



Adult Skills and Lifelong Learning Inquiry

Submission to the Education Select Committee

Chartered Institute of Personnel and Development (CIPD)

August 2019

Background

The CIPD is the professional body for HR and people development. The not for profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has over 150,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

Our membership base is wide, with 60% of our members working in private sector services and manufacturing, 33% in the public sector, and 7% in the not-for-profit sector. In addition, 76% of the FTSE 100 companies have CIPD members at director level.

Public policy at the CIPD draws on our extensive research and thought leadership, practical advice and guidance, along with the experience and expertise of our diverse membership to inform and shape debate, government policy and legislation for the benefit of employers and employees, to improve best practice in the workplace, to promote high standards of work and to represent the interests of our members at the highest level.

Introduction

Adult Skills and Lifelong Learning (ASLL) is a broad domain and includes all forms of learning and skills development – both formal, non-formal and informal – whether acquired at work, at further and higher education institutes, or in the community. However, for the purposes of this submission we have chosen to focus on work-related ASALL; while all forms of learning and skills development are beneficial for individuals and for society, work-related learning and skills development has more direct implications for economic growth and productivity.

What are the benefits of adult skills and lifelong learning (ASALL) for productivity and upskilling the workforce?

A large number of longitudinal panel surveys have documented short-term and long-term wage growth from training spells and suggest that a significant proportion of wage growth is generated through mobility where employees cash in on training investments made by a previous employer when moving to a new employer¹. While individuals benefit from increased wages and job satisfaction, firms investing in training tend to benefit from increased employee retention and productivity², although it should be noted that a direct causal link between firm training and productivity is not well established³.

Who currently participates in and benefits from lifelong learning?

Participation in work-related learning has been in long term decline in the UK, as set out in our latest report⁴. The Labour Force Survey shows that participation in off-the-job training in the last 4 weeks has fallen from 73% in 1998 to 53% in 2018. Our Employers Skills Survey (ESS) also reports a fall in the time employees spend in workplace training, from 7.8 days per year in 2011 to 6.4 days in 2017. Figures on employer investment in training from the ESS provide further evidence of a decline, with a fall of 16.7% in employer investment per trainee recorded between 2011 and 2017.

Data from the Continuous Vocational Training Survey (CVTS) shows that we rank poorly on levels of employer investment per employee compared with most over European countries (293 euros per trainee in 2015 compared to EU average of 585 euros). Moreover, the survey shows a marked decline of 23% between 2005-15 in training investment compared to growth across the EU of 22%.

Overall participation in lifelong learning is not only low – by international standards – and falling, there is also considerable variation in participation by age, educational background, occupation/sector, and by socio-economic status.

¹ Hansson, B (2008) OECD JOB-RELATED TRAINING AND BENEFITS FOR INDIVIDUALS: A REVIEW OF EVIDENCE AND EXPLANATIONS, OECD Education Working Paper No. 19, OECD, Paris

² Fleur Koster, Andries De Grip and Didier Fouarge (2009) Does Perceived Support in Employee Development Affect Personnel Turnover? Maastricht University

³ Bhutoria, A (2016) Economic Returns to Education in the United Kingdom, Foresight, Government Office for Science

⁴ CIPD (2019) Addressing employer underinvestment in training: the case for a broader training levy
<https://www.cipd.co.uk/knowledge/fundamentals/people/routes-work/employer-training-underinvestment>



*Championing better
work and working lives*

Work-related learning participation declines steadily across the life course. Figures from the Labour Force Survey (2019), looking at the proportion of those in employment who have participated in job-related training or education in the last 3 months, show participation drops steadily from 35% of 16-19 years old to just 19% and 14% of those aged 60-64 years old and 65-69 years old respectively. As well as declining participation by age, training opportunities are not evenly distributed across the workforce, with lower skilled individuals in particular less likely to receive training compared to their highly educated counterparts.

It should be recognised that most policy levers designed to boost participation in work-related learning and development and employer investment in training lie outside the remit of traditional skills policy. Instead they sit within the broader context of economic development, business support, innovation policy and industrial strategy, which we outline in the following section. This is because employer's decisions around training volumes and investment, cannot be seen, or tackled in isolation, and instead are shaped by: decisions made about competitive and product market strategies; the way in which work is organised and how jobs are designed to deliver these; as well as by the broader institutional, economic and labour market context in which an organisation operates.

What role can local authorities/combined authority areas play in ASALL provision?

Local authorities/combined authorities have an important strategic role to play in ASALL provision, including: enabling collaboration between employers and education institutions; identifying and addressing gaps; co-ordinating supply and demand; and identifying and overcoming barriers to participation.

The OECD has long advocated for a skills ecosystem approach to addressing supply and demand issues within local economies, which emphasises the dynamic and complex relationship between supply and demand. A well-functioning skills ecosystem can be described as a dynamic network of employers, educators, institutions and governments, who, through their various interactions and resources shape the development, supply, demand and deployment of skills in any given industry or region. On the other hand, a poorly functioning ecosystem is characterised by fragmentation, and ad hoc relationships and ways of working.

For skills ecosystems to work effectively, international evidence suggests that you need:

- Sustained and sufficient funding
- Local capacity, including atypical and expertise
- Strong local partnerships
- Opportunities for co-operation and networking, and
- Knowledgeable and entrepreneurial labor market intermediaries

Recent policy moves, such as the establishment of skills advisory panels and the development of local industrial strategies, provide possible mechanisms to support a local skills ecosystem

approach. However, our recent research⁵, which assessed the extent to which local enterprise partnerships (LEPs) were addressing both skills supply and demand issues, highlighted key challenges in terms of fragmentation and policy silos, as well as issues related to their knowledge, capabilities and resources. The challenges we identified in respect to LEPs are likely to be reflective of the challenges facing local and combined authorities.

To help address funding constraints, we have called on the Government to broaden the apprenticeship levy into a training levy and bring more employers into the levy to increase the level of funding available⁶. We further recommend that this funding pot should be top-sliced from large employer contributions to create a regional skills fund to address local skills and demand-side challenges. This would help us boost workforce productivity and increase the overall demand for, and use of, skills in England's regions.

What lessons can the UK learn from abroad?

International and national practice also provides some pointers in terms of the types of programmes that have the potential to support a skills ecosystem approach to addressing skills supply and demand challenges. These include:

- Direct intervention at firm level to support employers reshaping workplace practices or moving to higher value-added production. For example, since the early 1990s, Finland has funded almost 2,000 projects to improve workplace innovation and focus on supporting firms to improve their people management skills and redesign work to support skills development and use. The findings also highlighted the critical role of external experts in supporting firms to upgrade workplace organisation
- While direct intervention with individual businesses is important, international evidence also points to the benefits of local approaches that target multiple employers through sector and employer networks. In Italy, for example, collaboration between local employers in the footwear sector helped to raise the demand for and supply of skills. Pooled investment in training and collective upgrading of product market strategies allowed firms to compete in high-quality international markets, while close involvement of the unions ensured that the benefits gained from improved productivity were shared between workers and employers. The findings from our own People Skills pilots⁷, which sought to upgrade small businesses people management practices also emphasises the importance of local networks, with the greatest success achieved in areas with either a strong chamber of commerce or local authority.

⁵ CIPD (2019) Productivity and place: the role of LEPs in raising the demand for, and use of, skills at work https://www.cipd.co.uk/Images/productivity-and-place-the-role-of-leps-v2_tcm18-54430.pdf

⁶ CIPD (2019) Addressing employer underinvestment in training: the case for a broader training levy <https://www.cipd.co.uk/knowledge/fundamentals/people/routes-work/employer-training-underinvestment>

⁷ CIPD (2017) An evaluation of HR business support pilots <https://www.cipd.co.uk/knowledge/strategy/hr/hr-capability-small-firms>



*Championing better
work and working lives*

- International examples also emphasise the important role anchor institutions can play in supporting business to improve their product market strategies and access the skills and training they need to deliver these. For instance, Niagara College in Canada, helps local businesses meet their skills needs through devising bespoke training, but has also set up a unit that helps local firms to upgrade their products and business strategies.
- And finally, there is a need to raise awareness of the challenge and recognise businesses who take the 'high road'. For example, the Australian Training Awards, recognise small enterprises that deliver high-quality, nationally recognised training, which has improved productivity and profitability. Closer to home, many local areas are exploring the use of employment charters to recognise employers – the CIPD recently helped develop the Mayor of London's Good Work Standard⁸. Although, the limits to what these 'soft' approaches can achieve should be noted

Government should also explore financial incentives on the supply side to overcome cost barriers to participation in work-related learning. This could involve piloting the reintroduction of Individual Learning Accounts (ILAs) but with greater scope for individual and employer co-investment and a much closer link with high-quality careers information, advice and guidance. Evidence from the US, for instance, suggests co-investment models lead to greater take-up and investment in training and better matching of skills development between individual and business need⁹.

⁸ <https://www.london.gov.uk/what-we-do/business-and-economy/supporting-business/what-mayors-good-work-standard>

⁹ UKCES (2010) Personal learning accounts: building on lessons learnt. London: UKCES.