of student finance introduced in 2012 played a part.

A further potential financial obstacle exists for some FE learners at levels 4 and 5: the type of student finance these learners can access is different to other forms of student finance. 'Prescribed' level 4 and 5 courses are offered by higher education institutions (although some are franchised to FE colleges to deliver); learners on these courses can unlock the student finance system available to other higher education students, including maintenance loans. 'Non-prescribed' level 4 and 5 courses, on the other hand, are delivered in the FE sector; learners on these courses can access Advanced Learner Loans to pay for their tuition fees, but they cannot access maintenance loans.

4.3.4 Rising apprenticeship starts at levels 4 and 5

To some extent, individuals who otherwise would have contemplated standalone level 4 and 5 qualifications may have elected to undertake level 4 or 5 apprenticeships instead. We know that apprenticeships at these levels have risen quickly in recent years.¹⁷¹ According to one recent research report commissioned by the DfE, most FE and HE providers believed that the introduction of the apprenticeship levy would undermine other courses at this level. As the report explains, most providers thought that 'very few employers would support their staff to undertake standalone L4–5 provision'¹⁷² given that they could draw down on significant government co-funding through the apprenticeship levy, and because there were few barriers for providers to switch from their previous models with ones that were compatible with apprenticeship standards. The same report also found that, as a result, the apprenticeship levy was the 'main policy driver' shaping level 4 and 5 providers' offers.¹⁷³

168 RCU, 2018, Mapping the Higher Technical Education Landscape, accessed via: www.gatsby.org.uk/uploads/education/reports/pdf/mapping-the-higher-technical-landscape-final-version.pdf

169 HESA, 2019, HE student enrolments by subject of study 2014/15 to 2018/19, accessed via: www.hesa.ac.uk/data-and-analysis/sb255/figure-3

170 HESA, 2019, HE student enrolments by subject of study 2014/15 to 2018/19, accessed via: www.hesa.ac.uk/data-and-analysis/students/table-9

171 IFS, 2019, Annual report on education spending in England, accessed via: www.ifs.org.uk/uploads/R162-Education-spending-in-England-2019.pdf

172 DfE, 2019, Review of the level 4–5 qualification and provider market, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782160/L4-5_market_study.pdf, pg 72

173 Ibid, pg 72

4.3.5 Supply-side challenges

The level 4/5 provider market is a mixed ecosystem. 541 providers offer non-apprenticeship courses at these levels.¹⁷⁴ In 2016/17, the most common type of providers were FE colleges (35 per cent), followed by private providers (26 per cent), higher education institutions (16 per cent), alternative providers (8 per cent), sixth form and specialist colleges (7 per cent) and adult community learning/other providers, including prison services (7 per cent). However, FE colleges and higher education institutions account for a greater number of learners than the above provider category shares suggest. In the same year, 53 per cent of level 4 and 5 (non-apprenticeship) learners studied at FE colleges, while 32 per cent did so at higher education institutions, making them the two largest provider types by learner numbers.¹⁷⁵

Apart from low demand, there are reasons why both types of providers may not have invested as heavily in level 4 and 5 provision as they might otherwise have done. FE colleges can be dissuaded from offering level 4 and 5 courses because it is sometimes financially risky for them to do so. Higher technical courses require costlier investment on infrastructure and equipment than many other courses, and FE colleges must also compete with private firms to attract suitably qualified teachers.¹⁷⁶ According to one recent analysis, around half of providers¹⁷⁷ already reported difficulties relating to staffing, infrastructure and delivering qualifications at level 4 and 5.¹⁷⁸

Meanwhile, we have created a funding model that makes it attractive for many higher education institutions to focus on full degree programmes. These courses are often more profitable than their level 4 and 5 counterparts because they are longer, and often operate with larger class sizes.¹⁷⁹ The government also raised the cap for full-time degree places by 30,000 in 2014/15, and lifted the cap altogether in 2015,¹⁸⁰ all of which enhanced the financial incentive for many institutions to offer full-time degree-level courses (usually at £9,250 per year) above sub-degree level provision.¹⁸¹

The overall health of our level 4 and 5 offer is also compromised by a lack of coherence in the way we signal quality to employers, who are one of the primary funding sources for adults who do undertake these qualifications. In 2016/17, there were 3,368 level 4 and 5 qualifications available to learners, 334 of which had no completions for the

174 DfE, 2019, Review of the level 4–5 qualification and provider market, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782160/L4–5_market_study.pdf, pg 36

175 These figures may be different to the learner numbers above because this data qualifies an FE start all sub-degree qualification registered at HE where teaching is franchised to an FE college.

176 DfE, 2017, The costs of providing levels 4 and 5 in further education, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/669738/The_costs_of_providing_levels_4_and_5_in_further_education.pdf

177 Research involved ‘semi-structured, qualitative consultations with staff at 23 higher education (HE) providers in England, comprising 16 Further Education Colleges, four Higher Education Institutions (HEIs) and three Alternative Providers.’ Ibid, pg i

178 Gatsby Charitable Foundation, 2018, Level 4 and 5 provision in England: provider perspectives, accessed via: www.gatsby.org.uk/uploads/education/york-consulting-level-4-and-5-provision-in-england-provider-perspectives-2018.pdf, pg ii

179 DfE, 2019, Review of the level 4–5 qualification and provider market, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782160/L4–5_market_study.pdf, pg 99

180 HM Treasury, 2013, Autumn statement, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/263942/35062_Autumn_Statement_2013.pdf, pg 7

181 For instance: at the University of Wolverhampton HNC/HND and Foundation degree courses are £8,600 per year (£6,150 if taught at partner colleges), compared to £9,250 for degree courses www.wlv.ac.uk/apply/funding-costs-fees-and-support/fees-and-costs/undergraduate-fees/

two years prior to 2016/17.¹⁸² The volume of courses on offer can make it difficult for learners and employers to identify and understand the benefits of particular qualifications, and there is evidence to suggest that employers in some sectors do not widely recognise level 4 and 5 qualifications, particularly in sectors where large numbers of recent graduates apply for jobs that do not need degree skills.¹⁸³

There is also no national quality assurance of these qualifications to make sure they are meeting employer demand. In some sectors (for example, engineering; construction; and leadership and management), level 4 and 5 qualifications are well recognised and valued by employers.¹⁸⁴ However, in other sectors (for instance, business administration and law; the creative industries; and ICT) employer recognition of level 4 and 5 qualifications tends to be weaker.¹⁸⁵

In this context, it is difficult for some employers to identify quality in the level 4 and 5 market,¹⁸⁶ and there is evidence that some employers tend to focus their recruitment on more recognisable routes and individuals, such as school leavers and graduates.¹⁸⁷

182 DfE, 2019, Review of the level 4–5 qualification and provider market, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782160/L4-5_market_study.pdf, pg 7

183 DfE, 2019, Review of the level 4–5 qualification and provider market, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782160/L4-5_market_study.pdf, pg 14 – this was commonly reported in the pharmaceuticals, business services and ICT sectors

184 ICF Consulting, 2019, Review of the Level 4–5 qualification and provider market, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782160/L4-5_market_study.pdf

185 Ibid

186 DfE, 2019, Higher technical education: the current system and the case for change, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/814938/Higher_technical_education_case_for_change.pdf

187 DfE, 2018, Good practice in level 4 and 5 qualifications, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/733434/Good_practice_in_Level_4_and_5_qualifications.pdf

Employer-led training

5.1 The overall number of employees benefiting from employer-led training has declined in the medium term, and has plateaued in the short-term

Although, as we have outlined so far in this report, it is vital that we give more adults the chance to develop their basic and higher-level skills, this alone will not adequately boost our adult learning offer. People must have the opportunity to develop specific skills in ways that unlock opportunities in the labour market. Employer-led learning is a powerful way to achieve this because it marries skills development with emerging need in the labour market, and therefore minimises mismatch between adult learning and demand for skills.

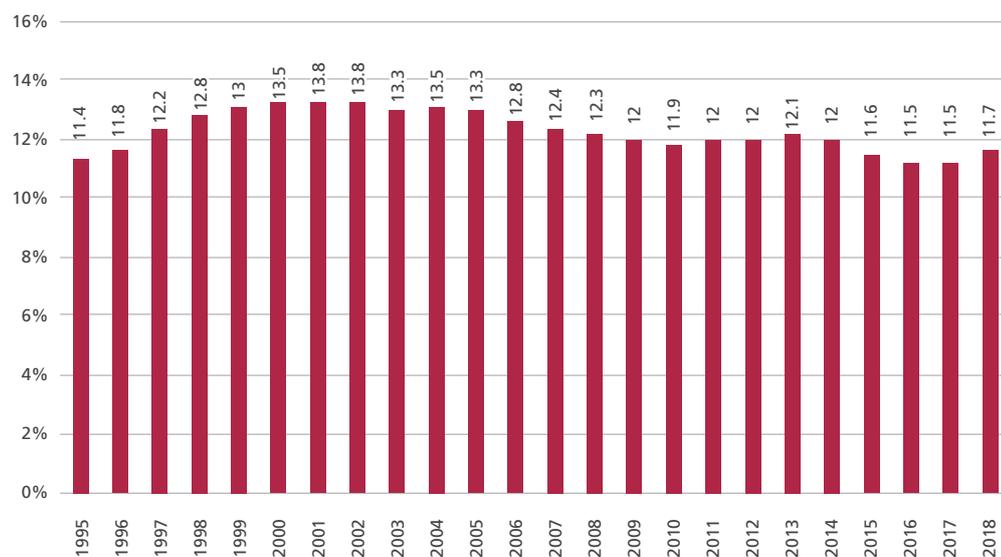
And yet this form of learning is stagnating. For example, the number of employees receiving job-related training fell from 4.2 million in October-December 2004 to 3.8 million in October-December 2019 – a 9.5 per cent decline over 15 years.¹⁸⁸ The lowest figure was 3.3 million (in 2010), which was likely caused by the recession at the time.

5.2 The overall proportion of employees who receive job-related training has also fallen, and is at its lowest point since the mid-1990s

Due to a combination of rising employment and falling numbers of people who benefit from employer-led training, the proportion of our workforce that receives job-related training (excluding health and safety training) has declined in recent years. As Figure 11 illustrates, this number fell from 13.8 per cent in 2001 and 2002, to 11.7 per cent in 2018.

¹⁸⁸ ONS, 2019, Job-related training, accessed via: www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/jobrelatedtrainingreceivedbyemployeesemp15

Figure 11: Proportion of employees who receive job-related training, UK, 1995–2018¹⁸⁹



Source: CSJ analysis of ONS data¹⁹⁰

In addition, according to the 2017 Employer Skills survey, the number of employers offering level 1, 2, or 3 qualifications fell between 2013 and 2017, and the overall rate of staff receiving training in any qualification fell from 22 per cent to 18 per cent between 2011 and 2017.¹⁹¹

The proportion of employees who receive job-related training was lower in the last four years than at any point since the mid-1990s.

5.3 Employers' expenditure on training per employee has fallen

According to the 2017 Employer Skills Survey, employer expenditure on training (including health and safety) in England was £37.5 billion. This represents an 0.8 per cent real terms overall decrease in employer spending when compared to the commensurate figure in 2011.¹⁹² However, this slight dip in overall expenditure masks an even more concerning trend: when viewed in the context of a rising workforce, the picture changes substantially; per trainee, the total amount employers spent in England actually fell in real terms by 17 per cent, from £3,000 to £2,500, in the same period. Figure 12 provides further details regarding the above trends; all figures include the wages of employees while on training courses.¹⁹³

¹⁸⁹ January–March (rolling average)

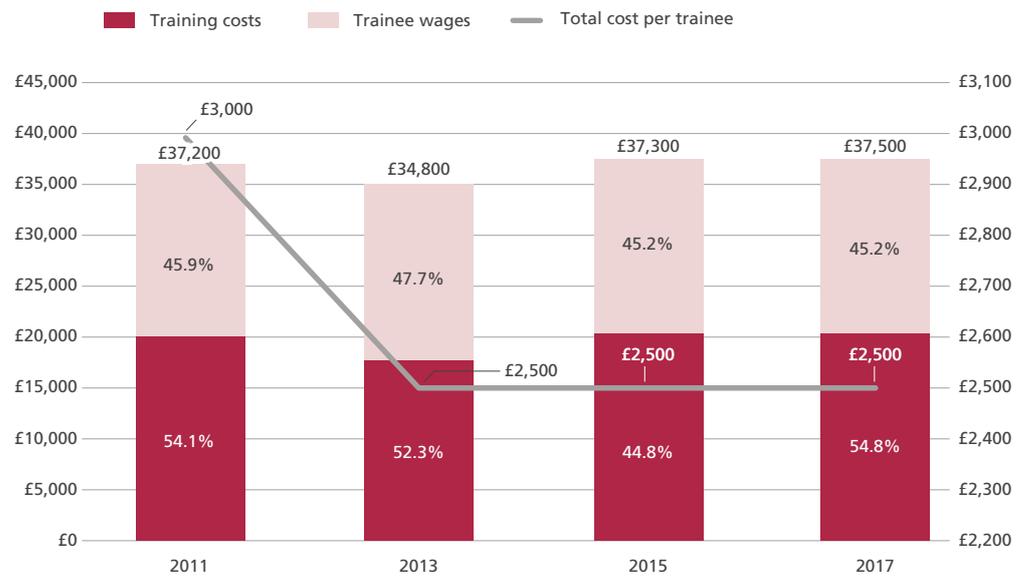
¹⁹⁰ ONS, 2019, Job-related training, accessed via: www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/jobrelatedtrainingreceivedbyemployeeemp15

¹⁹¹ DfE, 2018, Employer Skills Survey 2017, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/746493/ESS_2017_UK_Report_Controlled_v06.00.pdf, pg 109 NB: this is not the same as 'employees'.

¹⁹² DfE, 2018, Employer Skills Survey 2017, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/746493/ESS_2017_UK_Report_Controlled_v06.00.pdf, Table 5.4

¹⁹³ DfE, 2018, Employer Skills Survey 2017, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/746493/ESS_2017_UK_Report_Controlled_v06.00.pdf, pg 116

Figure 12: Total training expenditure (left axis) and total spending per trainee (including wages) (right axis), England, 2011–2017



Source: CSJ analysis of DfE data¹⁹⁴

5.4 A considerable amount of training includes health and safety, and the number of employer-led learners who study towards recognised qualifications is falling

It is worth considering that a significant proportion of job-related training captured by the Employer Skills Survey relates not just to job-related training, but also to other forms of mandatory training such as health and safety and first aid. In other cases, the training includes ‘basic induction training’ for new staff when they start their jobs. This means that not all training is aimed at harnessing employees’ specific job-related skill sets. According to the most recent Employer Skills Survey, for instance, 74 per cent of employers gave their employees health and safety/first aid training, and 65 per cent of employers provided their employees with basic induction training.¹⁹⁵

The proportion of overall job-related training that falls within the health and safety bracket also appears to be relatively high. According to the 2017 Employer Skills Survey, a third of UK employers who offered job-related training reported that at least half of their training was induction or health and safety;¹⁹⁶ in England, this figure rises to rises to 40 per cent.¹⁹⁷ In addition, in 2017, 12 per cent of all employers in the UK who offer

194 CSJ analysis of DfE data: DfE, 2018, Employer Skills Survey UK report, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/746493/ESS_2017_UK_Report_Controlled_v06.00.pdf. NB: the spending on training excluding wages was calculated by taking the UK average percentage spent on wages in each year. This is then used to show indicative figures of the amount spent on training, excluding wages in England only.

195 DfE, 2018, Employer’s Skills Survey 2017: England and local toolkit, accessed via: www.gov.uk/government/publications/employer-skills-survey-2017-england-and-local-toolkit. Data Tables, Table 130

196 DfE, 2018, Employer Skills Survey 2017, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/746493/ESS_2017_UK_Report_Controlled_v06.00.pdf, pg 107–108

197 DfE, 2018, Employer Skills Survey 2017: England and local toolkit, accessed via: www.gov.uk/government/publications/employer-skills-survey-2017-england-and-local-toolkit, table 131

any sort of training said that all their training in the 12 months prior to being surveyed comprised solely health and safety training, while the commensurate figure for employers in England was 13 per cent. And in the case of the UK, this figure rose by 5 percentage points (from 7 per cent to 12 per cent) between 2011 and 2017.¹⁹⁸

Meanwhile, the number of individuals in the UK who were pursuing employer-led training that led to a nationally recognised qualification (this is often linked to greater financial returns than training that does not) in the 12 months prior to survey fell from 3.5 million people in 2015 to 3.2 million in 2017.¹⁹⁹ In the same year, just 18 per cent of all staff who received employer-led training in the 12 months prior to survey were trained towards a nationally recognised qualification, a figure which itself had already dropped from 20 per cent in 2015.²⁰⁰

5.5 Employers cite several barriers to boosting workforce development

According to the 2017 Employer Skills Survey, 44 per cent of employers in England wanted to provide more training for staff than they were able to offer in the year preceding the survey.²⁰¹ Employers who fell into this bracket cited a number of obstacles. These included, for instance, lack of funding/finding training too expensive (51 per cent); not being able to spare staff time (49 per cent); and not being able to find the time to organise training (15 per cent).²⁰² Only 3 per cent said there were no barriers to them providing more learning or training.²⁰³

In 2017, 44 per cent of employers wanted to provide more training than they offered the previous year – prohibitive cost tops the list of reasons why they could not.

Several scholars have also cited human capital theory as a potential obstacle to employer investment in training.²⁰⁴ The idea here is that employers may be reluctant to train employees if doing so would increase their propensity to be poached. Employers are particularly risk averse, so the theory goes, to offering training that leads to qualifications that are very portable.²⁰⁵ This factor alone is unlikely to explain the full range of considerations that underpins employers' decisions regarding training. Employers must, for instance, also compete to retain workers, and attractive development opportunities are

198 DfE, 2018, Employer Skills Survey 2017, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/746493/ESS_2017_UK_Report_Controlled_v06.00.pdf, pg 107–108

199 DfE, 2018, Employer Skills Survey 2017, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/746493/ESS_2017_UK_Report_Controlled_v06.00.pdf, pg 107–108

200 Ibid

201 DfE, 2018, Employer Skills Survey 2017: England and local toolkit, accessed via: www.gov.uk/government/publications/employer-skills-survey-2017-england-and-local-toolkit, table 160

202 DfE, 2018, Employer Skills Survey 2017: England and local toolkit, accessed via: www.gov.uk/government/publications/employer-skills-survey-2017-england-and-local-toolkit, table 161

203 Ibid

204 See, for instance: Lewis, 2014, The Simple Economics of Apprenticeship, accessed via: www.gatsby.org.uk/uploads/education/reports/pdf/economics-of-apprenticeship.pdf; Booth and Bryan, 2005, Testing some predictions of human capital theory [Accessed via: www.iser.essex.ac.uk/research/publications/517614

205 This is clearly the case in the form of apprenticeships. See, for instance: Gatsby Foundation, 2016, Employer investment in intermediate-level stem skills: how employers manage the investment risk associated with apprenticeships; or, Gatsby Foundation, 2014, The Simple Economics of Apprenticeship.

part of the suite of enticements they might offer. Others may need to put their employees on accredited courses to fill their skills gaps, even if by doing so they may increase flight risk. Nonetheless, it is entirely plausible that some employers, particularly those in highly competitive sectors, seek to make some of their training as bespoke as possible to their own specific business needs.

It is also feasible that some employers are reluctant to invest in the long-term development of their workers in a labour market that is becoming more transient. As the OECD has pointed out, our labour market is increasingly characterised by shorter job cycles, temporary working arrangements, and part-time working, especially when compared to the OECD average.²⁰⁶ According to the DfE's recently published projections for the UK labour, part-time work is expected to grow from 28 per cent to 30 per cent of all jobs in the UK between 2017–2027.²⁰⁷ And the country's impressively high rate of employment in the last decade has been sustained in no small part by a rise in part-time employment and self-employment; between October–December 2010 and October–December 2019, while the number of full-time employees in the economy increased by 2.46 million, a substantial number (1.19 million) of self-employed and part-time employees also joined the market.²⁰⁸ In this context, it is plausible that some employers may not want to risk investing substantially in training more transient and part-time employees. As the OECD has observed in the latter case, for instance, it is easier for employers to arrange training for full-time employees than it is for part-time employees.²⁰⁹

5.6 Employer-led training is far more accessible to individuals with higher qualifications than it is to those with lower qualifications

In Part 2, Section 1 of this report, we explained that, although disadvantaged individuals have an enormous amount to gain from adult learning, they are the least likely to be engaging in it. There is, as we outlined, a clear negative incremental relationship between socioeconomic position and propensity to engage in learning. The same, too, is true of employer-led learning more specifically. As Figure 13 demonstrates, in 2017, there was a clear negative incremental relationship between lower level qualifications, on the one hand, and propensity to benefit from employer-led training, on the other. In addition, employees who had a degree, or equivalent qualification, were almost four times more likely to have received job-related training in the three months prior to being surveyed than those who had no qualifications.

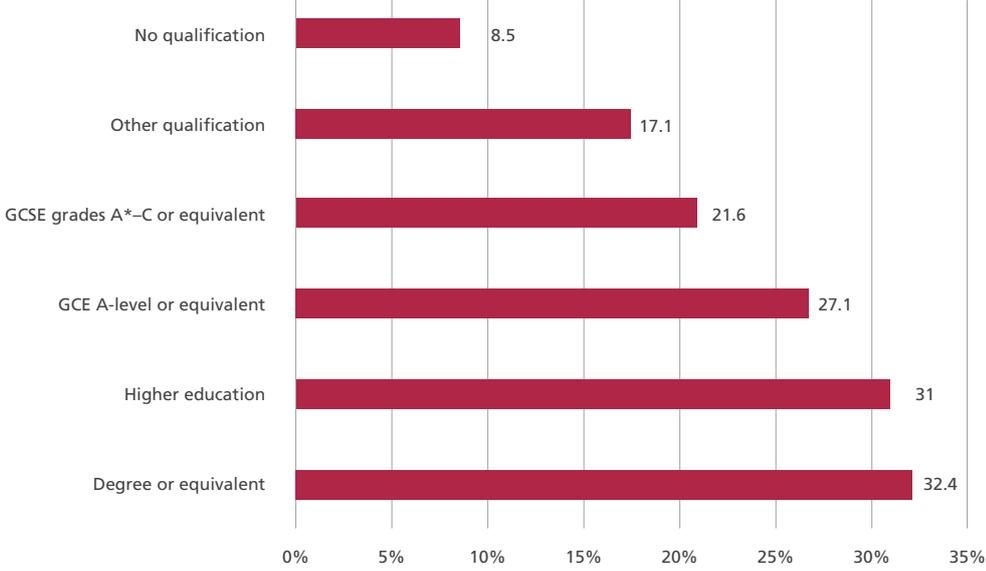
206 OECD, 2019, *The Future of Work: How does the United Kingdom Compare?* Accessed via: www.oecd.org/unitedkingdom/Employment-Outlook-UnitedKingdom-EN.pdf

207 DfE, 2020, *Working futures 2017–2027: long-run labour market and skills projections for the UK*, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/863506/Working_Futures_Main_Report.pdf, pg iv

208 ONS, 2020, A01: summary of labour market statistics, accessed via: www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/summaryoflabourmarketstatistics

209 OECD, 2019, *OECD Employment Outlook*, accessed via: www.oecd.org/employment/Employment-Outlook-2019-Highlight-EN.pdf, pg 25

Figure 13: Proportion of employees who participated in job-related training or education in the last three months, by highest qualification achieved, UK, 2017



Source: ONS²¹⁰

210 ONS, 2017, Characteristics and benefits of training at work, UK: 2017, accessed via: www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/characteristicsandbenefitsoftrainingatworkuk/2017, Figure 3

Part-time higher education

6.1 Part-time higher learning is a vital source of learning for disadvantaged individuals

Viewed from a number of different vantage points, part-time higher education is a powerful tool of learning and training for disadvantaged individuals. First, mature learning (which is strongly linked with part-time higher education) is associated more closely with areas of multiple disadvantage than it is to areas of advantage. For instance, one sixth of the local authority district areas in England that have the highest rate²¹¹ of mature learning²¹² are also ranked in the most deprived 20 per cent of areas in the country (according to the Index of Multiple Deprivation).²¹³ Conversely, none of the local authorities that experience the highest levels of youth participation (students aged 18–20 when enrolling) sits within the 20 per cent most deprived local authorities in England, and more than a fifth of these areas actually sit within the 20 per cent most advantaged local authority areas in the country.²¹⁴

Second, part-time higher learning is more closely associated with lower prior qualification levels than is full-time higher education. In 2017/18, for instance, students enrolling onto part-time higher education courses in the UK were six times more likely (14.5 per cent of students) to hold level 2 qualifications or below on enrolment than UK students in full-time higher education (2.5 per cent).²¹⁵

Third, we know that part-time higher learning is an important option for people with learning or physical disabilities. For example, the Open University is the largest provider of higher education for disabled students in England in 2017/18.²¹⁶ And more generally,

211 The analysis is of all local authority districts in the top quintile for mature learning, using an average of enrolment rates over three years (2015, 2016, 2017).

212 Mature learning is defined as students who enrolled in a course over the age of 21.

213 Classed as being in the quintile of local authority district areas that have the highest proportion of Lower Super Output Areas in the bottom 10 per cent of the IMD (2019).

214 Individuals classed as being 17 and under were included in this rate.

215 HESA, 2018, Table 10 – first year UK domiciled HE student enrolments by subject of study and highest qualification, accessed via: www.hesa.ac.uk/data-and-analysis/students/table-10

216 Office for Fair Access, 2017, Open University Access Agreement 2017/18, accessed via: www.open.ac.uk/cicp/main/sites/www.open.ac.uk.cicp.main/files/files/ecms/web-content/377_Access-Agreement-2018-19_Final.pdf

15.9 per cent of part-time learners enrolling on an undergraduate course in England in 2018/19 have a declared disability, a figure that is slightly higher than the number of disabled students studying full-time.²¹⁷

And fourth, part-time learning of this kind is a key source of further development for care leavers, who are more unlikely than most other individuals to access higher education at the more traditional point. In 2018/19, for instance, just 5.7 per cent²¹⁸ of all looked after children in England aged 19 or 20 were in higher education, compared to 41 per cent²¹⁹ of the rest of the population. In addition, it is estimated that more than one in 10 care leavers who entered higher education in 2016/2017 did so on a mature, part-time basis (however, this figure could be significantly higher as universities are not obliged to report care leaver status to HESA).²²⁰

6.2 Most part-time higher education students are mature, and many study vocational courses at levels 4 and 5

Part-time students are far more likely to be mature than are full-time students. Whereas full-time undergraduate (levels 4–6) students in England are overwhelmingly young, 88 per cent of new part-time undergraduate entrants were mature (21 or over when they enrolled) in 2018/19.²²¹ And more than half of the newly enrolled part-time higher education cohort in the same year was aged 30 and above. In this context, it is perhaps unsurprising that part-time higher students have more caring responsibilities than their full-time counterparts: in 2014/15, 36 per cent of part-time students in England had dependent children,²²² compared to 9 per cent of full-time students.

Part-time learners study a broad array of courses, and this mode of learning is a vital source of supply for vocational courses at levels 4 and 5. For instance, 69 per cent of all entrants to higher education at levels 4 and 5 captured by HESA data in the UK (100,120 out of 145,570 people) were part-time in 2018/19. Among subjects that were studied part-time at sub-degree level, almost a quarter (23.4 per cent) were in nursing, while the commensurate figure for full-time study was 13.4 per cent. And a further 12 per cent of part-time sub-degree entrants in the UK were studying education-related subjects, including trainee teachers (which comprised 3.2 per cent of all part-time sub-degree entrants).²²³

217 HESA, 2018, Who's Studying in HE? Accessed via: www.hesa.ac.uk/data-and-analysis/students/whos-in-he

218 CSJ analysis of DfE data: DfE, 2019, Children looked-after in England including adoptions, accessed via: www.gov.uk/government/statistics/children-looked-after-in-england-including-adoption-2018-to-2019

219 Using: HESA, 2019, HE student enrolments by personal characteristics, accessed via: www.hesa.ac.uk/data-and-analysis/students/whos-in-he; ONS, 2019, Mid-2018: 2019 LA boundaries, accessed via: www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesandnorthernireland. Table MYE2 All (ages 18–20). NB: some individuals would have started higher education at 17, but in 2016/17 this figure was 887 (HESA data request)

220 CSJ analysis of procured HESA data.

221 CSJ analysis of HESA data: HESA, 2019, HE student enrolments by personal characteristics, accessed via: www.hesa.ac.uk/data-and-analysis/students/whos-in-he#

222 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/693184/Student_income_and_expenditure_survey_2014_to_2015.pdf, pg 49

223 CSJ analysis of HESA data: HESA He student enrolments by subject area, principal subject, level of study, mode of study, domicile, sex and academic year, accessed via: www.hesa.ac.uk/data-and-analysis/students/table-9

6.3 There has been a dramatic fall in access to part-time higher learning – and while full-time higher education has risen, overall access to higher learning has actually declined

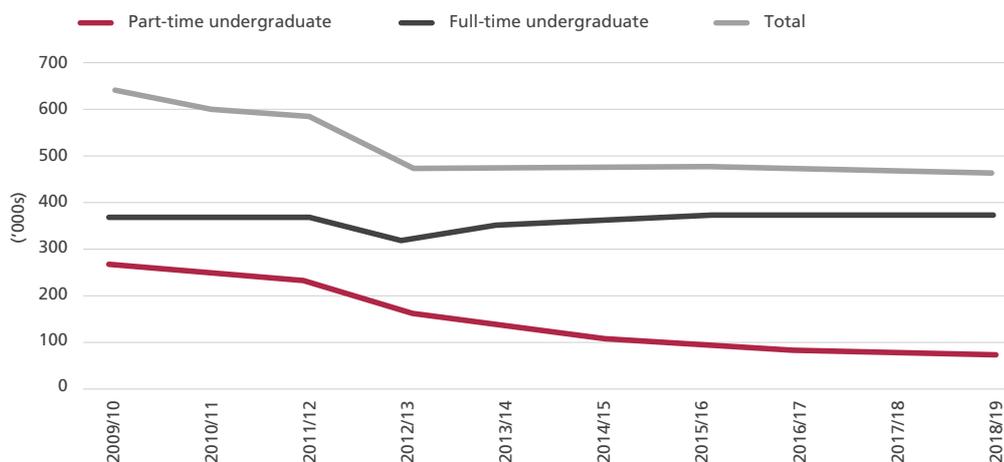
Staggeringly, the number of adults enrolling in part-time higher education has fallen by 70 per cent since 2009/10. As Figure 14 illustrates, after a more gradual decrease in the number of enrolled learners between 2009/10 and 2011/12, the rate of decline grew more sharply in 2011/12 and although it has recently started to level out, the overall drop has been severe.

The number of adults enrolling in part-time higher education has fallen by 70 per cent since 2009/10.

Meanwhile, the number of learners starting full-time higher education has increased steadily over the same period, albeit at a less acute pace than numbers have dropped in the part-time sector. The overall trend in higher education participants has, therefore, been down, suggesting that the severe drop in part-time learning has not been offset by the rise in full-time learning.

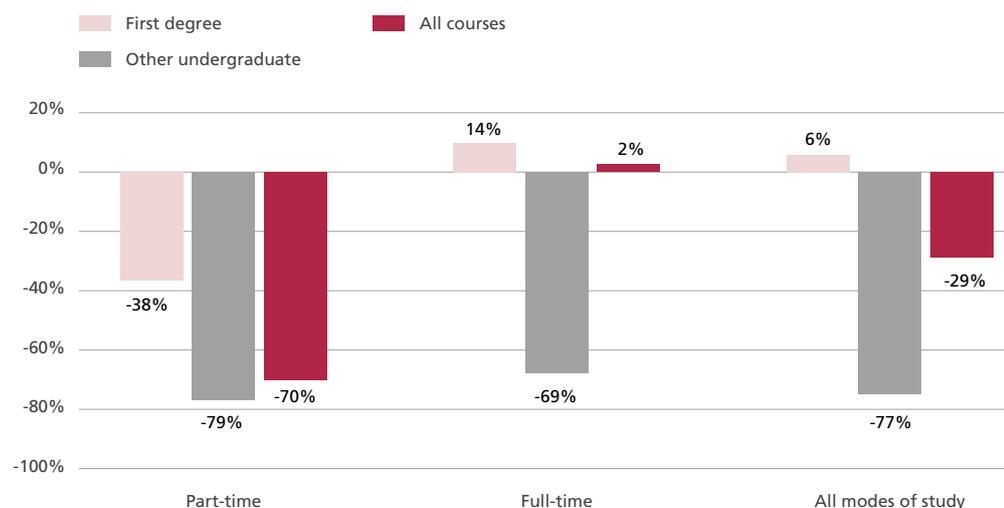
Figure 15 expands on this latter trend. It explores data from 2009/10 to 2018/19) and demonstrates that, during this period, overall access to higher education continued to decline. But it also enables us to understand some of the key drivers of this trend at a more granular level. It shows us, for instance, that during this time, the modest growth in full-time learning was driven by first degrees, and that the most severe drops in part-time learning occurred at sub-degree level. The overall net effect of these changes is that entrants onto first degrees have grown, while sub-degree courses have dropped sharply. In Part 1 of this report, we outlined the strong level of mismatch (including overqualification) that exists in our jobs market, and in Part 2, Section 4, we highlighted the number of skills gaps that exist at levels 4 and 5. In the context of those findings, the trends outlined in Figure 16 raise concerns about the harm we may be doing to our jobs market by allowing part-time higher education (which has traditionally catered so strongly for level 4 and 5 learning) to flounder.

Figure 14: Undergraduate enrolments, UK domiciled students at English HEIs, by mode of study (2009/10–2018/19)



Source: CSJ analysis of HESA data²²⁴

Figure 15: Change in % enrolments to undergraduate higher education, by level of study and mode of study, 2009/10–2018/19, UK domiciled students at English HEIs



Source: CSJ analysis of HESA data²²⁵

Note: 'other undergraduate' includes all subjects that are studied at levels 4 and 5 (below degree level but above compulsory school age qualifications). This includes, for instance, foundation degrees; Higher National Certificates (HNCs) and Higher National Diplomas (HNDs); Professional Graduate Certificates in Education (PGCE); Diplomas of Higher Education (DipHE); NVQs at level 4 or 5; non-formal undergraduate qualifications; provider undergraduate credit; and others²²⁶

224 HESA, 2019, Table 1 – HE student enrolments by HE provider 2014/15 to 2018/19, accessed via: www.hesa.ac.uk/data-and-analysis/students/table-1. www.hesa.ac.uk/data-and-analysis/students/table-1] For data before 2014/15 the publications archive was used: HESA, 2009–2015, Publications Archive: Students in Higher Education (Years 2009/10–2013/14), accessed via: www.hesa.ac.uk/data-and-analysis/publications] In each dataset, Table 11b

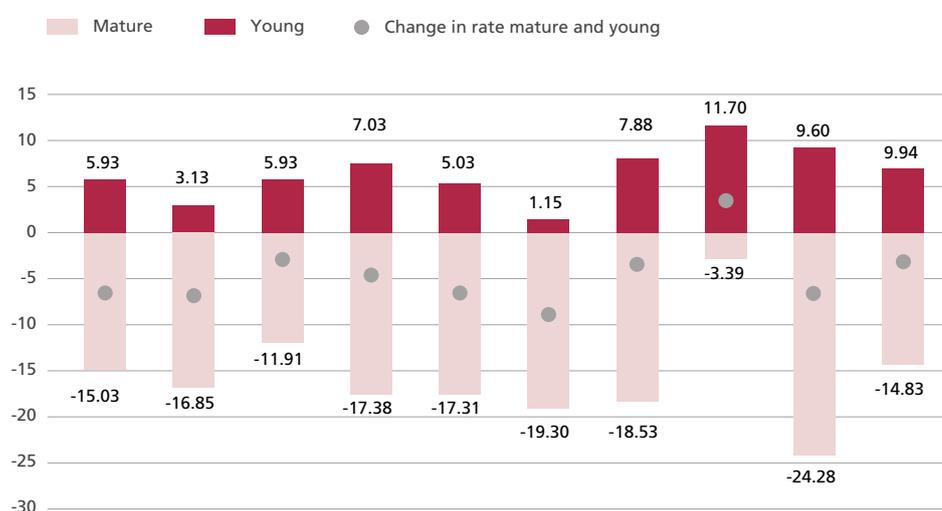
225 HESA, 2009, Student 2009–10, accessed via: www.hesa.ac.uk/data-and-analysis/publications/students-2009-10, Table 11b; HESA, 2019, HE student enrolments by HE provider, domicile, level of study, mode of study, first year marker, sex and academic year, accessed via: www.hesa.ac.uk/data-and-analysis/students/table-1

226 HESA, 2019, Definitions: Students, accessed via: www.hesa.ac.uk/support/definitions/students#level-study-qualification-obtained

6.4 The severe drop in part-time higher education coincided with a sharp fall in mature students in higher learning

Figure 16 illustrates that the overall rate of participation in higher education fell in England between 2013 and 2017 – not just nationally but also in every region apart from London (see yellow markers in Figure 16). The same figure also shows, however, that the fall in the rate of mature learners in this period was so severe that it dragged down the overall rate of higher learning, even when the rate of young people entering full-time education was rising. During this time, the rate of young students who entered higher education in England increased by nearly 7 per cent, and rose in all parts of England. However, for mature students,²²⁷ the inverse was true: the rate of mature students who entered higher education fell by 15 per cent, and every part of the country experienced a decrease of some sort.

Figure 16: Change in the overall rate of enrolment in higher education, by age of study, English domiciled students, 2013–17



Source: CSJ analysis of HESA data²²⁸

6.5 The growth in full-time higher education has largely been driven by young students, which means in many cases mature students are not simply switching to full-time options

The majority of mature students entering higher education learn on a part-time basis in England. For example, in 2018/19, 54 per cent of all individuals aged 25+ entering at undergraduate level did so on a part-time basis. Conversely, in the same year, 97 per cent of young learners (aged 20 and under) entering higher education were studying full-time.²²⁹

227 We have excluded those students with an 'unknown' address for the whole of this analysis.

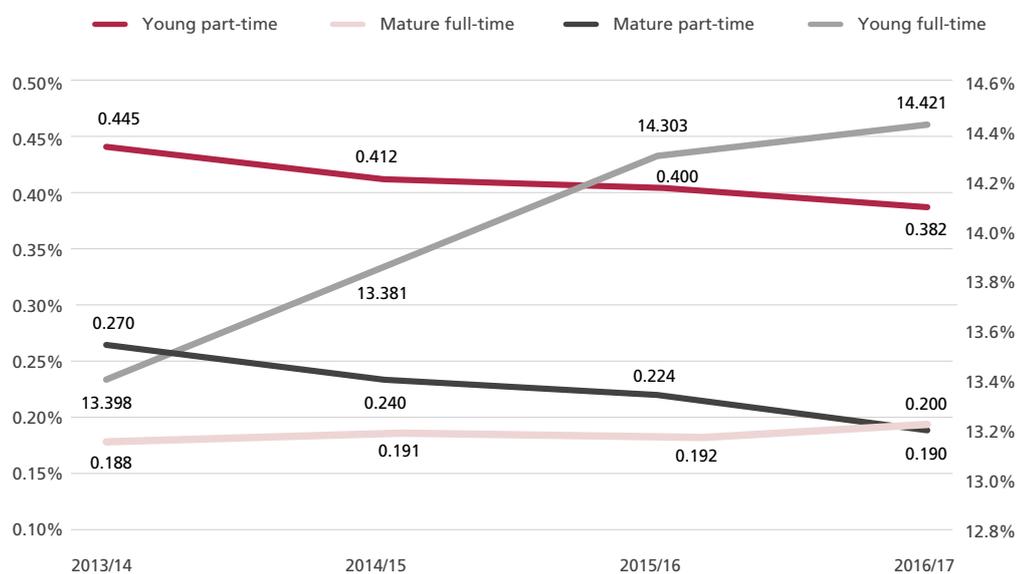
228 HESA raw data procured by CSJ; Population estimates accessed via ONS website.

229 CSJ analysis of HESA data: HESA, 2019, HE student enrolments by personal characteristics, accessed via: www.hesa.ac.uk/data-and-analysis/sb255/figure-4

In this context, it is perhaps unsurprising that the sharp decline in part-time higher education has disproportionately affected more mature individuals. This relationship is also stronger at the higher end of the age range. There has, for example, been a 40 per cent drop in aged 30+ part-time higher education entrants since 2012/13, whereas the figures for other groups are 28 per cent for individuals aged 25–29, 25 per cent for those aged 21–24, and 19 per cent for individuals aged 20 and under.

In addition, as Figure 17 illustrates, the group of learners that has increased its entrance rate in higher education by the greatest margin in recent years is, overwhelmingly, young full-time learners. And although the rate of mature full-time entrants has increased by a very small margin, this does not offset the drop in mature learners who start studying part-time. It is therefore clear that, in many cases, mature students are not simply switching to full-time options.

Figure 17: Rate of entrance to higher education, by mode of study and age group, England, 2013–2017 (young full-time on right axis)



Source: CSJ analysis of HESA data²³⁰

Note: A “young” student is defined as anyone between 18 and 20 years. A mature student is anyone 21 and over

6.6 The decline in part-time higher education has hit the most disadvantaged areas hardest

According to a statistical analysis by HESA, there has been a substantial drop in part-time students who are:

- from the lowest participation areas; and
- have no prior higher education.

230 HESA raw data procured by CSJ

The numbers of student satisfying both of these criteria who accessed part-time higher education fell from a peak of nearly 20,000 in 2009/10 to just over 7,000 students in 2015/16.²³¹

To understand more about the relationship between part-time higher education and disadvantaged areas, we carried out an additional statistical exercise. We first identified the rate of mature part-time entrants in each local authority district area in England in 2013/14, and then calculated the change in the rate of entrants between 2013/14 and 2016/17. We then carried out a correlation analysis to compare the two datasets.

The results of this exercise show that there is a strong overall negative correlation (-0.254) between the entrance rate for mature part-time learning in 2013/14, and the magnitude of the decline in entrance rates between 2013/14 and 2016/17. This suggests that the local authority districts where people have historically relied most on part-time mature learning are also the areas that have been most affected by its decline.

6.7 Individuals in some of our most disadvantaged areas have particularly low levels of entry into any form of higher education – whether at the traditional point or later in life

We wanted to identify the most disadvantaged areas of the country where people had particularly low rates of entry to higher education – not just at the traditional younger entry point but also at a more mature age where the vast majority of learners study part-time. In other words, we wanted to identify places where second chancing learning could have a transformative impact and yet was severely underutilised.

We did this by first calculating undergraduate enrolments in higher education for each local authority district²³² – for mature, and then for young, students domiciled in England²³³ – averaged over three years (2014/15, 2015/16 and 2016/17). We took a three-year average to account for yearly fluctuations. We chose these particular years because they complement the age of the data used in the Index of Multiple Deprivation (2015/16 data) which we use later in the analysis.²³⁴

We then identified ONS population data for young and mature students (18–20 and 21+, respectively) in each local authority district²³⁵ over three years (2015, 2016, 2017) and took an average to provide the base for the rate of enrolment into higher education.

231 HESA, 2018, Research update: part-time data analysis from HESA and CFE research, accessed via: www.hesa.ac.uk/insight/26-02-2018/OFFA_research_update

232 We removed data for individuals whose age was 'unknown' or whose domicile was 'unknown' – this removed 0.38% of the data in 2014/15, 0.34% of the data in 2015/16, and 0.44% of the data in 2016/17.

233 A mature learner is anyone entering higher education at age 21 or above. This is used consistently throughout the report, and matches other institutions' definition of mature, such as UCAS, accessed via: www.ucas.com/undergraduate/student-life/mature-undergraduate-students

234 DfE, 2019, The English Indices of Deprivation 2019, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/835115/iod2019_Statistical_Release.pdf, pg 25

235 ONS, 2019, Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland, accessed via: www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland

To calculate the rate of enrolment for young and mature learners in each local authority district, we then divided the three-year average figures for undergraduate enrolments in each district over the population average in each case.

Finally, to identify the most disadvantaged local authority districts in the country that also had the worst access to higher education both at the traditional point and later in life, we isolated local authority districts in England:

- that had the highest proportion of Lower Super Output Areas (matched to LA district boundaries in 2016)²³⁶ that were in the most deprived decile, using the IMD (2019);
- where the chances of accessing higher education at a young age (18–20) were low (bottom third of rate of entrance); and
- where access to higher education at a more mature age (21+) was also low (bottom third of entrants).

In total, there were 14 local authority districts that fell into this bracket: Ashfield, Barnsley, Basildon, Bassetlaw, Chesterfield, Doncaster, Fenland, Havant, King's Lynn and West Norfolk, Mansfield, North Lincolnshire, Rotherham, Sheffield, and Tendring.

The reasons for low participation in these 14 areas are likely to be multifaceted, and will vary in each case. However, where poor access flows from the fact that there are few local options, or from the fact that people cannot afford the courses that exist, there is a clear role for public policy intervention.

But improving local learning options does not just mean boosting local supply; part-time distance learning options, too, should be harnessed. This form of flexible learning removes geographical barriers from the equation, and as the case study below illustrates, is a powerful conduit for skills development. By giving people the chance to build skills without having to leave local areas, it can play a key role in levelling up in ways that benefit local communities.

Kent's nursing workforce

Kent Community Health NHS Foundation Trust (KCHFT) provides wide-ranging health care, including in people's own homes, nursing homes, health clinics, community hospitals, minor injury units and mobile units.

The Open University has been working with KCHFT to develop its workforce. The Registered Nurse Degree Apprenticeship and Nursing Associate Higher Apprenticeship both give the trust tangible ways to grow their own talent, and KCHFT is currently supporting almost 50 Registered Nurse and Nursing Associates through these programmes.

²³⁶ We could not use the publicly available local authority tables because they used the 2019 local authority district areas: whereas there were 326 local authority districts in 2016, there were only 317 in 2019. Therefore we had to use an ONS lookup tool to match the LSAOs to the 2016 LA district boundaries to match the boundaries used in the entry rates to HE.

Dr Mercia Spare, KCHFT's Chief Nurse explains how these courses are helping the trust to meet its workforce needs:

There are a number of challenges for developing the nursing workforce, especially across Kent and Medway. Firstly, there's a shortage of nurses available to come into the profession. The second is around the attractiveness of nursing and the routes in. Latterly they've been through academia which doesn't suit a lot of people in terms of going along that route. Then you've got local competition for services. Within Kent Medway, we have a number of healthcare providers and all fishing from the same workforce pond. And then you have the retention piece, actually keeping people in.

I think the OU is an important partner because it gives us a flexibility that you wouldn't have with another partner. Because it's distance learning, it opens doors to a range of people who would have been precluded from going through a traditional university route. You can earn and learn, and I think that has been the fundamental positive in how we've worked with The Open University to address some of our workforce challenges.

Kerry, a learner on the Nursing Associate Higher Apprenticeship, previously worked in the catering sector and then had a family. She explains how the programme's flexibility helped her juggle her personal responsibilities and the role at the Trust:

Being a mother, financially, going to university wouldn't have been an option for childcare and financial reasons. The apprenticeship seemed the best way because I could learn and earn at the same time. The learning is very flexible for me. I can still go to work, come home, be with my children and spend the time that they need with me.

6.8 Several factors hold back part-time higher education

6.8.1 New funding arrangements are strongly linked with a sharp decline in participation, and appear to have dissuaded debt-averse learners

In 2012, the Government changed the way that part-time learning was funded. The Higher Education Funding Council for England (HEFCE) stopped providing higher education institutions with grant funding for non-high cost subjects (both full and part-time) and reduced grant funding for high cost subjects (both full and part-time).²³⁷ It also reduced the funds it had previously made available to part-time providers for the additional costs associated with this type of learning. Part-time providers subsequently put up their prices to make their models viable.

In addition, the government dramatically revised the funding it had previously offered part-time students. This included scrapping all course fee grants and tuition grants. In their place, it offered tuition fee loans. These loans were restricted to courses that had 25 per cent intensity or higher;²³⁸ were structured so that they would lead to a nationally recognised qualification;²³⁹ and were not an Equivalent or Lesser Qualification (ELQ)

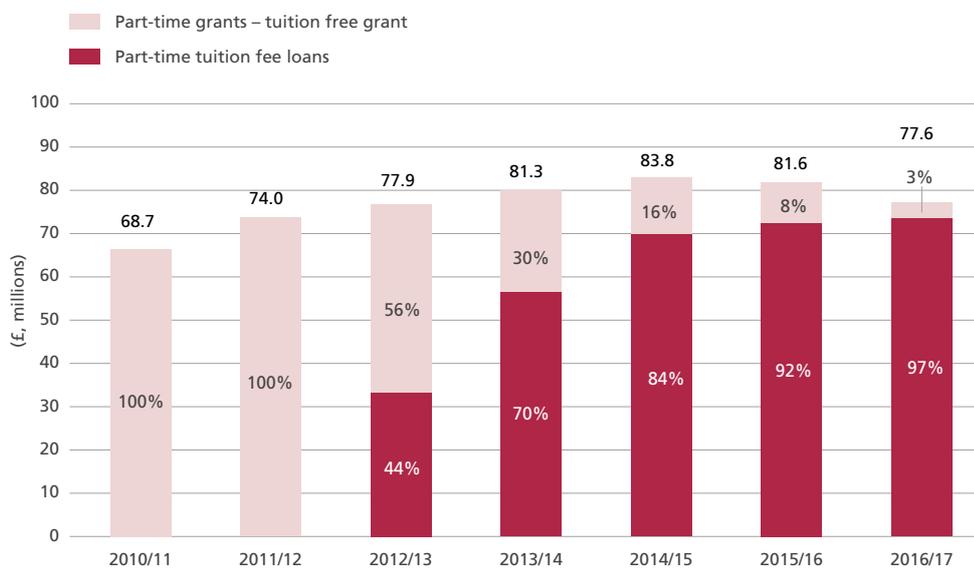
237 HEFCE, 2012, Recurrent grants and student number controls for 2012–13, accessed via: https://dera.ioe.ac.uk/14126/1/12_08_1123.pdf, pg 10–11

238 At quarter of the intensity of full time. In other words, for a three-year degree would be spread over twelve years.

239 Where a student is working towards an accredited qualification.

as defined in official guidelines.²⁴⁰ Individuals who took on the loans were expected to start repaying their debts four years after the start of their courses, even if they were still learning.²⁴¹ As Figure 18 demonstrates, the impact of these changes on the nature of financial support that was available to part-time students was substantial.

Figure 18: Total amount (millions) provided to part-time students through the Student Loan’s Company, by type of support (%), 2010/11–2016/17



Source: CSJ analysis of Student Loan Company data²⁴²

When the government initially forecast the impact of the changes in part-time student finance it introduced in 2012, it predicted that part-time students would act in a similar way to their full-time counterparts.²⁴³ However, as Figure 19 highlights, since 2012, when the funding changes were introduced, part-time numbers entering higher education (including degree-level and other undergraduate courses) dropped at an alarming rate. Between 2009/2010 and 2018/19, the number of part-time students attending English higher education providers (including both FE colleges and HEIs) dropped by 69 per cent, but participation fell particularly acutely between 2011/12 (the year before the new funding rules were introduced) and 2015/16 – during which time numbers of entrants fell from 225,140 to 101,055 (equivalent to 55 per cent).²⁴⁴

240 If the individual obtains a qualification, it cannot then receive funding to start another qualification at the same or lower level. For instance, if you obtain a degree qualification, you cannot subsequently gain funding for a Higher National Certificate (level 4).

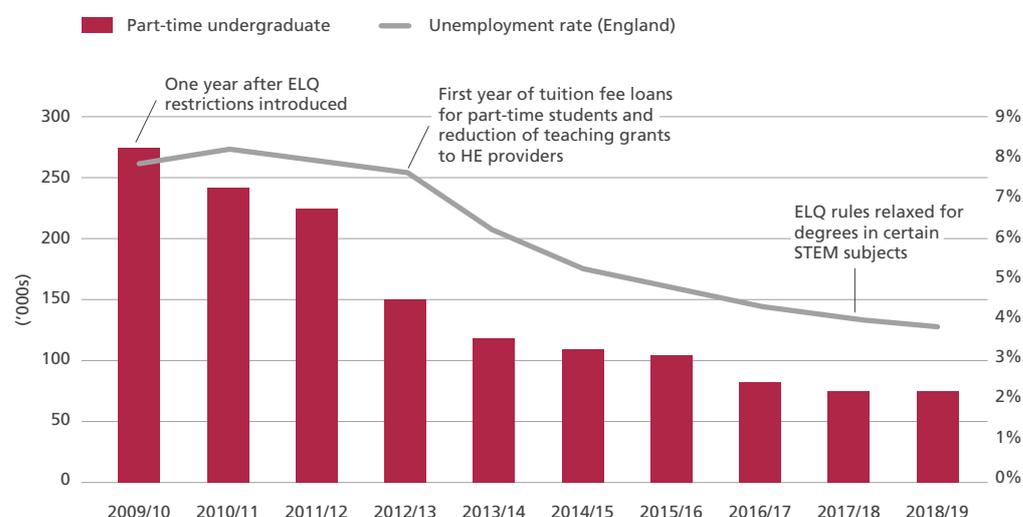
241 There are now four main ways that part-time students can fund their studies: through local authority grants, through the loan system, through bursaries available or through the employer.

242 Student Loan Company, 2019, Financial Support for Students in Higher Education, accessed via: www.gov.uk/government/statistics/financial-support-for-students-in-higher-education-england-2018, Table 5

243 Conservative Home, 2018, David Willetts: less money for universities and more for training. This view is simple, seductive – and wrong. Here’s why, accessed via: www.conservativehome.com/platform/2018/02/david-willetts-two-widespread-errors-cloud-the-public-debate-about-how-to-fund-tertiary-education.html

244 HESA, 2019, Table 1 – HE student enrolments by HE provider 2014/15 to 2018/19, accessed via: www.hesa.ac.uk/data-and-analysis/students/table-1, www.hesa.ac.uk/data-and-analysis/students/table-1. For data before 2014/15 the publications archive was used: HESA, 2009–2015, Publications Archive: Students in Higher Education (Years 2009/10–2013/14), accessed via: www.hesa.ac.uk/data-and-analysis/publications. In each dataset, Table 11b

Figure 19: Decline in entry to part-time undergraduate learning, UK domiciled students at English Higher Education Providers, and corresponding unemployment rates 2009–2019



CSJ analysis of HESA and ONS data^{245, 246}

The sudden sharp fall in participation that accompanied the funding changes in the 2012/13 academic year suggests that the behavioural economics that apply to part-time students differ to those relating to typical full-time students. Studies show that part-time learners are very debt averse. For instance, as one study commissioned by the DfE reported, ‘this risk-averse attitude appeared to some extent to be influenced by the financial commitments some mature learners already had (e.g. mortgage, family) but also for a desire for a financially secure future, especially for those with limited job security.’²⁴⁷

According to another analysis commissioned by the DfE, 49 per cent of prospective part-time learners who had considered learning, but did not subsequently do so, said that they found the cost of tuition fees to be prohibitive.²⁴⁸ The same report found that the cost of books, equipment, travel related to study (42 per cent), and the cost of living while studying (41 per cent) were prohibitive for prospective part-time learners who had considered learning but had decided not to start learning.²⁴⁹

245 HESA, 2019, Table 1 – HE student enrolments by HE provider 2014/15 to 2018/19, accessed via: www.hesa.ac.uk/data-and-analysis/students/table-1, www.hesa.ac.uk/data-and-analysis/students/table-1. For data before 2014/15 the publications archive was used: HESA, 2009–2015, Publications Archive: Students in Higher Education (Years 2009/10–2013/14), accessed via: www.hesa.ac.uk/data-and-analysis/publications. In each dataset, Table 11b

246 ONS, 2020, Unemployment rate: England: All: % SA, accessed via: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/unemployment/timeseries/ycnl/lms>

247 Ellison, G et al, 2015, Perceptions of Part-Time Higher Education – pg 43

248 DfE, 2019, Post-18 Choice of Part-time study, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/804382/Post_18_Choice_of_Part-Time_Study.pdf, pg 53

249 Ibid, pg 53

6.8.2 Macroeconomic factors may have posed some barriers to part-time learning, but cannot alone account for its sharp drop

A study by Oxford Economics established that the decline in part-time learning (up to 2012) was a 'combination of higher education policy change, and challenging macroeconomic conditions for students and their sponsors.'²⁵⁰ The study identified an inverse relationship between the unemployment rate and part-time numbers: the higher the unemployment rate, the lower the number of part-time students (because unemployment was linked with floundering employer investment in human capital and because unemployment makes it more difficult for individuals to invest in their own development).

However, the above study only documented changes up to and including 2012. As illustrated in Figure 19, part-time learning and unemployment do not continually adopt this inverse relationship. Instead, dipping unemployment actually correlated with a drop in part-time learning from 2012. In the context of economic recovery and rising employment, we should have expected to see a commensurate rise in part-time learning. But, this did not happen. A subsequent study by London Economics adds further nuance, finding that weaknesses in earnings growth might explain some of the fall,²⁵¹ but the drivers are likely to be complex.

In any event, macroeconomic factors cannot explain why the number of part-time learners in England dropped so suddenly and acutely after the introduction of funding changes in 2012 in England. They also cannot explain why other areas of the UK (such as Scotland, which did not introduce the same funding changes and whose funding remained more generous) did not experience the same acute dip in learning numbers.²⁵² It is difficult to establish the precise causal relationship between the funding changes outlined above and the substantial decline in part-time learning that followed. It is also hard to calculate the weight of this factor relative to other potential drivers. The closest thing we have to a publicly available estimate is a calculation by the Sutton Trust, which estimates that the funding changes introduced in 2012 were responsible for dissuading 40,000 learners from entering part-time higher education; this was modelled on the relative decline of Scottish and Welsh part-time students.²⁵³

250 Oxford Economics, 2014, Macro-economic influences on the demand for part-time higher education in the UK, accessed via: http://webarchive.nationalarchives.gov.uk/20180322112445tf_/www.hefce.ac.uk/pubs/rereports/year/2014/ptdemand/

251 London Economics, 2017, How is the demand for part-time higher education affected by changing economic conditions? Accessed via: <https://londoneconomics.co.uk/wp-content/uploads/2017/09/London-Economics-How-is-the-demand-for-part-time-education-affected-by-changing-economic-conditions-12-09-2017.pdf>

252 CSJ analysis of HESA data: HESA, 2009–2018, Who's Studying in Higher Education? Accessed via: www.hesa.ac.uk/data-and-analysis/sfr247/figure-3 NB: data before 2012/13, accessed via: www.hesa.ac.uk/data-and-analysis/publications

253 The Sutton Trust, 2018, The Lost part-timers, accessed via: www.suttontrust.com/research-paper/lost-part-timers-mature-students/, pg 29

6.8.3 Changes in the rules on equivalent and lesser qualifications seem to have played some part in the decline of part-time learning

For the 2008–09 academic year, the Labour Government abolished funding for all qualifications that were equivalent or lesser to the existing qualification that the relevant individual had.²⁵⁴ This meant that many people who wanted to reskill in other areas, albeit at the same level or below, were no longer able to obtain government support. There were exceptions to this rule, including students in receipt of disabled students' allowance. After this rule came into force, the number of UK entrants to part-time, sub-degree courses at English HEIs dropped by 7,335 (around 3.3 per cent) between the 2008/09 and 2009/10 academic years.²⁵⁵ The ELQ restrictions introduced in 2008/09 may also have had a lagged impact in some instances; this is because institutions responded to these changes in various ways, and some delayed putting up their prices on ELQ qualifications.²⁵⁶ Even then, according to one estimate by the HEFCE, as a result of the changes ELQ funding, part-time fees increased by an average of 27 per cent from 2007/08 levels by 2010/11.²⁵⁷

ELQ rules were subsequently relaxed, beginning with the 2015/16 cohort, for individuals who study STEM subjects at degree level, including engineering, technology, computer science, or a mixture of these subjects.²⁵⁸ However, the impact of this change on student numbers has been limited: it is estimated that two thirds of part-time learners are not eligible for loans in any event,²⁵⁹ and according to one analysis, just seven per cent of part-time learners in both 2012 and 2015 (after the initial relaxing of ELQ restrictions) would benefit from relaxing this criterion, since many learners do not meet the other requirements for a loan.²⁶⁰ Further restrictions have been lifted for the 2017/18 cohort for more STEM subjects (including medicine, biological sciences, veterinary sciences, agriculture and related subjects at degree level).²⁶¹

6.8.4 Imperfect information may also impede take-up

There appears to be a considerable information gap in the part-time learning sector when it comes to student finance and other information about available courses. For instance, according to a report by HE Academy, 73 per cent of non-OU part-time students said they did not know about student loans, and 63 per cent 'did not know about sources of financial support' (for OU students, the figures were 50 per cent and 42 per cent, respectively).²⁶² As a separate government-commissioned paper has outlined, information

254 House of Commons, 2008, Withdrawal of funding for equivalent or lower level qualifications (ELQs), accessed via: <https://publications.parliament.uk/pa/cm200708/cmselect/cmdius/187/187.pdf>

255 HESA, 2009, Students in Higher Education 2008–09, accessed via: www.hesa.ac.uk/data-and-analysis/publications/students-2008-09 J Table 1f; HESA, 2010, Students in Higher Education 2009–10. Accessed via: www.hesa.ac.uk/data-and-analysis/publications/students-2009-10, Table 11b

256 HEPI, 2015, It's the finance, stupid! The decline of part-time higher education and what to do about it, accessed via: www.hepi.ac.uk/wpcontent/uploads/2015/10/part-time_web.pdf

257 HEFCE, 2016, Does the collapse in part-time study matter? Accessed via: <https://webarchive.nationalarchives.gov.uk/20180103170413/http://blog.hefce.ac.uk/2016/03/21/does-the-collapse-in-part-time-study-matter/>

258 The Sutton Trust, 2018, The Lost part-timers, accessed via: www.suttontrust.com/research-paper/lost-part-timers-mature-students/, pg 29

259 HEPI, 2015, It's the Finance, Stupid! The Decline of part-time higher education and what to do about it, pg 19, accessed via: www.hepi.ac.uk/wp-content/uploads/2015/10/part-time_web.pdf

260 The Sutton Trust, 2018, The Lost part-timers, accessed via: www.suttontrust.com/research-paper/lost-part-timers-mature-students/

261 House of Commons Library, Written Question: HCWS117, accessed via: www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-07-21/HCWS117/

262 HE Academy, 2019, Shoe-horned and side-lined? Challenges for part-time learners in the new HE landscape, accessed via: www.heacademy.ac.uk/system/files/resources/Challenges%20for%20part-time%20learners.pdf, pg 33–34

on part-time undergraduate courses also varies substantially by institution,²⁶³ and a report by the Sutton Trust highlighted problems with the way in which ELQ changes were communicated to prospective students.²⁶⁴

Part of the challenge may lie in the fact that individuals access multiple different funding streams, and that there is not just one central application portal for applying to part-time higher education courses. Although UCAS now sets out information on part-time programmes on its website, the information it outlines is still only as good as the information that providers include on their websites. In addition, and contrary to the position for full-time higher education courses, applications for part-time higher education must still be made directly to institutions.

The problem with getting information to this cohort is also that it is not a homogenous group; providers cannot expect to have the same access to this cohort as they can to prospective students in schools or colleges. But lack of online access, too, can be prohibitive and in 2018, 19 per cent of all internet non-users in the UK (defined as adults who have not used the internet in over three months, or have never used it), were adults aged 35–64 (this equates to around 1 million individuals).²⁶⁵

6.8.5 Employer-support for part-time learning appears to be more subdued than it was in recent years

There are several ways in which part-time learners can fund their studies, one of which is to be sponsored by an employer. It is hard to know exactly how much of the general decline in part-time learning can be attributed specifically to dwindling employer support. Between 2010 and 2015, the number of England domiciled part-time learners with employer support fell by 88 per cent for Open University learners and 50 per cent for other universities;²⁶⁶ but it is difficult to disentangle these drops with the general fall in numbers that occurred during this time, and according to one study, once the general decline in numbers had been factored in, only Open University had fewer entrants with employer support. In a separate study, however, Claire Callender has estimated that there was a 35 per cent drop in the proportion of students who received employer sponsorship for part-time learning between 2012 and 2015.²⁶⁷

263 BIS, 2012, Expanding and improving part-time higher education, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/32397/12-906-expanding-improving-part-time-higher-education.pdf, pg 172

264 The Sutton Trust, 2018, The Lost part-timers, accessed via: www.suttontrust.com/research-paper/lost-part-timers-mature-students/, pg 29

265 CSJ analysis of ONS data (using data from figure 1 and figure 8): ONS, 2019, Exploring the UK's digital divide, accessed via: www.ons.gov.uk/peoplepopulationandcommunity/householdcharacteristics/homeinternetandsocialmediausage/articles/exploringtheuksdigitaldivide/2019-03-04#how-does-digital-exclusion-vary-with-age

266 Sutton Trust, 2019, The lost part-timers, accessed via: www.suttontrust.com/wp-content/uploads/2019/12/The-Lost-Part-Timers-Final.pdf, pg 4

267 HEPI, 2015, It's the Finance, stupid! The decline of part-time higher education, accessed via: www.hepi.ac.uk/wp-content/uploads/2015/10/part-time_web.pdf

Other official figures also point to a lack of pick-up in employers' willingness to sponsor its employees. For instance, the proportion of employers who train staff in level 4+ qualifications stayed flat between 2015 and 2019 (9 per cent of employers trained staff at this level in each of these years), a figure which itself declined from 10 per cent in 2013.²⁶⁸

6.8.6 Childcare responsibilities can put some adults off from engaging in adult learning

Part-time learners often have caring responsibilities. For instance, in 2014/15, 36 per cent of part-time students in England had dependent children.²⁶⁹ These responsibilities present additional, unique challenges that other learners do not need to contend with.

And the evidence shows that caring responsibilities can put some adults off adult learning. This is because it presents them with institutional barriers (such as school collection times) and situational barriers (such as reduced flexibility and less disposable income to spend on learning).²⁷⁰ In a recent study, for instance, 15.9 per cent of adults in the lowest socio-economic group who have not learned since leaving full-time education cited childcare as a barrier to learning,²⁷¹ and this was the most prevalent situational barrier they cited.²⁷²

OECD research also highlights childcare as a significant barrier to adult learning in England (14 per cent cited this as a barrier to learning).²⁷³ This is comparable to the OECD average, but demonstrably higher than in some OECD countries – for instance, in France (where the commensurate figure is 8 per cent) and Denmark (where the commensurate figure is just 5 per cent).²⁷⁴

6.8.7 Supply-side pressures have reduced capacity

As we have already outlined in Part 2 (sections 6.8.1–6.8.2) of this paper, the abolition of course and fee grants and the introduction of fee loans in 2012 is likely to have made many individuals re-evaluate the option of studying part-time at higher level.²⁷⁵ In sections 6.8.3–6.8.6, we also outlined other factors that appear to have tempered demand for part-time higher learning in recent years. And in Part 2 (section 4), we outlined a number of structural and systemic factors that further dampened demand at levels 4 and 5, specifically, which is often associated with part-time learning.

The tempered demand for part-time learning that flowed from these changes may have, in turn, generated a negative feedback loop on the supply-side. For instance, the government's decision to cut teaching grants led to higher marginal course costs for part-time providers,

268 DfE, 2018, Employer skills survey 2017: UK findings, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/746493/ESS_2017_UK_Report_Controlled_v06.00.pdf, pg 108–109

269 DfE, 2018, Student income and expenditure survey 2014 to 2015, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/693184/Student_income_and_expenditure_survey_2014_to_2015.pdf, pg 49

270 DfE, 2018, Barriers to learning for disadvantaged groups, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/735453/Barriers_to_learning_-_Qualitative_report.pdf

271 Learning and Work Institute, 2019, Participation in Learning Survey 2019, accessed via: www.learningandwork.org.uk/wp-content/uploads/2019/12/2019-Participation-Survey-Report.pdf

272 Defined as a barrier that relates to the circumstance of the individual: other factors include: cost, transport, and work/time pressures.

273 Non-formal and formal learning of adults aged 25–64.

274 OECD, 2019, Adult education and learning: Barriers to participation, accessed via: <https://stats.oecd.org/index.aspx?queryid=79325>

275 Sutton Trust, 2018, The Lost Part Timers, accessed via: www.suttontrust.com/research-paper/lost-part-timers-mature-students/

which in turn prompted many providers to increase their course prices.^{276,277} And when set in the context of burgeoning demand for full-time higher learning, the economic case for offering part-time courses has become harder for some part-time providers to make; as HEFCE noted in 2012, for instance, ‘institutions may be reluctant to extend or develop part-time provision due to concerns around the costs of adapting services and infrastructure’ and they may ‘see no reason to change’ as ‘demand for HE is high and most institutions can easily fill their places.’²⁷⁸

276 HEPI, 2015, It's the finance, stupid! The decline of part-time higher education, accessed via: www.hepi.ac.uk/wp-content/uploads/2015/10/part-time_web.pdf, pg 77

277 Sutton Trust, 2018, The Lost Part Timers, accessed via: <https://www.suttontrust.com/research-paper/lost-part-timers-mature-students/>

278 BIS, 2012, Expanding and Improving Part-time higher education, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/32397/12-906-expanding-improving-part-time-higher-education.pdf, pg 13

part three

Recommendations

Recommendations

Support community learning

Recommendation 1

Invest in community learning where there is unmet need; develop a stronger strategic approach to community learning; and simplify funding streams.

Problem

- Some adults face multiple complex circumstances that mitigate against learning. To succeed in supporting them, we must explore the wider patchwork of life circumstances they face. Community learning courses have a strong track record in reaching individuals who are traditionally hard to engage. For instance, 92 per cent of providers are rated 'good' or 'outstanding' by Ofsted. Impact assessments show that they have a good record in motivating people to build skills and their job prospects, and that they are strongly linked to better mental health.
- Despite the benefits associated with community learning, participation fell by 23 per cent between 2011/12 (649,600) and 2018/19 (487,400). Funding for community learning has also dropped, and regions where rates of economic inactivity have remained constant have lost investment.
- The government has not provided strong strategic oversight regarding community learning in recent years, and there is a lack of public data on the offers that exist relative to need.
- Community learning providers must often navigate a dizzying array of funding streams to finance their offers. A typical provider might access as many as 10 different funding streams. And although several of these streams derive from the ESFA, they each tend to be associated with different rules and expected outcomes.

Solution

- The DfE should carry out detailed analysis on the current supply of community learning, and should invest in areas where there is unmet need.
- The DfE should develop a much stronger strategic vision for community learning in the country, and should appoint an internal lead to oversee work in this area.
- The government should make it easier for community learning providers to navigate funding streams by wrapping them into a more coherent funding pool. The government should also ensure that funds currently derived from the European Social Fund for community learning are protected as the UK leaves the EU.

Broaden access to basic and intermediate learning

Recommendation 2

Reinstate fee grants for employed 24+ learners who are studying towards their first full level 2 qualification; employed 24+ learners who are studying towards their first full level 3 qualification (restricted to qualifications that meet skills needs); and 19–23-year-old learners who hold full level 3 qualifications (restricted to qualifications that meet skills needs).

Problem

- Over a third of working aged adults in England are only qualified to level 2 or below, and around 6 million adults are not qualified even to level 2.
- Low qualifications make unemployment more likely, depress earning potential, and undermine the home learning environment.
- Between 2012/13 and 2017/18, full level 2 qualifications dropped substantially. Prior to 2012/13, the government covered fees for all adults who were studying for a full level 2 qualification, provided they did not already have such a qualification. However, in 2012/13 it retracted this support for employed 24+ learners and it is striking that the number of full level 2 learners fell sharply after the introduction of this reform.
- Full level 3 courses, too, have dropped sharply. Prior to 2013/14, the government provided fee funding for adults who lacked full level 3 qualifications to complete such a qualification. And prior to 2016/17, 19–23-year-old learners who already held full level 3 qualification could draw on co-funding to reskill in another full level 3 qualification. However, in 2013/14, the government retracted the former, and in 2016/17, it removed the latter.

Solution

- Level 2 and level 3 qualifications boost wages. The three to five-year average wage return for adults aged 19–24 who study a full level 2 qualification is 10 per cent (8 per cent for adults aged 25+). And adult learners aged 19–24 who achieve a full level 3 qualification command an average wage return of 10 per cent (also 10 per cent for learners aged 25+).
- The taxpayer, too, benefits from public investment in these qualifications. For every pound of spending on full level 2 qualifications, the net present value is £21. For full level 3 qualifications that are grant-funded, the net present value is £16. The total net present value for full level 2 and 3 qualifications is £4.4 billion for grant-funded qualifications.
- In this context, it makes good sense to invest in level 2 and 3 adult learning where this meets emerging needs in our economy. The government should reinstate fee grants for employed 24+ learners who are studying towards their first full level 2 qualification, and for employed 24+ learners who are studying towards their first full level 3 qualification (restricted to qualifications that meet skills needs).
- 19–23-year-old learners who already hold full level 3 qualification should also be eligible for fee grants to reskill in other full level 3 qualifications. The substantial drop in 19–23 learners following the withdrawal of grant support in 2016/17 indicates that this age-group is very price-sensitive, and other evidence suggests the same. We also know that younger workers' jobs are particularly fragile in the context of the coronavirus pandemic. In this context, government should do all it can to remove barriers to retraining. To ensure a fair return on the public purse, and to ensure resources are effectively targeted, the government should restrict funding to full level 3 courses that meet skills needs in our economy.

Recommendation 3

We strongly support the government's pledge to offer people with low digital skills the chance to undertake entry level/level 1 skills training. However, to avoid crowding out other adult learning, this offer should be fully funded.

Problem

- Digital skills are in short supply: one in twelve individuals in the UK does not have any of the five basic digital skills (managing information, communicating, transacting, problem solving, and creating) and 11.3 million adults do not have the full set of basic digital skills.
- Working adults with basic digital skills are paid an average annual salary that is 38 per cent higher than those without these skills.
- The Science and Technology Committee estimates that the collective value of digital skills gaps is £63 billion in lost GDP annually.

Solution

- On 1 August 2020, the government is due to introduce a new legal entitlement for learners to essential digital skills courses (entry level and level 1).
- We strongly welcome this pledge, which will bring a much-needed lift to our general level of digital skills, and will help many adults improve their prospects in the jobs market.
- However, we strongly urge the government to ensure that the roll-out of this legal entitlement is accompanied by its own funding stream. The absence of specific funding for the new digital skills offer would crowd out other adult learning, at a time when it is already stagnating.
- The government should also take steps to ensure that basic digital skills training is embedded in all training routes.

Improve options and reach at levels 4 and 5

Recommendation 4

Consult employers, sector experts and labour market information to identify existing level 4 and 5 courses that are high quality, and formally recognise these as such. Give employers a greater role in formulating new qualifications.

Problem

- Many industries rely on technicians who are trained to a higher, but sub-degree level. However, not all employers are able to find suitably trained individuals. In 2018 there were 398,244 technician-level STEM shortages alone, many of which were at levels 4 and 5. In addition, the subjects people study at levels 4 and 5 are not always well matched to areas of need.
- The number of starts at levels 4 and 5 is low, and diminishing. According to official records, the number of learners at levels 4 and 5 (excluding apprenticeships) declined from 242,600 in 2014/15 to 187,052 in 2016/17. And we estimate that this figure may have fallen further, to around 171,000 in 2017/18.
- It is also worth considering that, although level 4 and 5 apprenticeship starts have been rising (from 19,676 in 2014/15 to 52,579 in 2018/19), this has not fully mitigated the sharp fall in level 4/5 provision. In any event, apprenticeships can only meet a certain type of training requirement. The National Audit Office recently calculated, for instance, that we will need more non-apprenticeship FE courses to meet labour market demand for technicians in STEM areas.
- The health of our level 4/5 offer is compromised by a lack of overall coherence in the way we signal quality to employers. In 2016/2017, there were 3,368 level 4 and 5 qualifications, many of which were little known to employers, and some of which remained unsubscribed, which suggests there may be a lack of best-fit between employers' needs and the qualifications that exist.

- There is no national quality assurance of these qualifications to make sure they are meeting employer demand. In some sectors (for example, engineering; construction; and leadership and management), level 4 and 5 qualifications are well recognised and valued by employers. However, in other sectors (for instance, business administration and law; the creative industries; and ICT) employer recognition of level 4 and 5 qualifications tends to be weaker. In this context, it is difficult for some employers to identify quality in the market.

Solution

- In part, the low number of starts may be driven by a dearth of good quality information on the financial returns of level 4 and 5 qualifications. Recommendations 12 and 13 below include measures that would help address this.
- The government should:
 - consult employers, sector experts and labour market information to identify existing courses that are high quality, and formally recognise these qualifications as such; and
 - give employers a greater say in the formulation of new qualifications, using the participatory model of apprenticeship trailblazers to decide which new qualifications receive approval.

The government recently consulted on potential proposals to raise the quality and prestige of the overall level 4/5 offer. We strongly support the notion that the Institute for Apprenticeships and Technical Education (IfATE) should work with panels of employers to identify, and award a kitemark, to high-quality level 4/5 qualifications that meet the knowledge, skills and behaviours outlined in employer-led occupational standards.

Recommendation 5

Once the government has identified and accredited higher value level 4 and 5 courses, it should allow students enrolled on these courses to access the same student finance system that is available for 'prescribed' courses.

Problem

- Cost, too, should not be unduly prohibitive. Currently, FE learners who study 'unprescribed' courses cannot access the same type of student loans as those who study 'prescribed' courses through higher education institutions. This means that some FE learners at higher level are treated less favourably than those who study in HE institutions when it comes to accessing income-contingent, government-backed loan finance.

Solution

- Once the government has identified and accredited high-value level 4/5 courses, it should allow students enrolled on these courses (including where they are taught by FE colleges) to access the same student finance system that is currently available to those who take 'prescribed' courses.

Recommendation 6

We strongly welcome the government's election manifesto pledge to invest in FE colleges' capital bases – it should ensure that a sufficient portion of these funds is allocated to capacity-building at levels 4 and 5, specifically.

Problem

- FE colleges teach more level 4 and 5 learners (53 per cent) than any other type of provider. But the overall number of level 4 and 5 learners is low, and diminishing.
- As we have outlined, this trend has been driven by both demand and supply-side factors. In the latter case, some FE colleges appear to have been deterred from investing in level 4 and 5 courses because it can be financially risky for them to do so. Higher technical courses are often associated with greater investment costs than lower level courses, and FE colleges must compete with private firms to attract suitably qualified teachers. Around half of providers report difficulties relating to staffing, infrastructure and qualifications at levels 4 and 5.

Solution

- We strongly welcome the government's election manifesto pledge to invest in FE colleges' capital bases.
- We urge the government to ensure it allocates a sufficient portion of these funds to capacity-building at levels 4 and 5, specifically. It should prioritise strong providers who offer (or have the ability to offer) high-quality courses. And it should support those providers to maintain, further improve, or scale up their level 4/5 offers according to local need.
- The government should also ensure that sufficient funds, and appropriate know-how, are made available to help FE colleges recruit, retain and develop qualified staff at these levels.

Boost employer-led training

Recommendation 7

Introduce a 'learning and skills tax rebate' for employers who invest in low-skilled workers.

Problem

- Employer-led training is stagnating. The number of employees receiving job-related training fell from 4.2 million in 2004 to 3.8 million in 2019, a 9.5 per cent decline over 15 years. The overall proportion of employees who receive job-related training is at its lowest point since the mid-1990s. And employers' real term expenditure on training per employee dropped by 17 per cent between 2011 and 2017.
- Many employers want to roll out more training (in 2017, 44 per cent of employers in England wanted to provide more than they offered the previous year), but prohibitive cost tops the list of reasons why they cannot.
- We know that low-skilled workers are particularly vulnerable to job displacement. We also know that employer-led training is far more accessible to individuals with higher qualifications than it is to those with lower qualifications. Employees with a degree are almost four times more likely to have received job-related training in the past three months than those with no qualifications.
- It is also likely that the recent pandemic will precipitate a significant recession. Employers are likely to adopt risk averse behaviour, including sub-optimal investment in training and skills, at a time when this type of investment is already relatively flat. The government can play an important role in reducing investment risk for employers as we move out of the pandemic and beyond.
- As we emerge from lockdown and pick ourselves up, the jobs market will also evolve. As the nature of consumer demand changes, some employers may find that they need to change the skills mix in their workforces. In some cases, employees' whose previous roles are partially or wholly redundant (and yet have company knowledge, competencies and soft skills that are valued by their employers) could be retrained to meet new needs.
- Currently, profitable UK companies can claim corporation tax relief for work-related training they offer their employees. The range of training that qualifies is very broad, but it relates only to employees' current roles – not to other, new positions they could potentially move into with the required training.

Solution

- The government should introduce a learning and skills tax rebate to support the training of employees into new roles. It should target this support, so that it focuses on low skilled employees and qualifications that meet skills needs (please see Recommendation 13 on labour market information for ways in which the latter could be informed).
- We recommend focusing relief on low-skilled employees because:
 - low-skilled workers are particularly vulnerable to job displacement, either by automation or because of developments in the world economy; and
 - employer-led training is far more accessible to individuals with higher qualifications than it is to those with lower qualifications (for instance, employees who have a degree are almost four times more likely to have received job-related training in the past three months than those with no qualifications at all).
- We already offer employers research and development (R&D) tax credits. The mechanism that exists for employers to claim R&D tax credits could be refined to bolt on training credits, which means this reform need not be overly complicated from an administrative point of view.
- We could operate a sliding scale of tax support, so that profitable firms get more generous relief than less profitable firms, and SMEs are offered more relief than larger employers. The current R&D tax credit/relief system wraps both of these principles into its offer. The government offers two types of reductions for R&D expenditure: SMEs can deduct 230 per cent of the costs of R&D from their taxable profit, and if they are not making any profit can claim 14.5 per cent of the investment back as credit. Larger companies (or sub-contracted smaller companies) can receive 13 per cent of their expenditure on R&D back as credit.²⁷⁹ We would seek to replicate these principles here because:
 - we want to back profitable businesses in growth areas, but also recognise that some promising start-ups will not yet be profitable, and that other companies operate in highly competitive markets (hence a sliding scale rather than a cliff-edge); and
 - we recognise that larger employers are more likely to offer their employees training than SMEs are.

Although a number of other countries are experimenting with different variants of a tax relief for training, we are not aware of any robust scientific evaluations relating to the initiatives that have been introduced.²⁸⁰ Accordingly, the government may wish to introduce a pilot in the first instance, with a view to rolling the rebate out nationally if initial results are promising.

279 HMRC, 2020, Claiming Research and Development Tax Reliefs, accessed via: www.gov.uk/guidance/corporation-tax-research-and-development-rd-relief

280 OECD, 2017, Getting skills right: financial incentives for steering education and training, accessed via: www.skillsforemployment.org/edmsp1/groups/skills/documents/skpccontent/ddrf/mtg5/~edisp/wcmstest4_189496.pdf, pg 87

Support part-time higher education

Recommendation 8

Reinstate tuition fee grants for disadvantaged part-time HE learners who study qualifications that meet skills needs.

Problem

- Staggeringly, the number of adults enrolling in part-time higher education has fallen by 70 per cent since 2009/10. The sharp decline in part-time learning that followed funding reforms in 2012 suggest that these learners react differently to the prospect of incurring substantial debt than those who follow a more traditional route into full-time study.
- This is problematic because part-time higher education is a highly valuable tool for meeting our skills needs. It is strongly associated with vocational study – often at levels 4 and 5 (69 per cent of all entrants to higher education at levels 4 and 5 were part-time) and the vast majority of learners are mature, which makes it a useful vehicle for reskilling and upskilling.
- Part-time higher education is also a vital source of learning for disadvantaged individuals. It is more closely associated with multiple disadvantage than it is to advantage. It is an important option for people with learning or physical disabilities, and for care leavers. And it is more strongly associated with lower prior qualification levels than full-time higher education is.

Solution

- The Government should reinstate tuition fee grants for disadvantaged part-time learners. It could do this by awarding relevant providers teaching grants, on the condition that these funds were passed on to disadvantaged learners in the form of equivalent fee reductions. It should consult stakeholders on the appropriate level of grant in each case, paying particular regard to the likely threshold at which such a grant would precipitate a positive decision to take up learning/training.
- To ensure a fair return on public funds, and to ensure resources are effectively targeted, the government should restrict funding to courses that meet skills needs. (Please see Recommendation 13 for ways in which the latter could be informed.)
- It is worth noting that part-time learners cost the Treasury less to support than full-time learners. For instance, the percentage of borrowers expected to fully repay student loans is set to be 50 per cent for part-time loans, compared to 30 per cent for full-time

loans.²⁸¹ And the Resource Accounting and Budgeting (RAB) charge (that is to say, the cost to the public purse of subsidising learners/loans, and therefore the size of the public investment) is higher for full-time students than it is for part-time learners – according to recent estimates, this figure is 45 per cent for full-time students, but 40 per cent for part-time learners.²⁸²

- In addition, the part-time student premium, which has fallen by 16 per cent since 2018/19, should be restored to its former level.

Recommendation 9

Leverage access and participation plans to better support part-time HE learners.

Problem

- A higher education institution can only charge maximum tuition fees if it produces an access and participation plan.²⁸³ The purpose of a plan is, in relation to underrepresented groups, to outline how institutions aim to broaden access, support student success, and help students progress into the labour market.²⁸⁴ Providers spend an undetermined portion of revenue on meeting these targets, and each plan must be approved by the OfS.²⁸⁵
- Higher education institutions also allocate 'other funding' to outreach. This might include, for instance, funds from charitable donations; spending above and beyond funds that are sourced from uplifts in tuition fees; or other HEFCE teaching grants.²⁸⁶ And the OfS, too, spends money on supporting disadvantaged pupils into higher education. In 2017/18, the combined access and participation budget for all institutions that had signed access and participation plans was £784.5 million, which includes the expenditure sourced from HEFCE contributions.
- There is some way to go before part-time courses are afforded the same weight as their full-time counterparts. The higher education regulator only started regulating part-time offers in 2012. In its official guidance, it identifies mature students as an underrepresented group.²⁸⁷ However, too few of the targets that underpin access and participation agreements relate to part-time learning. This point was captured, for

281 Student Loan Company, 2018, Student loan forecasts in England 2017 to 2018, Table 4, accessed via: www.gov.uk/government/statistics/student-loan-forecasts-england-2017-to-2018

282 Student Loan Company, 2018, Student loan forecasts in England 2017 to 2018, Table 4, accessed via: www.gov.uk/government/statistics/student-loan-forecasts-england-2017-to-2018

283 This can rise to £9,250 if the university participates in the Teaching and Excellence Framework (TEF)

284 OfS, 2019, Process for submission and assessment, accessed via: www.officeforstudents.org.uk/media/2c75e996-082e-4cbd-8b0b-5cb75796ba20/apps-processes-for-submission-and-assessment.pdf

285 Office for Students, 2019, Monitoring data and outcomes: 2017–18 OFFA access agreements and HEFCE student premium funding, accessed via: www.officeforstudents.org.uk/data-and-analysis/monitoring-data-and-outcomes-2017-18-access-agreements-and-student-premium-funding/

286 OfS, 2019, Monitoring Outcomes, accessed via: www.officeforstudents.org.uk/media/00065f84-f4fe-4df4-82c6-0b809f30b543/ofs2018_37.pdf, pg 4

287 www.officeforstudents.org.uk/media/0bcce522-df4b-4517-a4fd-101c2468444a/regulatory-notice-1-access-and-participation-plan-guidance.pdf, pg 16

instance, in an OFFA report in 2015/16, which found that only 15 institutions had any targets relating to part-time access.²⁸⁸ This improved marginally in the following two years: in 2017/18 there were 21 access, 3 progression and 6 success targets in relation to part-time students. However, in the same year, 78 providers in England had each enrolled more than 100 students on an undergraduate part-time course.²⁸⁹

Solution

- The OfS should use its powers to prompt higher education institutions to place more emphasis on access and progression for part-time learners. It could do this by being more insistent on targets that relate specifically to part-time learners when formulating these agreements. We outline below some of the ways in which part-time students could be supported.
 - Communicate course options and financial support on websites and marketing material.
 - Use alumni/case studies to demonstrate the feasibility and impact of part-time learning.
 - Use images that reflect more mature learners in marketing material.
 - Offer careers advice that is appropriate for more experienced individuals.
 - Make the enrolment process as user-friendly as possible.
 - Support progression and completion (part-time learners have higher non-continuation rates than full-time peers).
 - Offer flexibility (for example, in relation to meeting deadlines, opening libraries on weekends and evenings, allowing students to step on/off and pause their studies, and being consistent with timetables so they are predictable).
 - Work with further education colleges to offer courses more flexibility.
 - Partner with employers (and engage LEPs) to design courses that are likely to meet local skills needs/have a good return in the market.
- Institutions should also target their outreach to geographical areas that need it most. The 14 local authority areas we identified in section 6.7 (disadvantaged areas where people also had particularly poor access to higher education – not just at the traditional younger entry point but also at a more mature age) would, for instance, benefit from targeted engagement.

²⁸⁸ Office for Fair Access, 2017, Outcomes of access agreement monitoring for 2015/16, accessed via: <http://dera.ioe.ac.uk/29489/1/OFFA-Monitoring-Outcomes-Report-2015-16-Final.pdf>

²⁸⁹ HESA, Students in HE, accessed via: www.hesa.ac.uk/data-and-analysis/students/table-1

Recommendation 10

Improve information flows for part-time HE learning and build a single UCAS application portal for part-time courses.

Problem

- Outreach for part-time learners is not simple, due to the heterogeneous nature of this group. Part of the problem is that these individuals cannot be engaged in an existing learning environment, like a school or college. Instead, outreach must pivot around individuals' everyday lives.

Solution

- Recommendations 12 and 13 below include measures that would help improve the quality of information, advice and guidance for adults more generally. Much richer information on part-time higher education courses should be harnessed and published in an accessible way. Guidance on part-time higher education should be hard-wired into all forms of adult careers advice (including, for instance, the National Careers Service, JobCentre Plus and National Retraining Scheme). And this guidance should be informed by regularly updated, good quality labour market analyses to provide cutting-edge data on current and future skills demands.
- At present, prospective part-time students must apply to courses directly through providers' websites. UCAS should gather a consortium of part-time providers to help build a single application portal through UCAS. This should be part of a broader effort to create greater balance between full-time and part-time courses, and to normalise a wide variety of modes of study, courses and routes.

Recommendation 11

Focus part-time HE providers' minds on childcare requirements where relevant.

Problem

- Nearly half of part-time learners have children, and for some this hampers their ability to learn. The DfE's most recent survey on adult participation in learning, for instance, found that childcare was seen as a significant barrier to learning for nearly one in ten respondents who had dependents.²⁹⁰ (Although this survey covers both part-time and full-time study and does not differentiate between the two cohorts, it is likely that a substantial portion of respondents who cited childcare as a significant barrier are part-time learners.)

²⁹⁰ DfE, 2018, Adult Participation in Learning Survey 2017, accessed via: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/735438/Participation_in_Learning_Survey_2017.pdf

Solution

- To help parents meet their childcare requirements, Birkbeck University offers evening nursery for their children, and financial support to cover the costs of childcare.²⁹¹ The university also rolled out a programme that linked part-time education with Surestart centres to support flexible learning; according to one evaluation of this scheme, participants found that this offer raised aspirations; increased expectations of attaining further qualifications; and provided parents with the flexibility they needed to study.²⁹²
- As we outlined in Recommendation 9, higher education institutions should be more proactive in supporting part-time learning in their access and participation plans. One of the ways they can do this is to place more emphasis, where relevant, on childcare-related targets, and the OfS should work with institutions to devise suitable targets.

Give people the data, and advice, they need to make informed decisions about adult learning

Recommendation 12

Publish return on investment data for a broader range of courses and levels, including technical and vocational routes, and formulate a value-added metric for part-time, mature learning.

Problem

- While the government collects outcomes data on returns to different courses, the information that flows from this data into the public domain is not always as concise, granular and accessible as it could be – particularly when it comes to technical and vocational options.
- It is, therefore, difficult for members of the public to readily distil reliable data about the likely returns to all courses. Not only does this potentially impede the quality of decisions people make about their futures; it also potentially undermines the brand power of some technical qualifications by obscuring their returns from plain site.

Solution

- The government should regularly publish consolidated outcomes data (including on average wages, destinations, and employment at several longitudinal intervals) for all qualifications, including those taught in FE colleges. It should be possible for the reader to easily distil courses from one another, at all levels.

²⁹¹ Birkbeck University, 2018, Childcare Services, accessed via: www.bbk.ac.uk/student-services/childcare-services/childcare-services

²⁹² Callender, Claire, 2014, Walking tall: a critical assessment of new ways of involving student mothers in higher education, accessed via: www.bbk.ac.uk/cscthe/projects/Nuffield%20Report%2019%20March%202014.pdf NB: self-reported

- The government should also formulate a value-added metric for part-time, mature learning. Average wage earnings after graduating are a good, albeit imperfect, tool for assessing the value of an undergraduate course at a young age. However, individuals who have worked before taking on further training will have already had a wage; this makes it hard to establish a causal link between a given course and subsequent outcomes. A value-added metric would address this.

Recommendation 13

Update, and continue to refine, previous labour market analyses to provide cutting-edge data on current and likely future skills demands, and hardwire outcomes data into careers advice.

Problem

- Whether our goal is to fill the opportunities that exist today, or the ones that are likely to exist tomorrow, we need access to good-quality labour market information. This:
 - helps us avoid skills matches by supplying individuals with better quality information, advice and guidance about the opportunities that exist in the market, so that they can use this to inform their decisions about the courses and training they take on; and
 - can be used by policy makers to inform decisions about which courses they are willing to subsidise with public money.

Solution

- A number of different data sources aim to gauge skills demand. This includes the Employer Skills Survey and the Employer Perspectives Survey. Other datasets have sought to forecast likely skills demands in the near future. For instance, the 'Working Futures' project was a sophisticated model that combined various datasets and other expert analysis to predict likely skills demands between 2014 and 2024 in the UK. Among other things, this analysis gave an impression not only of the size of the replacement demand, but also the expected growth in demand for each occupation.
- LMI for All is an open data project that synthesises various sources of labour market information, with the aiming of informing better quality careers advice. It outlines information on different occupations, including earnings prospects, and future replacement and growth demand in the economy. It has been used to inform several informative platforms, including, for instance, BBC Bitesize, icould, U-Explore's Start, RCU Ltd, and Career Pathways. It includes information from various sources, including the Labour Force Survey; the Annual Survey of Hours and Earnings; the UK Census of Population; the DfE (including the Employer Skills Survey and Working Futures); graduate outcomes data from HESA; vacancy data from the DWP's Findajob; and data on skills, interests and abilities from the US O*NET database, mapped to UK occupations.

- LMI for All is a highly valuable hub of labour market information, which can be used to inform careers advice. But we must make sure we continue to renew the information it relies on. The ‘Working Futures’ project, for instance, which generated rich data on likely skills demands in the near future, should be rerun periodically. The government should also seek to supplement existing LMI for All data with new sources of information, including more local level data, where these add further richness to the available data.
- While it is vital that we continue to harness and publish cutting edge labour market information, availability and use are two different things, and we must also make sure this information flows through to careers advice. The government should continue to refine the National Careers Service’s offer, so that it focuses strongly on outcomes, as well as options. The latest available LMI data should be used to inform adults about the return on investment for courses and training routes in each case. And the government should ensure the National Careers Service has adequate capacity to meet any additional demand that flows from the coronavirus pandemic.

Recommendation 14

Offer workers at high-risk of losing their jobs, including those on furlough, the chance to assess their options and retrain where suitable.

Problem

- As a result of the coronavirus pandemic, some sectors will suffer heavily and will take a long time to recover; some may never recover at all. 8.9 million workers were furloughed at the time of writing, many of whom face uncertain futures. Meanwhile, other sectors will expand and evolve over time. Either way, we will need a mechanism to match people to emerging openings.

Solution

- Workers who suspect they are going to be made redundant, workers who are on notice, or workers who have been made redundant in the last 13 weeks are able to contact the Rapid Response Service. Qualifying individuals can get advice on finding a new job and may get help to pay for training. The government should work with employers/workers (including furloughed workers) in sectors that are most vulnerable to job losses, to make sure workers are aware of this service in good time should the need arise. The government should also boost Rapid Response Service capacity to meet any rise in demand, and should expand the remit and volume of training subsidies on offer.
- The government should work with employers/workers (including furloughed workers) in high-risk sectors to promote the national retraining scheme, and should extend appropriate support where suitable.



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