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THE PATHWAY TO LIFELONG EDUCATION:

Reforming the UK's Skills System

A Report by the Lifelong Education Commission



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COMMISSIONERS:

- Chris Skidmore MP, Chair, Lifelong Education Commission
- Prof. Tim Blackman, Vice-Chancellor, The Open University
- Douglas Blackstock, Chief Executive, The Quality Assurance Agency for Higher Education
- Prof. Keith Ridgway, Executive Chair, National Manufacturing Institute Scotland
- Dr Diana Beech, CEO, London Higher
- Andy Forbes, Chair, UCAS Media
- Johnny Rich, Chief Executive, EPC
- Dr Joe Marshall, Chief Executive, National Centre for Universities and Business
- Prof. Susan Rigby, Vice-Chancellor, Bath-Spa University
- Prof. Susan Rigby, Vice-Chancellor, Bath-Spa University
- Prof. Dave Phoenix, Vice-Chancellor London Southbank University
- Jonathan Simons, Director, Public First
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- Staffordshire University
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- University of Leeds
- University of Salford
- Oldham College
- Warrington Borough Council

CONTRIBUTING EXPERTS:

- Sir Philip Augar, Chair of the Independent Review of Post-18 Education and Funding
- Prof. Bill Lucas, Director, Centre for Real-World Learning, University of Winchester
- Prof. John Butcher, Director, Access, Open and Cross-curricular Innovation, The Open University
- Prof. Claire Callender, Professor of Higher Education Studies, Birkbeck
- Jack Britton, Associate Director, IFS
- Dr Willy Kitchen, Head of Department, Lifelong Learning, The University of Sheffield
- Michelle Smyth, Head of Government & External Affairs, The Open University
- Ashley Wheaton, Principal, University College of Estate Management
- David Hughes, Chief Executive, Association of Colleges

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FOREWORD

by Rt Hon Chris Skidmore MP, Chair of the Lifelong Education Commission

We can perhaps all agree that lifelong education should be an aim which we should all aspire to. The act of learning, of discovery, is an essential part of the human condition. Every one of us, through the act of living, learn new skills throughout our lives, as we adapt to our changing circumstances, as adults coming of age, as new parents, or coping with caring responsibilities for family members. Work, too, forces us to experience and adapt to new circumstances through learning. The act of learning itself is a social one; highly responsive to our environment around us. Often at times we may not even know that we are acquiring new knowledge and new skills.

Yet in contrast, we know that the formal process of acquiring an education is currently incredibly constrained both in terms of available opportunities and financial resources. Students can leave education

at 18 without having acquired basic functional skills; for those who did so there are currently few opportunities to return. For those willing to seek formal routes to retrain or reskill, we can rarely see the wood for the trees, as pathways are often complex, without adequate career support.

The government is now seeking to embrace adult learning. The Lifelong Learning Entitlement, combined with the prospect of modular and course-based learning and the expansion of level 4 and 5 provision has the potential to create new journeys for those for whom a graduate route does not appeal. But with these reforms, we need to ensure that all existing institutions embrace reform if it is to succeed. I established the Lifelong Education Commission with ResPublica to provide a platform for all providers and learners to have a voice in this process. While we cannot afford to make the perfect

the enemy of the good, equally we need to adopt an inclusive and collaborative approach that ensures all education providers are involved in lifelong learning. We need a multipurpose strategy that prioritises wheels, not chisels, to go forward and this can only happen if we embrace an effective place-based approach, create sustainable and equitable partnerships between higher and further education, and set-out an agenda that has at its heart the maximum possible flexibility for the individual learner to choose their destiny and recognise the power of lifelong learning to deliver change. Currently, too many barriers and too few incentives exist that prevent adult learning from flourishing in the U.K. Yes, many of these barriers are financial, but it would be a mistake - and potentially a waste of resource - if we believe money alone can solve our national skills problems.

We need to start from first principles, returning to a hierarchy of needs approach that seeks to understand the underlying causes for why our adult population, in stark contrast to the Continent, turn their back on retraining. The Commission has been established so that in returning to first principles, it can investigate barriers and suggest solutions for improvement iteratively, chapter by chapter over the course of a year, rather than simply being a traditional policy report. Lifelong learning is too important not to consider in all its facets. This report focuses its light on what must be an essential first principle for reform: that of flexibility and the need to deliver the maximum opportunity for the learner to realise their potential through removing barriers that currently stubbornly remain- and could be easily removed, if we have both the vision and the ambition to embrace the true transform story potential of lifelong learning.



EXECUTIVE SUMMARY

1. INTRODUCTION

In this first report, the Lifelong Education Commission seeks to recommend how the barriers to adult learning can be removed; what future investment is needed to support this; and what change is needed to ensure the maximum flexibility that will benefit learners and deliver on the promise of a whole system change for lifelong education.

2. THE POLICY CONTEXT

The UK has a longstanding skills problem which is impacting on economic growth. Adult participation in learning has declined, particularly among part-time students, while fewer people in work are taking up training to reskill or upskill. More generally, there is a shortfall in vocational and higher technical qualifications, with only 4% of young people achieve a qualification at the higher technical level by the age of 25.¹

The Skills Bill aims to reform post-18 provision in England. It intends to provide a more flexible skills system that can respond to employer need, rebalance the available options, and allow greater modularisation of higher learning and clearer routes between FE and HE. The Lifelong Loan Entitlement will be at the heart of this transformation, providing every adult with access to a flexible loan – equivalent to four years of post-18 education, to be used at any point during their lives.

3. UNDERSTANDING THE UK'S SKILLS PUZZLE

BALANCING SUPPLY AND DEMAND

Providing a balanced skills system that can meet the needs of individuals and industry has been an enduring challenge for the UK economy. Employers have consistently cited problems with skill gaps and shortages that are holding back the country's

competitiveness, productivity, and growth. The next 10 years will see big changes in the structure of the labour market, with workers needing to upskill and/or reskill in greater numbers to remain employable. This will require skills for jobs that have yet to be defined and for which there are no standardised qualifications.

PARTICIPATION IN LEARNING

The proportion of adults in learning has declined since 2015, with participation rates currently at their lowest level. Part-time study in higher education has fallen by 54% over the past decade, with a steep drop-off following the introduction of the 2012 funding reforms in England. The number of adult learners in further education has also fallen by more than half since 2005,² with the take-up of vocational training in the UK below the European average.³ The most prominent gap in participation across higher and further education occurs at levels 4 to 5.

ECONOMIC RETURNS ON LEARNING

Employment rates and earnings remain consistently higher for graduates than non-graduates, although some higher-level apprentices can now earn as much and sometimes more than the average graduate⁴ up to five years after graduation.⁵ As such, many who are currently choosing some subject areas in higher education could be better off acquiring technical qualifications for roles that have persistent skill shortages. On the other hand, financial returns tend to be lower for part-time than for full-time study, which is largely an age effect. This might explain, in part, the reluctance among adult learners to take on a loan or invest in skills training, although there is still in many cases a positive return.⁶

THE IMPACT OF COVID-19 ON TRAINING AND SKILLS

Covid-19 has accelerated the use of ICT and the requirement for new ICT skills. The findings of the new CBI skills survey⁷ suggest that employers are planning to significantly step-up their investment in training over the next year. At the same time, employees will be looking to develop hybrid working models, rather than a wholesale shift towards e-learning. Here, there is considerable scope to embed a culture of lifelong learning.

LEVELLING UP SKILLS ACROSS THE UK

The UK has a highly unequal distribution of skills and qualifications, with areas of low skills corresponding to the least productive parts of the country. Tackling regional and local skill shortages therefore goes to the heart of the levelling up agenda in England. Spatially blind interventions to raise aggregate skill levels risk exacerbating the divergence between regional productivity by increasing mobility towards the strongest places. To this end, policy should be place-specific and explicitly work on localised skills gaps and shortages.

4. THE PATHWAY TO LIFELONG LEARNING

TOWARDS A MODULAR LEARNING SYSTEM

A truly flexible skills system will need to allow people to build up learning over time through different modes and levels of participation that best suit the needs of the individual. All higher learning (at level 4 and above in England) will need to be modular and credit-bearing to enable learners to accumulate

and potentially transfer credit between institutions and to build up qualifications over time. This is an important response to the ever-shortening shelf-life of knowledge and skills in the digital age.

Presently, there is no standardised way of building up credit across different institutions, with higher education institutions all making separate decisions about what to accept. Government will need to build on the Quality Assurance Agency's (QAA) existing credit framework and regional consortia to enable the transfer and accumulation of credit for higher learning. However, the Skills Bill will give the Institute for Apprenticeships and Technical Education (the Institute) the power to define and approve new categories of technical qualifications – in addition to Ofqual's role in assuring quality. This has the scope for duplication and inconsistency. These bodies will need to cooperate with one another when exercising their functions to create a single approval gateway for technical qualifications.

Microcredentials could be a viable supplement to conventional qualifications, providing a way for individuals to 'stack' learning in flexible ways that can lead to a qualification over time. The QAA outlines how microcredentials can bear academic credit and be studied as a component part of a larger award.⁸ There are, however, practical design constraints in stacking very small units into coherent larger ones. Government needs to clarify what size of credit will define a module, which the loan entitlement will fund. This will involve unbundling existing qualifications, at Levels 4 to 6, into smaller, clearly defined elements ranging from 30 to 60 credits to form standalone courses that can be assembled into full qualifications at levels 4, 5 and 6. But it should also provide a way to

stack up microcredentials, typically between 10-15 credits, into larger units of learning.

Ensuring that both employees and employers trust in the value of new modules of learning will be a key policy challenge. Explicit input or support from employers in curriculum design, development or delivery will therefore be crucial to the success of this pathway and the adoption of lifelong learning at scale. There is, however, a balance to be struck here in terms of how national and local priorities are aligned, what businesses need, and what employees may want to learn. There is also the question of engaging small and micro-businesses, perhaps in new industries, that may not be represented through their local chambers of commerce or sector bodies. It will be the purpose of the announced Trailblazers to pilot this approach.

TOWARDS A NEW CAREERS SYSTEM

There is an urgent need to rebalance the options and establish different pathways for lifelong education. To achieve this, it will be necessary to improve careers information, advice, and guidance. There is no single place where information can be found, making the careers landscape complex and difficult to navigate. There are also concerns about the variable quality, independence, and impartiality of careers guidance now being offered.

Government intends to improve local and national alignment in England between The Careers & Enterprise Company and the National Careers Service to create a clear, all-age careers system. For young people, quality standards will be assessed against a national framework: the Gatsby Benchmarks.⁹ But it is unclear what quality standards

will apply to adults. There is a requirement to provide a single source of careers advice as well as to 'professionalise' and regulate careers information, advice, and guidance.

TOWARDS A FLEXIBLE FUNDING SYSTEM

The Lifelong Loan Entitlement in England will support the creation of a flexible skills system, offering the facility to access loans for modular as well as full years of study available at higher technical and degree levels (levels 4-6). Government will need to consider both loan and maintenance support to subsidise costs and encourage uptake, particularly among those for whom debt will be viewed as a barrier to reskill.

Moreover, the Lifelong Loan Entitlement will not be sufficient in itself to transform the supply of and take-up of provision. An immediate first step to supporting retraining at higher levels is to reassess current Equivalent or Lower Qualification (ELQ) rules. The loan entitlement must allow for existing graduates to upskill and retrain. Another way to reinvigorate adult learning is to retain the part-time student premium funding and make part-time study a 'Strategic Priority' for teaching grants.

Government has signalled its intention to give employers a central role in shaping provision at the local level, but more needs to be done to incentivise employer investment in skills training. Enabling the Apprenticeship Levy to cover a wider range of high-quality, relevant training including short modular courses would provide additional flexibility.¹⁰

TOWARDS A PARTNERSHIP MODEL OF LIFELONG LEARNING

There is a strong case for strengthening HE-FE partnerships to provide integrated pathways to higher-level skills. Complementary alignment with industry and wider providers, including online providers, should also be explored to enable better coordination at the local and subregional level between schools, colleges, universities, and employers. These relationships between local partners and regulatory organisations will be vital in creating local learning ecosystems. It is important to note, however, that there is no 'one-size-fits-all' partnership model. Rather, different places will have different skills needs.

DEVOLUTION AND THE POTENTIAL FOR POLICY LEARNING

The early indications following reforms in Wales suggest that financial support via the introduction of maintenance grants has been successful in boosting part-time study, although there is a great deal of variance in up take between institutions. The OU is largely responsible for the uptick.

In Scotland, 'articulation agreements' offer clear routes between Further and Higher Education, allowing some students with a Higher National Certificates (HNC) and Diplomas (HND) to access the second or third year of a degree programme. Nearly a third of HE students are studying HNCs and HNDs in FE colleges, and these nearly all have articulations to degree courses in universities.

A number of places in England have agreed devolution deals with Government that have allowed local flexibilities over aspects of post-16 education and skills. What has been devolved is relatively small, but there is scope for the Skills Bill to involve Mayoral Combined Authorities in the production of local skills plans.

5. RECOMMENDATIONS

- i. All citizens will be able to access the loan entitlement regardless of prior qualifications, or how they choose to study, including: modular or full qualifications; part-time or full-time; via face-to-face or distance learning.
- ii. The Lifetime Loan Entitlement should allow funding to be applied to different modules of learning to enable (i) existing qualifications to be unbundled into smaller units (e.g. 30 to 60 credits) and (ii) microcredentials to be stacked as part of larger units.
- iii. A more ambitious reform would be to create a unified credit-based funding system that does not distinguish between different modes of study and provides equal access and support for learners regardless of how they learn or where learning takes place.
- iv. Alongside the loan entitlement, Government should consider means-tested maintenance grants to provide support with living costs and encourage adult learners to access higher technical qualifications, particularly those for whom debt will be viewed as a disincentive and a barrier to reskill.

v. Government should:

- Build on the existing credit framework and regional consortia approach to design a networked system that can guarantee the autonomy of higher education providers while enabling the transfer and accumulation of credit.
- Consider reform of the wider regulatory framework to simplify the jurisdiction between various bodies (HEIs, the Institute, QAA, Ofsted, OfS, etc.) regarding higher technical qualifications, which has the scope for duplication and inconsistency.
- Consider Scotland's 'articulation agreements', which provide a good model for clearer routes between FE and HE.

vi. There is, especially in England, a need to bring together and better integrate the various parts of the careers system.

- A single integrated careers service is required for all citizens at all stages of their working life. This will need to provide high level, specialist advice, available in every locality.
- A system should be established to regulate and support the continued professional development of careers advisers. As a minimum, all careers advisers should be registered with the Careers Development Institute and have relevant qualifications at Level 4 or above.

vii. Retain part-time student premium funding and make part-time learning an explicit priority for the teaching grant to incentivise lifelong education and training.

- viii. Remove the remaining restrictions on ELQs so that available funding (including loans for fees and maintenance) can support those who want to study for a second higher education qualification in a different discipline.
- ix. Government should explore options, including a 'Flexible Skills Levy' and 'Tax Credits' to incentivise employer investment in skills training.
- x. In addition to employers and educational institutions, Mayoral Combined Authorities in England with devolved responsibilities for adult skills should play a central role in the co-production of local skills plan. Moreover, MCAs should be given genuine power over issues of essentially regional concern. Almost all of the functions currently exercised by the Department for Education could be devolved.



1. INTRODUCTION

Skills and human capital are the backbone of economic and social well-being. In contemporary knowledge-intensive economies, advances in technology and skills acquisition are increasingly driving individual and societal prosperity.

The challenges that the UK economy is currently facing are well known: the global pandemic has highlighted and exacerbated longer-term trends in skill gaps and shortages, on top of which the UK's departure from the EU presents new opportunities and hurdles for employers that have traditionally preferred to recruit rather than train their workforce.¹¹ In the years to come, increasing automation will mean that virtually every job will change, some incrementally, some radically.¹² In order to retain its competitive edge, the UK will need to maintain a globally competitive workforce, and this will require all workers to up-skill or retrain.

The education and skills system in the UK is a complex arrangement of learners and providers, regulators and inspectorates, awarding bodies and funders. It has been subject to continuous policy changes and institutional reforms, including the devolution of skills policy and funding to Scotland, Northern Ireland and Wales, as well as some regions in England. Not all reforms have succeeded, but neither have they all failed. Some that have worked have delivered unintended consequences.

Over twenty years ago the ambition to send half of all young adults to higher education was conceived as a model for social change in a 21st century economy.¹³ And subsequent reforms have proven to be highly effective at producing graduates, as the UK achieved the symbolic 50% target in 2017-18.¹⁴ However, this has come at a cost to the wider participation of adults in training where the number of adult learners in further education, as well as the number of part-time students in higher education has more than halved.

The increasing imbalance between higher and further education provision has contributed to a short fall in higher technical skills and the existing skills mismatch, with clear effects in terms of the economy, social mobility, and health inequalities. This imbalance has also contributed to geographical inequalities between different parts of the UK, as graduates and higher skilled workers gravitate to more economically productive areas, as well as between the UK and international competitors.

Following the pandemic there is an opportunity to rethink the future of training and skills, to use skills as the driver for 'levelling up', to build resilience to future economic shocks, and to meet the challenges of the fourth industrial revolution. This will require answers to some of the most pressing questions of our age, to provide the skills needed in a technology-driven economy, to ensure that the benefits of a new economy are distributed equitably, and to enable widespread human capital to complement new technologies in achieving net-zero sustainable growth.

Lifelong learning is a concept that is now gaining mainstream policy traction across developed economies, including the UK. This is a response to a fast-changing environment; it is also a response to the need to provide tailored provision for people before and after they have entered the labour market to overcome the problem of skills obsolescence among the workforce.¹⁵ The Government's introduction of the Lifetime Skills Guarantee as part of its commitment to deliver a world-leading skills system that works for everyone is a vital response to these changes and challenges. Yet we will need to ensure that reforms reach as many learners already in the workplace as possible, including those with no or lower-level qualifications (level 2 and below) and those seeking informal training and support – both groups of learners for whom the Lifetime Skills Guarantee will not currently apply.

This report aims to inform this drive towards the structural reforms in our skills system. It makes the case for flexible learning and how qualification and funding reform should be expanded to ensure that all learners can access the opportunity to reskill. It argues for a more balanced system that can both respond to the demands of employers and meet the aspirations of learners in all parts of the country. It identifies the barriers that will need to overcome and outlines what must be one to achieve a successful pathway to lifelong education and skills.



2. THE POLICY CONTEXT

Skills in the UK is the policy equivalent of the Forth Bridge. No sooner has one set of reforms been implemented than it is time to start again. Arguably no other area of public policy has been so consistently reworked for so long. The UK has been striving to balance the supply and demand for skills for the past 150 years. In 1882, the Royal Commission on Technical Instruction (the Samuelson Report) identified poor technical skills compared to Germany and the US as the cause of the nation's ailing competitiveness.

Over the course of the 20th century, successive Governments have made constant changes to priorities, qualifications, institutions, and funding. However, since 1999 skills policy in the UK has been a devolved matter. Northern Ireland, Scotland, and Wales have authority over skills development, while some regions in England have acquired greater control of the adult education budget. This provides different places with the potential to tackle the particular skills challenges they face. In practice, they are similar systems, although there are some notable differences in how education and skills are delivered and funded, not least the funding of Higher Education.

Government intervention in education and skills has been a mainstay of English policy with a series of major reviews, led by eminent individuals, including Dearing (Higher Education, 1997), Tomlinson (14-19 Education, 2004), Leitch (UK Skills, 2006), Browne (Student Finance, 2010), Wolf (Vocational Training, 2011), Richard (Apprenticeships, 2012), and latterly Augar (Post-18 Education and Funding, 2019). Each in turn has looked at a particular aspect of the whole system.

Lord Leitch set the ambitious target for the UK to be a world leader in skills by 2020. Unfortunately, Britain's overall skills base still lags many comparator countries, coming 24th out of 34 OECD countries

for intermediary skills,¹⁶ with a profile that is failing to meet the requirements of the most technologically advanced sectors. There is considerable room for improving training and re-skilling opportunities, with the UK ranked 29th in this regard by the World Economic Forum's Global Competitiveness Index.¹⁷

The UK has a longstanding problem with adult participation in learning. Part-time study is declining and fewer people in work are taking up training to reskill or upskill. The take-up of higher-level technical qualifications (Level 4 and 5) is a particular challenge.¹⁸ Today, only 4% of young people achieve a qualification at a higher technical level by the age of 25 compared to the 33% who get a degree or above.¹⁹ But skill needs can be observed at every level in the workforce. In the decade to come, 5 million workers (one out of six) are likely to go through a radical job change that requires a new training, whilst 25.5 million will require up-skilling as their role evolves.²⁰

THE SKILLS AND POST 16 EDUCATION BILL (2021)

Building on the Government's 'Skills White Paper' and the 'Plan for Jobs', the Skills and post-16 Education Bill (2021) aims to rectify this position²¹ to ensure that post-secondary education gives everyone in England a genuine choice between high quality technical and academic routes, that students and taxpayers are getting value for money, and that employers can access the skills workforce they need. The Bill aims to create more routes into skilled employment in sectors the economy needs such as engineering, digital, clean energy, and manufacturing.

Flexibility and fairness are the core tenets of this skills-based system which aims to help everyone over the age of 18 to have a fair chance to earn a good wage and to prosper whilst creating a workforce ready for technological change, productivity, and growth. It seeks to support people on their journey to improve themselves through their working lives and to progress toward higher-paid jobs. It also shows greater flexibility in meeting increasingly more diverse educational needs, providing better-tailored ways to retrain and reskill people in order for them to grasp opportunities they were not given earlier in their lives, or to adapt to current change. Ultimately, it aims to create a system whereby the quality of the UK technical and academic education is on a par, and the two are equally accessible.

Drawing on the recommendations of the Augar Review, the Government has made a number of radical commitments in England:

- **Reforming skills funding:** The Government aims to make its funding system more sustainable and fairer, pledging to address a skills gap in the UK economy after years of falling investment in vocational and technical education. Overall, the reforms will see further investment in adult training. The government has already committed £4bn to post-16 education in the Budget including apprenticeships and T-Levels, as well as capital investment in Further Education colleges and new Institutes of Technology. The Lifelong

Loan Entitlement will be at the heart of the transformation of the current student loan system. This will provide every adult with access to a flexible loan for higher level education and training - equivalent to four years of post-18 education, to be used at any point during their lives. This will bring technical and academic education closer together.

- **Ensuring the modularisation of higher learning for a truly more flexible system that provides more opportunity and up-skilling:** The proposals aim to improve and increase the provision of higher technical qualifications and to offer progression routes so more people can access these opportunities. This will require modular provision so people can build up learning over time and promoting flexibility through online and blended learning. Modules or credit where a full degree is not required should facilitate transfer between different institutions. This will require significant adjustments and different regulation of higher technical qualifications. It will also require greater collaboration between employers, learning providers, and accreditation bodies to establish new standards.
- **Embedding employers in the heart of the skills system:** Giving employers a central role in shaping provision is an approach that has been tried before. By making it a legal requirement for employers and colleges to collaborate in developing Local Skills Improvement Plans, it is hoped that the training on offer will better meet the need of local areas. The White Paper puts the focus on a “Skills Accelerator Programme” and ‘Trailblazer areas’ where accredited Chambers of Commerce and other business representative organisations can work with FE Colleges and other educational providers to define and meet local needs.

These reforms are aimed at facilitating “culture changes”: encouraging adults to train throughout life; enabling a more flexible, more responsive demand-led system; and facilitating the means for individuals, employers, and government to increase investment in training to help plug the skills gap.



3. UNDERSTANDING THE UK'S SKILLS PUZZLE

The UK has long struggled to provide a balanced skills system that can meet the needs of individuals and industry. To a certain extent, this is to be expected given the complexity of the UK economy. Talent shortages and skills mismatches will always occur as businesses and labour markets change. The greater the transformation, the more the supply of people with the right skills are likely to lag behind. However, the combined factors of a rapidly changing economy, the UK's withdrawal from the EU with the possible constraints this will place on recruiting labour, in addition to the impact of the pandemic, will present significant challenges moving forward.

3.1 BALANCING SUPPLY AND DEMAND

Various employer surveys, dating back many decades, have consistently identified that businesses across a range of sectors and occupations are struggling to address skill gaps within the existing workforce and to recruit people with the right skills – whether these be higher technical skills or more elementary basic and key skills.

Surveys vary in their estimates of the mismatch between what is provided (supply) and what is needed (demand), but the Government's Employer Skills Survey (ESS), which runs biennially, provides a vital source of intelligence.²² In 2019, the ESS surveyed a total of 81,013 respondents. This was the last survey

undertaken before the UK's withdrawal from the EU and prior to the COVID-19 outbreak. It found that overall, 5% of employers reported that they had vacancies which were hard to fill because of skill shortages, and 13% of employers reported that they had skills gaps among the existing workforce, broadly in line with levels in 2017. In fact, despite some fluctuation and evidence of rising demand, skill gaps and shortages have not varied greatly over the past 20 years, except following the financial crisis when overall recruitment and therefore hard-to-fill vacancies reduced. This we anticipate will also be the case for the next survey period covering the pandemic.

	2005	2007	2009
Skills shortage vacancies ²³	5%	5%	3%

Notwithstanding major shocks to the economy, this suggests that at an aggregate level, employers over a prolonged period of time have been able to meet their recruitment and skill needs at relatively consistent rates without either resolving or worsening the skills mismatch.

However, the headline figures mask wider variations between different sectors and occupations as well as between regions. Skills shortages have remained high in certain sectors, particularly Construction (where already high skill shortages have increased from 10% to 15% since 2017) and Manufacturing, with a third of vacancies proving hard to fill due to skill-related issues. Professional, Skilled Trades, Caring and Leisure Services, and Elementary occupations are all among the most difficult occupations to recruit, suggesting that shortages, particularly in technical or practical skills, can be found across a spectrum of roles. Skills lacking among the existing workforce tend to match those among recruits. The variation in skills shortage rates between regions is also significant, with vacancies in skilled trades more difficult to fill in the East Midlands (62%) and the North West (55%) compared with the North East (31%). By comparison, professional roles in the East of England (49%) are more difficult to fill compared to London (21%).

A series of surveys and studies have consistently warned about the cost of a skills mismatch to the economy, although estimates vary, with some findings more positive than others. The OECD (2017) found that 40 per cent of UK workers do not have the correct qualifications for their jobs, with 28 per cent underqualified and 13 per cent overqualified, while less than half the working age population in England has the numeracy level expected of primary school children.²⁴ If the UK's skills mismatch were brought in line with our best-practice peers, this could boost productivity by at least 5 per cent.²⁵

In 2018, more than 80 per cent of executives in UK companies told the CBI that a lack of skills was the number-one threat to the country's competitiveness, holding back growth in productivity and worker pay — both of which have flatlined for a decade.²⁶ Further research indicates that businesses that improve their management practices from the lowest levels to the UK median can increase their productivity by 19%.²⁷

One report by The Open University estimates that worsening skill shortages are costing UK businesses an extra £6.3 billion a year in recruitment fees, inflated salaries, temporary staff, and training for workers hired at a lower level than intended.²⁸ The Lloyds Bank Consumer Digital Index indicates that 53% of the working population do not have the essential digital skills needed for the workplace.²⁹

3.2 FUTURE SKILLS

If forecasting and thereby meeting the requirement for skills has been difficult in the past, then estimating future demand is especially uncertain at the current juncture. Talent that was already in short supply will be in even greater demand by 2030, and mismatches are set to widen rather than shrink. Before the pandemic, the Confederation for British Industry and McKinsey conducted research into the scale of the skills gaps that are likely to emerge. They estimated that by 2030 over 30 million people, the equivalent to 90% of the current workforce, would need to be re-skilled.³⁰

Calculations about the future of work are difficult to predict, and current projections vary greatly. The Industrial Strategy Council has estimated that an additional 7 million people — 20 per cent of the workforce — will be significantly under-skilled for their jobs by 2030, and another 1 million will be over-skilled.³¹ As the recent DWP Select Committee report identified, there is a lack of comprehensive data about the pace of technology adoption by employers in the UK, which makes it difficult to track the impact that change is having on the number, nature, and quality of jobs.³²

However, we do know that the next 10 years will see big changes in the world of work, including greater use of automation, that will change the demand for jobs. This will impact some sectors and occupations (i.e. lower skilled jobs, involving routine and process driven functions) more than others (i.e. higher skilled jobs involving technical expertise and human interaction such as health and education). There will also be significant regional variation (i.e. with jobs in London and the Greater South East at less risk). Yet, it may also result in the transformation and creation of new employment as well as the loss of jobs. This will require most workers to upskill and reskill in greater numbers to remain productive. Severe shortages are anticipated in management and leadership, communication and negotiation, and critical thinking and decision-making – skills which are typically acquired on the job and for which there are not standardised qualifications.

3.3 PARTICIPATION IN LEARNING

When it comes to assessing levels of participation in learning, estimates vary according to definitions of training and survey methodology. However, most sources identify that the proportion of employees in work-related training has either fallen or remained relatively flat over the last few decades.

The quarterly Labour Force Survey (QLFS), which provides the longest available series of data on training participation in the UK, finds that over this period, roughly 14–16% of the workforce have received some type of training within the last four weeks of being surveyed.³³

However, while the level of training appears consistent, both the intensity (the amount of time spent training) and the quality of training are declining. Since the late 1990s, the proportion of workers whose training lasted less than a week has risen from just over a third (36%) to over half (54%). At the same time, the proportion of training taking place off the job has fallen from 73% to 53%.

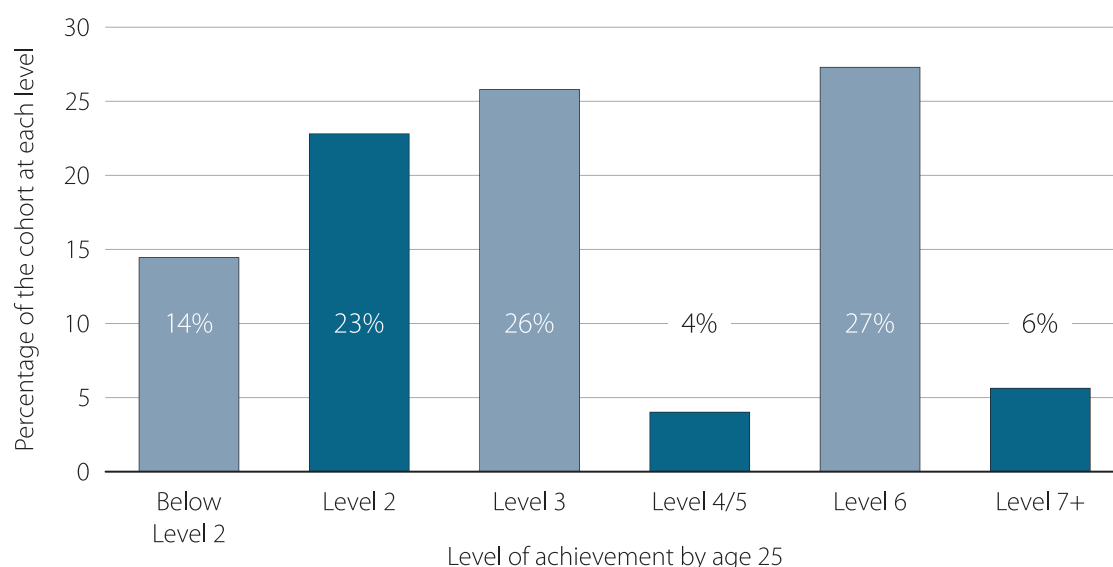
The Employer Skills Survey confirms a fall in the amount of time employees spend in workplace training – with the number of training days per employee falling from 7.8 days per year in 2011 to 3.6 days in 2019. Employers have been investing less and less in the skills of their workforce, even before Covid-19. Training expenditure per employee fell in real terms from £1,700 in 2015 to £1,500 in 2019. Furthermore, much of the training that does occur is focused on health and safety and induction training, which has very little impact on skill levels or tackling skills gaps and shortages.

Participation in vocational training in the UK is also below the European average.³⁴ The Continuous Vocational Training Survey (CVTS) shows a marked decline of 23% over the decade in training investment per employee; this is in contrast to growth across the EU of 22%.

3.3.1 HIGHER LEVEL TECHNICAL COURSES

The most prominent gap in participation across higher and further education occurs at levels 4 to 5. Uptake is low compared to other levels of education - in 2016-17, only 4% of students achieved a qualification at this level, compared with around 26% at level 3 and 27% at level 6. It is also low compared to other countries. Only 10% of all adults hold a level 4-5 qualification compared to around 20% of adults in Germany and 34% in Canada.³⁵

FIGURE 1: HIGHEST LEVEL OF QUALIFICATION BY AGE 25



Source: DfE 2018³⁶

However, there is a substantial demand for higher technical skills which is not being met by the current education and skills system.³⁷ There is an acute shortage of technician-level STEM skills, which can be attributed to an undersupply of people with level 3-5 vocational qualifications over the last 20 years.³⁸

Among this low level of uptake, mature students, with an average age of 30, make up the majority (80%) of all those on higher technical courses. In 2015-16, over half of all higher technical students were studying on a part-time basis.³⁹ This suggests that an increase in part-time provision could meet both employer and employee demand for higher technical qualifications.

3.3.2 ADULT LEARNING

The number of adult learners in Further Education has more than halved since 2005, falling from 4 million to less than 2 million in 2020,⁴⁰ with the largest fall amongst those studying at Level 2. While this fall is concerning for the FE sector and the balance of available provision for skills training, college-based learning is one of many settings for adult learners.

The Learning and Work Institute conducts the UK's longest running and most frequently occurring survey about adult participation in learning.⁴¹ This consistently shows that year-on-year, around two-fifths of adults report that they are currently learning or have done so in the previous three years, while a third or more say

that they have not learnt since full-time education. This pattern has fluctuated but not substantially altered since 1996, when the survey began, although there has been a fall since 2015 with participation currently at its lowest level.

However, participation in learning does vary by social class, employment status, age, and prior learning. The largest variance is between different age groups, with a significant drop off occurring after age 24.

Age group	17-18	20-24	25-34	35-44	45-54	55-64	65-74	75+
% learning in 2019	81%	65%	37%	33%	32%	26%	15%	6%

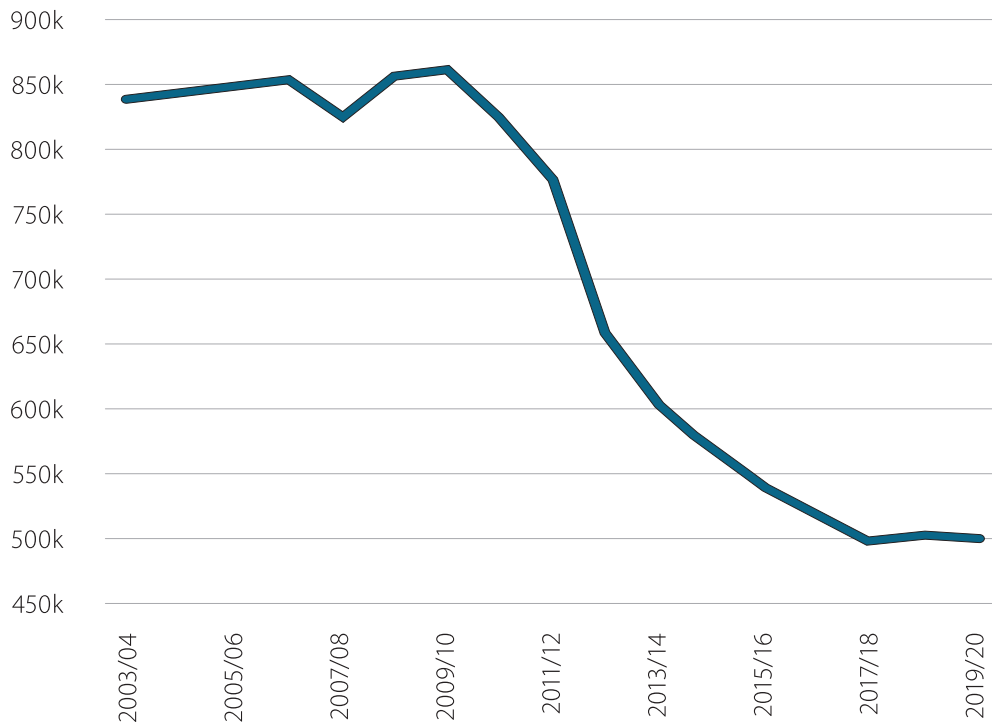
Variance between age groups is followed by social class with participation among the AB social grade (upper and middle classes) at 48% in 2019 compared with 20% for DE (working and non-working classes).

In terms of the barriers to training, as few as 5% of all adults identify costs as the reason for not training. Overall, it is work or other time pressure that prevents adults from learning (roughly 10 to 15 per cent, year on year) with around two-fifths of all adults considering that they have no barriers or need to learn. However, these figures vary considerably according to age and social groups. Of all adults who consider themselves too old for training, 83% of them are aged 55 and over. The barriers to training are significantly higher for working and non-working classes in relation to cost (36%) and childcare/care responsibilities (38% in 2019). But it is those who left Full Time Education aged 16 and under who are most likely to encounter the greatest, and often multiple, barriers to learning.

3.3.3. PART-TIME STUDENTS

The number of part-time students in higher education has been declining since the financial crisis, but the fall in numbers was particularly sharp following the funding reforms in 2012. In 2003/04, there were 840,000 part-time students at universities across the UK, including postgraduates and overseas students. They made up 38% of the total student population. By 2019/20, their number had fallen to just under 500,000, or 21% of the student population.

FIGURE 2: ALL PART-TIME STUDENT ENROLMENTS (UK AND OVERSEAS, UNDER AND POST-GRADUATE)



Source: Students in higher education institutions, various years, HESA

This change has mostly occurred among part-time undergraduates, whose numbers have fallen from a peak of almost 590,000 in 2008/09 to just under 270,000 in 2019/20 – a fall of 54%. In contrast, full-time undergraduate numbers increased by almost 300,000 over the same period.

The decline has been attributed to a range of factors that have contributed to a 'perfect storm', including:

- The impact of the recession and the 'challenging' economic conditions following the financial crisis in 2007/08 creating uncertainty and a reluctance by individuals to fund their courses.
- Cuts in funding for equivalent and lower qualifications (ELQ) from 2008/09.
- The phasing out of employer co-sponsored courses after 2011/12.
- Continued austerity measures which have led to cuts in training budgets.

However, there is an undeniably steep drop-off following the introduction of the 2012 funding reforms. The Sutton Trust has suggested that fee changes have been responsible for “approximately 40% of this decline”.⁴² The sharp decline in England (54%) compared with the devolved nations (Wales 25%; Scotland 7%; N.I. 5%)⁴³ suggests that this is directly attributable to policy and funding issues that do not apply in other parts of the UK.

Part-time students tend to be older – 59% of part-timers were aged 30 and over compared to 11% of full-timers (2019/20) - although the OU report that their students are getting younger with a median age of 28 years. Older students are more likely to be in-work and have family or carer responsibilities - there is a higher proportion of women among part-time students (60% compared to 56% of the full-time population). This cohort is therefore more likely to have ongoing financial commitments that makes a personal investment in learning less affordable. In addition, part-time students are also more likely to have characteristics associated with disadvantage or under-representation in higher education, and to have entered higher education through further education routes, short higher education courses, access and foundation degrees.⁴⁴ Given their profile, it is reasonable to suggest that this decline is not helping to widen participation or improve the skills profile and career prospects of older learners already in the workforce.

CASE STUDY: BIRKBECK, UNIVERSITY OF LONDON

Birkbeck is one of only two Higher Education Institutions in the UK whose unique mission is to provide a majority part-time offer – the other being the Open University (OU). Both of these institutions recruit students from diverse social and educational backgrounds and perform well on widening participation measures.

Birkbeck has a long history in offering courses which can be studied in the evening and attracts a high proportion of students from low-income backgrounds, with 40% of its part-time students eligible for Birkbeck financial support in 2014/15.

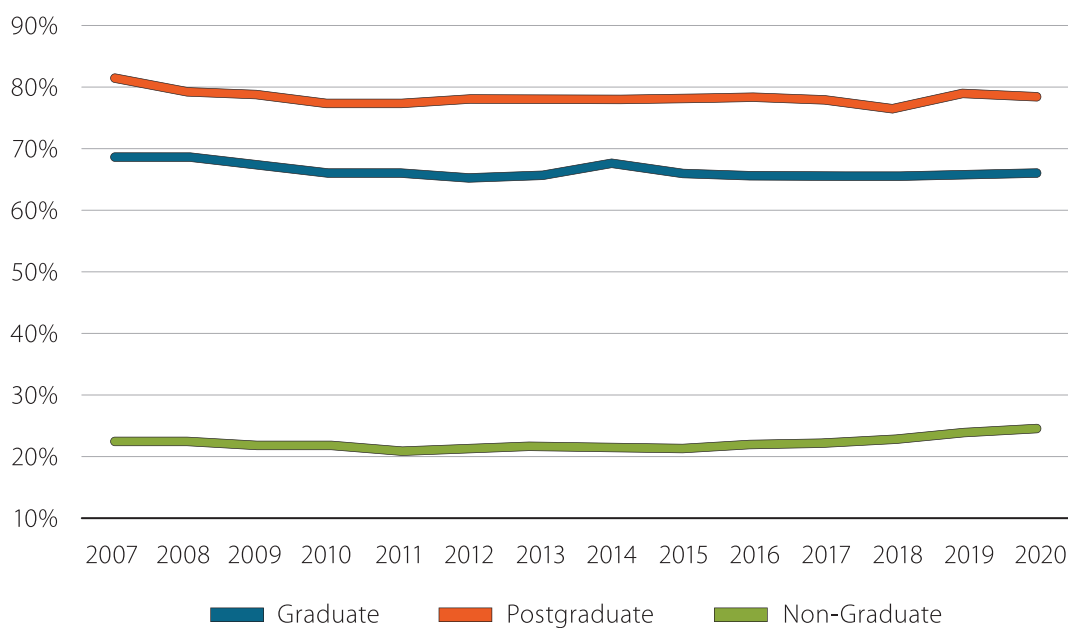
However, Birkbeck has been severely affected by the fall in part-time numbers. Numbers have fallen from a peak of almost 15,000 in 2008/09 (the final year before the ELQ changes) to 8,600 in 2015/16. The decline has been felt mainly in the 30+ age group, which was over 9,000 in 2009/10 but now stands at 4,000.

Birkbeck now has a greater proportion of full-time equivalent undergraduate students than part-time students.

3.4 ECONOMIC RETURNS ON LEARNING

Whilst employment rates for both graduates (87.1%) and postgraduates (87.5%) fell between 2019 and 2020, they have remained consistently higher than non-graduate employment rates (69.8%). The gap is significantly wider for higher skilled employment, as figure 3 shows.

FIGURE 3: ANNUAL HIGH-SKILLED EMPLOYMENT RATES, WORKING-AGE POPULATION (16-64)



Source: Department for Education Analysis of the Labour Force Survey, 2020

These higher employment rates are consistent with the positive economic returns that have been attributed to higher level learning (completed tertiary qualifications at Level 5 and above), with higher wage returns (marginal and accrued) of 21 per cent for men and 29 per cent for women.⁴⁵

There is evidence to support the economic benefits of all formal learning.⁴⁶ This applies to both individuals and businesses in terms of wage growth and increased productivity, although individual benefits vary according to age, gender, and type of qualification. This might explain, in part, the reluctance among some adult learners to take on a loan or invest in skills training, although there is still in many cases a positive return.⁴⁷

There are higher returns, in terms of earnings and career progression, for learners who invest in qualifications when they are younger and for those who study full-time, although benefits also remain positive for older and part-time learners. Research from London Economics estimated significant lifetime earnings benefits from a part-time degree: for example, male part-time graduates at the OU in England who complete a degree at age 37 are estimated to earn a total of £224,000 more in real terms over the rest of their career. This has substantial benefits to both the individual and the Exchequer.

There is, however, emerging evidence that a higher number of graduates are entering non-graduate employment, which are in many cases less well paid than technical jobs. The Labour Force Survey puts the percentage of working graduates in non-graduate roles at 36.6% in 2019.⁴⁸ There has been some fluctuation, but the figure has remained broadly flat since 2012. Analysis undertaken by the Centre for Progressive Policy suggests that at least 75,400 higher education students, 33% of all those who graduated in 2015/16, were in non-graduate roles six months later.⁴⁹ The average advertised salaries of these non-graduate roles filled by graduates was £25,560 in 2017, lower than two-thirds of the 54 occupation groups linked to technical education, and with an average salary of £34,800.

Evidence indicates that higher-level apprentices can now earn as much and sometimes more than the average graduate⁵⁰ up to five years after graduation.⁵¹ The Sutton Trust has found that many apprentices can expect to earn thousands more in their lifetime than undergraduates, although Russell Group universities still come out on top in terms of estimated lifetime earnings.⁵²

This suggests that many who are currently choosing higher education could be better off going the technical route instead, while there are potential opportunities for those in Living Wage occupations to raise their earnings by acquiring technical qualifications, especially in those roles that have persistent skill shortages.

3.5 THE IMPACT OF COVID-19 ON TRAINING AND SKILLS

The Covid-19 pandemic has largely exacerbated the tendencies and inequalities observed in Further Education by the Augar Report. The social, economic, and cultural effects of the pandemic will cast a long shadow into the future⁵³, outlining differences across places.⁵⁴ The impact on knowledge, skills, and employment has been particularly stark. Adult participation in FE and training before 23 March 2020 was already down by 14% (on the same period 2018-2019), and by the end of the academic year, participation was down by 44%. For younger generations, there is the immediate challenge of repairing lost education investments and the longer-term impacts of graduating during lockdown. These losses will probably be most serious among lower-income families and those with lower educational qualifications.⁵⁵

In parallel, lockdown has also highlighted long-term needs in specific areas of expertise. In particular, it has put the stress on health and social care. Other key segments of the job market in which skill gaps are increasingly remarkable concern the digital sector and engineering.⁵⁶ Growing skills gaps and job shortages have deepened inequalities by hitting hard the poorest people and regions.

Since the outbreak of Covid-19, the economy and the labour market position has changed considerably, and many firms have needed to adapt in order to survive. This has included a radical shift in how and where work is done, accelerating the use of technologies, and the requirement for new skills. Some of these changes will be irreversible, but as we emerge from the pandemic, many employers are starting to think about how they respond.

The findings of the new CBI skills survey (2021)⁵⁷ suggest that employers are now planning to significantly step up their investment in training and development over the next year:

- Over half (53%) say they will increase investment relative to the last 12 months, compared to just 3% who plan to lower it.
- Four in ten (41%) also plan to increase their investment relative to pre-crisis investment, with just 5% saying they will lower it.

There is evidence of growing employer demand for people with skills at all levels, with firms expecting to increase their need for people with entry-level skills by +28%, intermediate level skills by +36%, higher-level skills by +37%, postgraduate taught skills by +15%, and other workplace skills by +31% over the next five years.⁵⁸

Businesses have learnt a lot about the opportunities and limitations of online learning during the pandemic, and the CBI survey has found that their respondents were overwhelmingly positive (90%) about the effectiveness of knowledge-based online learning, although less positive about its effectiveness in training relating to behaviours (64%) and practical skill development (54%).

Moving forward, these findings would suggest that most employees will be looking to integrate online learning tools with necessary face-to-face engagement as part of a developing hybrid model rather than a wholesale and permanent shift towards e-learning. There is considerable scope for conventional adult education to deliver high-quality provision that can meet the skill needs of businesses and for employers to embed the culture of lifelong learning.

Many businesses still face significant barriers to meeting their skills needs through adult education, with just over three-fifths (62%) of respondents to the CBI survey identifying at least some barriers, including:

- A lack of funding and prohibitively expensive training (25%)
- Difficulty in sparing spare time for employees to be training and away from their normal working day (22%)
- A lack of suitable, high-quality provision available in their local area (20%).

If firms want to adapt to new technologies, products, and services, and are committed to raising the productivity of their employees, they must find ways to balance business needs with workforce progression. Given the pace of change to current technology and the critical importance of applying them effectively to boost productivity, the CBI finds that the availability of quality provision is likely to become an increasingly important issue.

3.6 LEVELLING UP SKILLS ACROSS THE UK

Tackling regional and local skill shortages is particularly challenging and goes to the heart of the levelling up agenda. The UK has a highly unequal distribution of skills and qualifications, with areas of low skills corresponding to the least productive parts of the country. While this means that the lower skills profile in a given area can meet the needs of a lower skilled local labour market - the so-called low skill equilibrium - it is also a barrier to productivity, as new and existing firms struggle to attract the human capital necessary to innovate and grow.

Research has identified the complexity of the UK's labour market with a great deal of variance in skill shortages between places and some regions, having both a higher demand for knowledge-intensive skills as well as a more diverse range of skilled roles. Areas with greater skill diversity tend to be less reliant on specific industries and therefore more resilient to economic shocks and structural changes in the local labour market. Analysis by Nesta identified Oxford, Reading, Brighton, Cambridge, and Aberdeen as areas in the UK with the broadest skills mix.⁵⁹

There are noticeable variations in skill composition across the UK. In particular, there are large differences between the skill mismatches in the largest cities and those that persist at the national level. Nesta identified that large city-regions appear to have much greater shortages in highly skilled services, such as Finance and Accounting, Management and HR, Software Engineering, Marketing and BI and IT Systems Design, while occupations with an oversupply tend to include Skilled Trades, Healthcare, and Teaching.⁶⁰

Regions have their own idiosyncratic needs in terms of solving the skills equation for their particular economic structure. One study looking at the impact of regional skill shortages on firm-level productivity

found this to be stronger in knowledge-intensive industries and in less agglomerated regions. Agglomeration effects may enhance skill matching and moderate the impact of skill deficiencies, but this is only applicable to a few already stronger regions. Policies based on such an approach would end up further increasing the regional productivity divide.⁶¹

This suggests that spatially blind interventions to raise aggregate skill levels risk, exacerbating the divergence between regional productivity by increasing mobility towards the strongest places. To this end, policy should be place-specific and explicitly work on localised skills gaps or shortages to address the particular needs of the local economic structure. The research literature identifies that a better understanding of the spatial dynamics between local skills and regional productivity is needed and that this would help to embed stronger support for skills development vital to upgrading competencies in lagging regions (McCann and Ortega-Argilés, 2015).



4. THE PATHWAY TO LIFELONG LEARNING

There is no single explanation for the current skills mismatch, or why adult participation in training has declined despite employer demand for higher level skills. It is, however, clear that this position will worsen, if unaddressed. As the world of work continues to undergo dramatic changes, not least in the aftermath of Covid 19, all employees will need to keep their skills relevant and up-to-date.

Life-long learning will need to become common place – the new norm – and in-work training will need to become the rule not the exception. This will need new infrastructure for life-long learning (digital and physical), new methods of delivery (continuous and modular), new learning content and accreditation (vocational and academic), and new institutional arrangements (Further and Higher) to provide seamless integrated learning to support careers. It will also require a change to how education and training is funded.

The government wants to increase access to learning, to provide opportunities for everyone, and to better meet the needs of employers and the economy, specifically by encouraging greater take-up of higher technical qualifications. The Skills and Post-16 Education Bill Skills aims to achieve this by making it easier for adults and young people to study more flexibly, broadening options beyond the full-time three-year university degree, allowing time and space between learning, and the take-up of part-time study.

The Skills Bill will lay the legislative foundations for the reforms outlined in the white paper. This includes measures to incentivise flexible and more modular types of provision in higher and further education and the specific provision of a lifelong loan entitlement. The detail is yet to be confirmed, and Government is bringing forward pilots⁶² and intends to consult later this year. Here we outline how this pathway to lifelong learning might operate.

4.1 TOWARDS A MODULAR LEARNING SYSTEM

A truly flexible skills system will need to offer more modular provision, so people can build up learning over time through different modes (including blended online and face to face learning) and levels of participation (part-time, evenings, weekends) that best suit the needs of the individual.

Higher and further education institutions have increasingly offered modular learning, partitioning higher qualifications into smaller blocks, enabling learners to obtain 'credit' or a milestone qualification that can be combined with other learning to convert into a full qualification. There is evidence to indicate that modular instruction combines many advantages for learners, including reduced dropout rates.⁶³ Additionally, modules are easier for education providers to update and more adaptable to advances in production and economic fluctuations.⁶⁴

4.1.1 CREDIT TRANSFER AND ACCUMULATION

Enabling people to move more freely within the system is a major challenge. One of the themes emerging from the evidence sessions informing this report relates to the need to create more flexibility to provide both *"greater integration and greater liberalisation"* (Ashley Wheaton, University College of Estate Management), while maintaining standards in an already fragmented system. As Commissioner Douglas Blackstock, QAA, put it, *"How do you balance the desire for more flexible qualifications and the regulatory requirements for completing your [qualification]? ... It's very important that we keep the coherence of Higher Education in the UK, even though we want diversity."*

To square this circle, all higher learning (at level 4 and above) will need to be modular and credit-bearing, thereby enabling learners to accumulate and potentially transfer credit between institutions and to build up qualifications over time. Not all universities or courses currently operate a system of credit, but most do, with the accumulation of credit becoming the norm over the past twenty years.

WHAT IS CREDIT? HOW IS IT CALCULATED?

Credit is typically used as a measure of achievement and expected study time. The framework in England involves the principle that one credit is equivalent to 10 notional hours of learning, so that a 30-credit module would equate to 300 hours and a Bachelors degree with honours (360 credits) would be equivalent to 3,600 hours. Figure 4 below illustrates the typical credit awarded by higher education providers in England for qualifications at levels 4 to 6.

FIGURE 4: CREDIT FRAMEWORK FOR ENGLAND 2021

Typical higher education qualifications within each level	FHEQ Level	Minimum credit
Bachelor's degrees with honours (eg BA/BSc Hons)	6	360 (90 at FHEQ level 6)
Bachelor's degrees		300 (60 at FHEQ level 6)
Professional Graduate Certificate in Education (ProfGCE/sometimes referred to as PGCE)		60 (40 at FHEQ level 6)
Graduate diplomas		80 (80 at FHEQ level 6)
Graduate certificates		40 (40 at FHEQ level 6)
Foundation degrees (eg FdA, FdSc)	5	240 (90 at FHEQ level 5)
Diplomas of Higher Education (DipHE)		240 (90 at FHEQ level 5)
Higher National Diplomas (HND awarded by degree-awarding bodies under license from Pearson)		240 (90 at FHEQ level 5)
Higher National Certificates (HND awarded by degree-awarding bodies under license from Pearson)	4	120 (60 at FHEQ level 4)
Certificates of Higher Education (Cert HE)		120 (90 at FHEQ level 4)

Source: QAA⁶⁵

However, the way in which credit is applied at a modular level will differ according to subject content and levels of difficulty. For example, a 60-credit module in the third year of a degree would be more challenging within the expected learning time than a 60-credit module in the first year. In this context, the number of credits is not directly equivalent.

Learning and assessment models have also evolved to include a wider definition of higher education (e.g. higher and degree apprenticeships, micro-credentials, higher technical qualifications, accelerated degrees, integrated foundation-year courses), which present complexities, where credit and credit exemption based on prior learning do not neatly align between traditional and non-traditional course content.

In addition to the relevance between potentially differing disciplines, there is the question of longevity and the period of time that credit can remain current before lapsing, which is currently typically five years. All these issues have implications for how coherent courses might be designed, how modules might be stacked into full qualifications, and how these might be funded.

HOW CAN CREDIT BE TRANSFERRED?

Presently, there is no standardised way of building up credit across different institutions. Universities, and some colleges, validate their own degree modules and decide for themselves whether they will accept the transfer of credit from other institutions.

This poses a potential barrier for flexible lifelong learning. A more distributed system might be desirable but there is also the risk, as the Russell Group have previously suggested, that a universal system of credit transfer could undermine diversity and lead to “enforced homogeneity between institutions and/or courses by introducing a system of greater equivalence, which would limit the ability to offer distinctive and specialist provision.”⁶⁶

Government has indicated it will take action to incentivise easier and more frequent credit transfer between institutions and will be consulting on this matter. However, there is no easy way to do this without standardising accreditation and providing a universal clearing house for credit. Regional consortia have played an important role in credit accumulation and transfer to date. They have developed ‘credit level descriptors’, which detail the learning and expectations of an award at each level of the Framework for Higher Education Qualifications.

Government will need to build on the existing credit framework and consortia approach to design a networked system that can guarantee the autonomy of higher education providers while enabling the transfer and accumulation of credit. To facilitate this, university administrators and Regional Consortia, which are currently organised on a voluntary basis, would need to be adequately resourced to facilitate the potential growth in new higher-level technical qualifications and the increased demand to transfer credit.

There is, however, another layer of complexity which the Skills Bill has introduced. The Institute for Apprenticeships and Technical Education (the Institute) will be given the power to define and approve new categories of technical qualifications. There is an awkward crossover between the jurisdiction of various bodies (HEIs, the Institute, QAA, Ofsted, OfS, IfATE etc.) regarding higher technical qualifications and which has the scope for duplication and inconsistency.

Organisations will need to cooperate with one another when exercising their functions to create a single approval gateway for technical qualifications across further and higher education as well as other private providers. Scotland's 'articulation agreements', which we discuss below, provide good evidence of how clearer routes between FE and HE might be achieved. However, the wider regulatory framework in England needs further consideration to provide a common framework accreditation, quality assurance and the transfer of credit across the wider skills system.

ALIGNING CREDIT AND DIVERGENT POLICY GOALS

Currently credit transfer between higher education institutions is very low. This is largely because the system is incentivised to encourage retention and progression as another proxy for quality, and universities are penalised for non-completion. Promoting flexible pathways, where learning is accessed in segments and via different providers, conflicts with the policy to reduce non-completion rates in higher education. This would need to be realigned.

Yet compared to undergraduates, older learners are less likely to move around and more likely to remain in local areas due to work and family responsibilities. Consequently, the need to transfer between institutions might not be so great, especially if local providers can design appropriate pathways using smaller modules that can both standalone and be accumulated into full qualifications.

4.1.2 WHAT DOES THIS MEAN FOR MICROCREDENTIALS?

The growth in 'Massive Open Online Courses' (MOOCs) over the past decade has provided a platform for a more flexible 'step on/off' approach to study. The development of these courses into 'accredited' units of learning, so called micro-credentials, is seen by many as a viable alternative, or supplement, to conventional qualifications.

Microcredentials are shorter 'bite-sized' learning courses and/or experiences that provide a way for individuals to build their skills and competencies by collecting and potentially 'stacking' learning in flexible ways, at their own pace and according to their own priorities. They have been promoted as self-standing units in their own right but also as a possible means to support the accumulation and transfer of credit.

However, a common definition and a common approach to the validation and recognition of microcredentials is currently lacking in the UK and internationally, which makes the stacking and transfer of credit more difficult. Ireland has recently adopted a national multi-campus framework for microcredentials while the European Union is aiming to “build trust in microcredentials across Europe, with the objective of having all the necessary steps in place by 2025 for their wider use, portability and recognition.”⁶⁷

At present, not all microcredentials carry academic credit, or are intended to. Many have been developed by private companies (including large corporates like Google and Microsoft offering professional certificates in a range of IT related courses) to meet specific industry needs and to fill the gaps that formal higher and further education can't meet. Participation is largely on-line, or via short intensive bootcamps (e.g. for digital coding). Achievement is evidenced not by formal qualifications but by way of task and competence-oriented completion certificates, accredited by employers or professional bodies.

Universities and colleges have also developed their own range of microcredentials. For example, the Open University in partnership with Future Learn, and endorsed by industry partners, provide short online courses (10-12 weeks) relevant to rapidly growing industries. These allow learners to gain specialist knowledge and skills to help advance careers and can lead to undergraduate or postgraduate credit. Each microcredential includes a formal online assessment and meets the quality standards set by the Common Microcredential Framework (CMF).⁶⁸ There is presently no specified credit value for microcredentials in higher education, but examples can range from 1 to 10 credits. The Scottish Credit and Qualifications Framework currently recognises smaller pieces of learning (at a minimum of 10 hours).

Supplementary guidance from the QAA outlines how microcredentials can bear academic credit and be studied as a component part of a larger award.⁶⁹ There are, however, practical design constraints in stacking very small units into coherent larger ones. This may restrict the use of microcredentials to continued professional development or addressing very specific competencies. Government also needs to clarify whether the lifetime loan entitlement will fund such provision. Microcredentials are not eligible for student loans under the current student finance system.

4.1.3 SHORT COURSE PROVISION

There are currently over 4,000 individual qualifications, at level 4-5, delivered in various settings across HE and FE, and by private providers.⁷⁰ This suggests that the reported unmet demand for higher level qualifications, and very low take up, is not entirely due to a shortage of provision. It is possible, however, that there is a need for new certificates and qualifications in some technical areas where industry feels needs are not being adequately met. That said, the institutional structures exist to develop a framework that can draw together, define and deliver more flexible academic, professional and vocational learning appropriate to subject discipline.

If the purpose is to facilitate a learning journey (to acquire industry relevant and separately assessed skills) rather than a destination (a qualification or award e.g. degree) then providers could offer more smaller units that may form larger blocks of knowledge. The Skills Bill includes this provision. Clause 15 would amend the Higher Education and Research Act 2017 to change the definition of a higher education course to any description mentioned in schedule 6 to the Education Reform Act 1988, or a module of such a course.

As part of the pathway to lifelong learning the government has launched a Challenge Competition to provide funding for the development of new, short courses in a range of subject areas and at a range of levels. The guidance makes clear that this will involve unbundling existing qualifications, at Levels 4 to 6, into smaller, clearly defined elements consisting of 30 or 40 credits. While these elements should form standalone courses in their own right, this process should also allow for the assembly of full qualifications at levels 4, 5 and 6. Ultimately this may lead to a sub-degree (e.g. HNC/HND), or degree level qualification which can be built up over time.

4.1.4 THE ROLE OF EMPLOYERS

It is apparent that the emerging market for MOOCS, microcredentials and other short courses, are evolving in different ways. These can be broadly categorised in terms of different proxies for learning:

- Education driven learning, which aim to deliver 'prescribed' qualifications that sit within the higher education framework.
- Industry driven learning, focusing on tacit work-related skills, competencies, and experience. This can include 'non-prescribed' courses that may not carry credit.

There are many examples of collaboration between learning providers, including higher education institutions, and employers, in designing both 'prescribed' and 'non-prescribed' learning. However, it is not clear which modules of learning employers require to be accredited and stacked as formal qualifications.

The CBI has previously indicated that many employers are frustrated by traditional academic and vocational qualifications,⁷¹ while there are many examples of, predominantly, larger organisations that claim to be qualification-blind in their recruitment - including Apple, Bank of America, BBC, the Civil Service, Clifford Chance, Google, The Guardian, Hilton, Microsoft, Penguin Random House, PricewaterhouseCoopers (PWC) and Starbucks.⁷²

Ensuring that both employees and employers trust in the value of new modules of learning will be a key policy challenge. Explicit input or support from employers in curriculum design, development or delivery will therefore be crucial to the success of this pathway and the adoption of lifelong learning at scale.

The Skills Bill proposes to give employers a central role in shaping provision by making it a legal requirement for colleges and employers, led by accredited Chambers of Commerce, to collaborate in developing Local Skills Improvement Plans. Government is also looking to introduce a new approval system for higher technical education based on national employer-led standards. This will lead to a kitemark that signals national labour market currency.

There is, however, a balance to be struck here in terms of how national and local priorities are aligned, what businesses need and what employees may want to learn. There is also the question of engaging small and micro-businesses, perhaps in new industries, that may not be represented through their local chambers of commerce or sector bodies. It will be the purpose of the announced Trailblazers to pilot this approach.

'We need a rebalancing, but it needs to be around the individual. There is a balance to be had between what the employers and learners want, and what society needs. We need a vision that brings everything together in a way that we've never had.' - DAVID HUGHES, AOC

4.1.5 BALANCE OF PROVISION

Different types of provision (including blended online and face-to-face learning) will be required to suit different learners and to encourage wider participation. Distance or online learning can make a significant contribution to skills training. This is especially the case in more remote places, or 'cold spots', where travel times to colleges are prohibitive and where there is limited access to face-to-face provision.

Online learning works for many, although the evidence is that most who take up MOOCs already have a higher-level qualification. Others, including adults who may have negative associations with formal learning, might need more intensive support.

4.2 TOWARDS A NEW CAREERS SERVICE

A key barrier to improving general access to vocational education and training, and adult participation in learning, is the overall low level of awareness about available provision and possible career pathways. There is now an embedded cultural preference for degrees among school leavers in the UK, although many graduates regret attending university.⁷³ Degrees are perceived to have more prestige and to be more widely recognised by employers, even though many firms claim that graduates do not have the skills they are looking for.

Schools play an important role in shaping decisions by preparing young people for post-compulsory education and guiding subject choices. Ensuring school leavers achieve the highest grades in their qualifications is the main priority for schools. And this happens to be the most important determinant of entry to higher education. This policy drive, to increase the number of graduates, has contributed to wider societal effects, where school leavers, parents and industry now see graduate level attainment as the standard.

There is an urgent need to rebalance the options for learners – to establish different pathways, not just for school leavers but for adults in the workplace who need to reskill or upskill but not necessarily to degree level. To achieve this, it will be necessary to improve advice and guidance for both adults and young people and to better promote the full range of available options including the benefits of higher technical education.

Unfortunately, as the Augar Review observed, there are weaknesses in the provision of information, advice and guidance (i.a.g) – particularly with regard to the visibility and quality of advice on technical routes. There is no single place where comprehensive careers information can be found. This can make the experience confusing, with careers provision fragmented between different phases of education and across different institutions.

Recent governments have introduced reforms in England, establishing the Careers and Enterprise Company, to work with schools and colleges, and the National Careers Service as the main source of publicly funded advice for adults, although it is also available to young people. These services offer a range of support including direct contact with employees (for school pupils), online information about jobs and routes to learning, access to phone, web chats, texts and emails with careers advisers and a face-to-face service offering personalised advice to priority groups. The devolved nations have equivalent services.

In addition, schools in England have a statutory duty to provide careers advice, while all further education and sixth form colleges are required to secure access to independent careers guidance as part of their funding agreements. Higher education institutions are not required to provide careers advice, but nonetheless provide this dedicated provision.

Despite numerous reforms the careers landscape remains complex and difficult to navigate. There is, especially in England, a need to bring together and better integrate these various parts of the careers service. As the Skills White Paper indicates, the government intends to strengthen careers advice, by:

- Building on the Career's Strategy, launched in 2017, and extending coverage of the 'Careers Hubs' linking together schools, colleges, universities, employers and other local organisations.
- Improving both local and national alignment between The Careers & Enterprise Company and the National Careers Service to create a clear, all-age careers system.
- Making the National Careers Service website a single source of government-assured careers information for young people and adults.

Government also intends to address the longstanding and widespread concerns about the variable quality, independence and impartiality of careers guidance now being offered.⁷⁴ For young people, quality standards will be assessed against a national framework: the Gatsby Benchmarks.⁷⁵ This is an international gold standard for quality careers education. While this is to be welcomed it remains unclear what quality standards will apply to adults via the National Careers Service. This is an area that will require much attention if working adults are to be encouraged and assisted to participate in training. Investment in local face-to-face careers advice will be necessary to consider the available options for training and finance as well as the likely costs and returns to earnings which different career routes may present.

This is a role for a specialist careers adviser, yet currently there is no requirement for any careers advisor to have any specific expertise or be a member of any regulatory body. The Careers Development Institute (CDI), launched in 2013, is tasked with enhancing the professionalism of the career sector including oversight of a professional register, new qualification levels and common professional standards. However, there is no requirement to use this register when recruiting. Further reform of careers i.a.g. is required to build on and standardise the very best practices of professional career advisors.

All career advisers working with schools, colleges and universities should be registered with the CDI, regardless of their employment status (self-employed or PAYE). In order to be registered, careers advisers should have relevant qualifications at Level 4 or above and a Statement of Professional Standing (SPS) which is renewed annually. All members would also need to sign up to a code of ethics and complete at least 35 hours of continued professional development each year.

This is a model, based on the development of codes and standards for Independent Financial Advisers, which would fit with the future ambitions of the CDI to grow the UK Register of Career Development Professionals to 10,000 members working with all career services in the UK. A system could be established to support careers advisors to upskill and to subsidise those who can't afford membership and fees, through various mechanisms. Modest investment in careers practice would be inexpensive compared to the economic and societal return of people finding fulfilling roles in which they can be more productive.

4.3 TOWARDS A FLEXIBLE FUNDING SYSTEM

Changes to funding over the past twenty years have contributed to a dramatic decrease in part-time study and adult learning. The requirement for flexible, modular, through-life provision that can effectively meet the needs of industry will require a more fluid funding arrangement. Funding reforms are needed to incentivise participation in training and to allow learners to move at their own pace through the skills system and between further and higher education.

4.3.1 THE LIFELONG LOAN ENTITLEMENT

The Government's proposals for reforming the funding system include the introduction of a Lifelong Loan Entitlement – a key recommendation from the Augar Report. This will enable people to access student finance to invest in the equivalent of four years' worth of post-18 education, over the course of their working lives.

The loan entitlement will support the creation of a flexible skills system, offering the facility to pay for modular provision so adults can fit study around work, family and personal commitments. It will allow workers to retrain or upskill as the economy or individual circumstances change and enable learning to be built up over time. Ultimately this will be the primary route of funding for advanced technical and degree levels (levels 4-6). The intention is to offer an alternative to the 3-year full-time degree, with more options to take up high-quality technical qualifications, and greater parity between technical and academic education.

The introduction of the new loan entitlement will require extensive changes to the current student finance system to enable multiple short courses, with smaller volumes of credit, to be funded over many academic years. It will need to build on the lessons of the current system to look at the wider issue of fees, maintenance, repayments, and not least the issues of affordability.

COST OF PROVISION

The total value of the loan entitlement, and how this might be capped, is not specified. Assuming a value equivalent to the cost of tuition fees in England (i.e. £27,750) for a full bachelor's degree (i.e. 360 credits) one might hypothecate smaller unbundled modules, costed pro rata according to credit value. It is unlikely that courses will cash out in this way, however, ensuring cost-equivalence across different institutions, and value for money, will be important to learners and providers. The assumption in 2012 that part-time students (of whom approximately four-out-of-five were already in work) would be able to afford higher fees was misplaced.⁷⁶

The issue of modular course fees and how the cap may be applied suggests that the lifelong loan entitlement will need to be integrated with the existing student finance system to create a unified credit-based funding system that does not distinguish between different modes of study and provides equal access and support for learners regardless of how they learn – full or part-time – or where learning takes place.

MAINTENANCE

The cost of study is one of the main barriers for adult learners. Debt remains a deterrent for those from disadvantaged backgrounds, with students from low-income households likely to graduate with the largest debt and higher lifetime repayments. However, it is the cost of living that is often a greater cause of anxiety

for students than tuition fees. A UUK survey found that 42% of respondents, who had considered part-time study but not enrolled, did so because of living costs. The majority of part-time students in England do not currently qualify for maintenance support because it is not extended to all part-time students studying via distance learning.

This is something that the Skills Bill will need to address. Augar had recommended the reinstatement of maintenance grants and the House of Lords has been prompted to make an amendment to the Bill which includes maintenance provisions to help disadvantaged students. Government may need to consider a hybrid system of loans and grants to subsidise costs and encourage adult learners to access post-18 education, particularly those for whom debt and living costs will be viewed as a disincentive to reskill.

Government should consider the reforms that have been introduced in Wales to extend maintenance support, including means-tested grants, to all students regardless of mode of study while maintaining low tuition fees for part-time study. This, as we discuss further below, has had a huge impact on participation.

RETURNS ON INVESTMENT

The success of the Lifelong Learning Entitlement will depend on whether it can help those who take it up to increase their earnings. This will give adult learners the confidence to take on the 'risk' of investing in their own skills.

'Learners who want to invest in their education might be concerned that there just isn't the time for it to pay off. [...] It might take far too long for people to build up degrees or qualifications, and they might just run out of time to see the benefits from it.' - JACK BRITTON, IFS

We know that there is on average a positive return for part-time students in higher education, although this is not as great as for full-time students. Further analysis is required to understand the benefits of investment in higher technical skills for older learners compared with younger learners.

4.3.2 OTHER FUNDING CONSTRAINTS

The loan entitlement will not be sufficient in itself to transform the supply of and take-up of provision.

EQUIVALENT AND LOWER QUALIFICATIONS (ELQ) FUNDING RESTRICTIONS

An immediate first step to supporting retraining at higher levels is to reassess current Equivalent or Lower Qualification (ELQ) rules. Most students who hold a higher education qualification are currently ineligible for fee and maintenance loans for a second qualification at the same or a lower level and need to self-fund. ELQ restrictions therefore limit the options for retraining and provide a fundamental barrier to flexible study.

As a minimum, Equivalent or Lower Qualification funding restrictions must be removed for those courses, at levels 4 to 6, which are considered a priority in meeting the skill needs of the UK economy. Government has already relaxed the ELQ rules (i.e. for STEM subjects) but this could go further to allow graduates to acquire vocational qualifications in a range of occupations including, for example, business, finance, and management among other fields.

STRATEGIC PRIORITIES GRANT

Government has made changes to the teaching grant (renamed as the Strategic Priorities grant) paid to higher education institutions through the OFS. Consequently, London weighting (for teaching) has been removed, and funding redistributed across England. STEM courses have been a beneficiary. One way to reinvigorate part-time higher education and lifelong learning is to make it an explicit grant priority. If the DfE can signal that part-time study is a 'Strategic Priority' in the way that STEM subjects are, this would lower the opportunity costs for higher education institutions to offer this type of learning.

PART-TIME STUDENT PREMIUM

In addition, it is essential that the part-time student premium is retained to help providers with some of the additional costs of supporting students who maybe more challenged in achieving outcomes. This support has been cut in recent years with a real term reduction of 19% in addition to the removal of funding for widening access activity targeted at mature students. Continued erosion of the part-time student premium risks current levels of support for students becoming unsustainable and a reduction in opportunities for disadvantaged students to complete a higher education qualification as a part-time student.

INFRASTRUCTURE AND CAPACITY

Institutions delivering qualifications at levels 4-5 have faced key challenges in funding the infrastructure and capacity to support this provision, including attracting and retaining teachers with relevant expertise and industry skills as well as improving or expanding facilities and modernising equipment. The Skills Bill identifies measures to refund and reform the FE sector including the new post-16 capacity fund and Strategic Development Funding will help to address this deficit.

4.3.3 INCREASING EMPLOYER INVESTMENT IN SKILLS

Government has signalled its intention to give employers a central role in shaping provision at the local level, but more needs to be done to incentivise employer investment in skills training. Employers in the UK spend less on continuing vocational training (CVT) than many other European countries⁷⁷, while total investment per employee has fallen in recent years, with large employers spending proportionally less than small employers on staff training.⁷⁸ As the recent report from the Industrial Strategy Council found, UK employers stand out internationally for their preference to recruit rather than train, even when faced with skill shortages.⁷⁹

The ambition of the Apprenticeship Levy, introduced in April 2017, was to increase employer investment in training. Several years on the evidence suggests that reforms have raised vocational training standards, although the Levy is not working as intended, especially for smaller firms. Indeed, its implementation has created distortions in some areas whilst failing to address skills problems in others.

Much of the Levy remains unspent as many businesses that pay into it (those with an annual pay bill of over £3 million) find it challenging to use for their training needs and deplore that government does not help them enough to skill and reskill their workforce.⁸⁰ For many businesses the Levy has become a barrier to increasing investment in training and a roadblock to the Government's efforts to modernise the skills system, tackle skill shortages, and boost productivity.⁸¹

The Confederation of British Industry (CBI) have long called for broadening the Apprenticeship Levy into a 'Flexible Skills Levy', which would cover a wider range of high-quality, relevant training. The CBI have argued that this would be a fairer way to support higher levels of investment in training across a broader range of vocational training activities, including short modular courses.⁸²

4.4 TOWARDS A PARTNERSHIP MODEL OF LIFELONG LEARNING

Partnership working, particularly at the local level, has been a defining feature of public policy in the UK for many decades. In education, collaboration between higher and further education institutions has grown and diversified, with partners taking different and creative approaches to work with each other and with employers and wider stakeholders.

The lessons of this experience are not obvious. Best practice is uneven, and many partnerships are still evolving. But there would appear to be a recognition from all parts of the sector that greater collaboration will be central to providing integrated pathways to higher level skills for learners on vocational and technical, as well as traditional academic routes. As Douglas Blackstock, QAA, put it:

"It's better to create partnerships rather than a big bureaucratic centred system. I can see it all going wrong if we don't have the flexibility for local needs."

Emerging models point to different approaches including point interventions to address specific needs, formal mergers between institutions, and looser networking arrangements.

4.4.1 CASE STUDIES

A number of institutions in England have experimented with the partnership approach to career-focused learning. One is the pilot programme between Lambeth College and London South Bank University (LSBU). Working together with a multi-academy trust, the LSBU-Lambeth partnership specialises in technical education and is rooted in the real-world of industry.

Under this system, students can build a diverse portfolio of skills and qualifications; they can choose the route and institution that is right for them and their career path. A central purpose here is to provide 'pathways' between different learning styles and environments: A-levels, applied generals, apprenticeships, T-levels and so on. This is a radical notion that challenges traditional top-down management models. The need to throw together alternative arrangements at very short notice with minimal resources, and the absence of government supervision outside of a few areas, means that administrators have to rely on collaborative structures.

Another example of joined-up thinking is the West London Alliance (WLA). This model gathers seven London-based universities: Imperial, Buckinghamshire New University, Westminster, the Royal College of Art, Brunel, Middlesex, and the UWL. Working together these institutions convene a joint HE-FE network with heads of Further Education colleges – stakeholders meet to discuss the London Skills Strategy and how it aligns with the design of their modules and curricula. More generally, the WLA is focused on apprenticeships and partnerships between the public and private sector. It puts great emphasis on specific innovations related to Artificial Intelligence and automation. Amongst other key initiatives of the programme, the WLA plays a big role in delivering technical skills with a focus on engineering, construction, and digital technology.

There are many other examples.

- In addition to its role in the West London Alliance, Middlesex University has forged a Centre for Apprenticeships and Skills with its strategic partner Capital City College Group (CCCG). The centre grew out of the University's pre-existing relationship with global sales training organisation Consalia to meet employers' increased demand for degree apprenticeships. The partnership with CCCG increased the number of students the University could work with to 40,000 across both institutions and enabled more learners from a broader range of backgrounds.

- The University of Lincoln has led a collaborative bid with regional employers and all seven further education colleges in the county to establish an Institute of Technology in Lincolnshire which will specialise in higher level technical skills for key sectors in the local economy including: agri-tech, food manufacturing, energy, digital and engineering.
- Loughborough University and Loughborough College have opened a Careers and Enterprise Hub on the high street as part of the Town Deal. The collaboration is designed to help local people enhance their skills to access the job market, progress in their existing careers or launch a new business idea. The Hub will offer specialist advice, guidance and support to navigate available education and training pathways.
- Cities of Learning in Plymouth is a new approach funded by RSA and City and Guilds that promotes digital credentials or badges to help recognise learning, wherever it happens, leading to new pathways into education and work. Real Ideas have worked with Navigatr to create a unique web app to help learners curate their learning experiences and find different pathways.
- The Mansfield Learning Partnership, wholly funded by the town's secondary schools, provides a work experience programme and several imaginative opportunities for young people to engage in meaningful encounters with business and understand the skills that employers are looking for.

These many and varied models illustrate how partners, working at the local level, provide flexibility, add value to widen participation, and address the needs of the economy. However, they are in all cases singular examples of how institutions operate in relation to the whole. And in many cases, they are secondary to core business. None could yet claim to represent a holistic skills eco-system. It is possible to imagine an integrated and inclusive template incorporating all aspects of best practice, but there is a serious challenge to change culture and behaviour in a quasi-market driven by free-market principles of competition and choice. In this context, funding incentives will be crucial to system change.

"We almost need to re-build the bridges, I think, between HE and FE. The old days of validating partnerships, with top-down hierarchical models are no longer fit for purpose. I think lots of universities have very good relationships with their local FE colleges. Maybe not all do, and maybe different sorts of partnerships could be considered."

John Butcher, OU

There is always a risk that partnerships become undermined by sectional interests. The number and diversity of partners can also create problems for collaboration, with higher education and further education institutions having their own priorities, demands and expectations. Experience suggests it can be difficult to try to cut across this and ensure all involved are clear on the objectives and practices of the partnership.

Additionally, partnerships may be hindered by geography. It can be much easier for institutions to work together when they are operating in the same place but less populated areas, such as North Wales and Lincolnshire, with greater distances between providers, can make partnership working more difficult. It is in these environments that specialists in distanced learning, like the OU, and online provision can make a critical difference in helping partners to collaborate and reach learning 'cold spots' where there is limited face to face provision.

Regardless of the model, successful partnerships require a shared vision, sustained commitment, and significant investment of time, to develop formal operating agreements and governance frameworks. Building a coherent set of 'pathways' for lifelong education requires a mixed economy of academic/ vocational qualifications and a more open attitude towards vocational education, beginning in the secondary education system.

4.5 DEVOLUTION AND THE POTENTIAL FOR POLICY LEARNING

For more than twenty years, the devolved nations have exercised powers over areas of education and skills policy. This experience provides an opportunity for different parts of the UK to learn from each other about what works best. During his contribution to the Commission's evidence session, Professor John Butcher of the Open University commented that devolution creates the potential for a 'living laboratory' in which different approaches to tackling similar problems operate in parallel:

"[We] need to learn from the Celtic nations. England does not have all of the answers, in fact England might have done things worse than everyone else. Different policies drivers and funding systems have driven greater innovation in the adult learning space outside the English bubble."

Learning can be acquired from wherever best practice can be found, whether that is the Scottish department of Education bringing articulation agreements to the fore, or Wales working to improve its further education system in partnership with the Higher Education Funding Council for Wales (HEFCW).

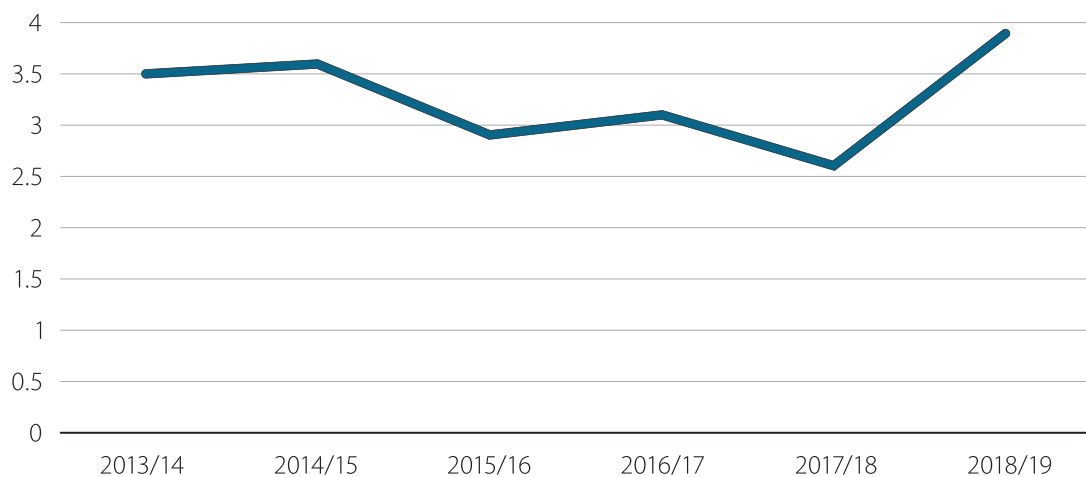
4.5.1 WALES

Wales, like England, has experienced a significant decline in adult and part-time learning over the last decade. Part-time student numbers have plummeted, and this fall in demand means universities are quietly closing their part-time courses. Many experts believe that this is down to a lack of financial support from government.

This decline, however, has not been as steep compared to England, which suggests that steps taken by the Welsh Government have been beneficial. For example, the recent implementation of proposals relating to the Diamond Review has helped to achieve greater parity in terms of financial support for part-time

students. This is thought to account for a recent upward trend in part-time learning. Figure 5, for example, shows that the number of Welsh-domiciled part-time applicants for student support is 50% higher in 2018/19 than at the same time last year.

FIGURE 5: NUMBER OF PART-TIME APPLICANTS FOR STUDENT SUPPORT IN WALES



Source: Student Loans Company, 2018

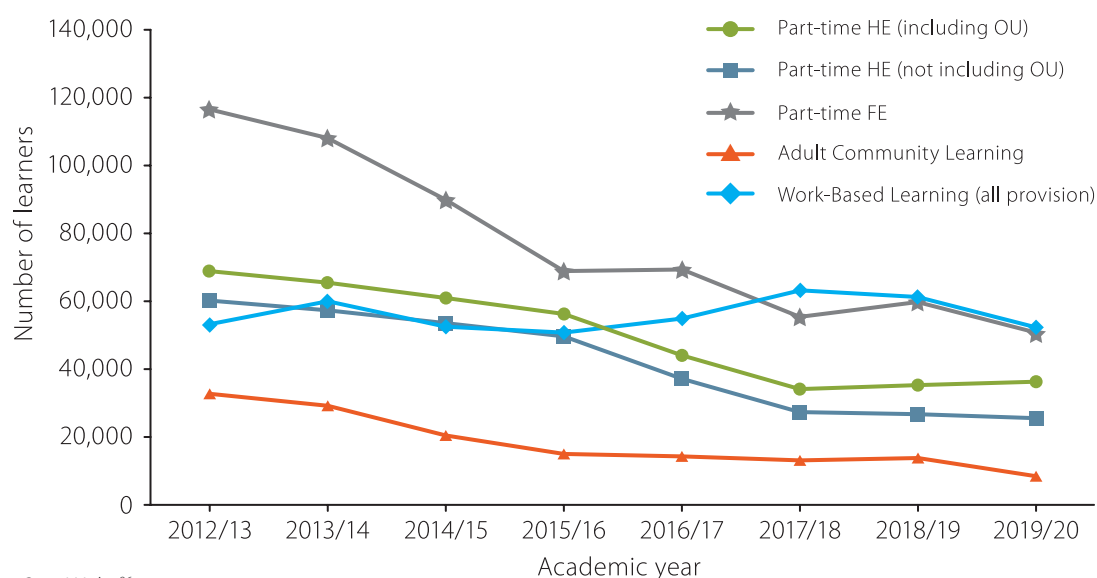
In their approach to lifelong learning thus far, Welsh Government's approach has remained more or less in line with Diamond's. The review concluded that the average part-time learner is at a different stage in their life: they are more debt-averse and so it is probable that you actually need to be more generous with part-time funding. As a result, eligible first-time undergraduates who study part-time in Wales are able to apply for support for living costs on a pro-rata basis. The support is a combination of grants (Maintenance Grant) and loans (Maintenance Loan), similar to full-time students.

However, a closer examination of the situation shows that the Welsh Government's role in stimulating demand is likely to be very small. A recent review of part-time learning in Wales is to be found in HEFCW (2021).⁸⁴ First, the majority of the total gains in Wales come from one provider: The Open University (OU).⁸⁵ This suggests that the fall in part-time learning in HE presents a conundrum for policymakers, which goes beyond just the financial support available.

Second, whilst it is still early days, the underwhelming figures for part-time learning would suggest that many providers have not yet capitalised upon the opportunities stemming from the grant/loan arrangements. This is not an argument against the introduction of financial support. It is clear that there may

be some gains for Wales from such a subsidy. However, while these gains are welcome, such modest gains do not represent the transformation that Wales needs. What is interesting, looking at Figure 6, is the gap between OU and non-OU adjusted figures for part-time learners in HE:

FIGURE 6: TREND IN PART-TIME LEARNERS IN WALES



Source: StatsWales⁸⁶

What does this mean on the ground? Whilst it is still early days, the continued drop in numbers would suggest that other factors such as geographical access are at play. Most of the population of Wales, for example, live in villages and smaller settlements. The sparsest area begins from approximately the Heads of the Valleys Road to some distance south of the A55 plus most of Anglesey. As Peter White and David Lee note in the journal of Research in Higher Education:

“geographical distance to university has a negative association with university enrolment. Students within the 10 km measure had a significantly increased odds of enrolling at university than students in the 40 km and above category... when controlling for deprivation and population density.”⁸⁷

Accordingly, the Open University, with its emphasis on distance learning, can better accommodate part-time students living in rural localities. Unlike a campus-led education, learning at the OU does not entail the emotional or financial cost of moving from an intimate, high-trust community.

Having said this, demand for part-time provision is expected to grow in Wales over the coming years. Should the anticipated growth in the part-time market be realised, then it will generate a corresponding demand upon HEFCW’s credit-based model of funding. HEFCW will need to consider how it can resource this.

4.5.2 SCOTLAND

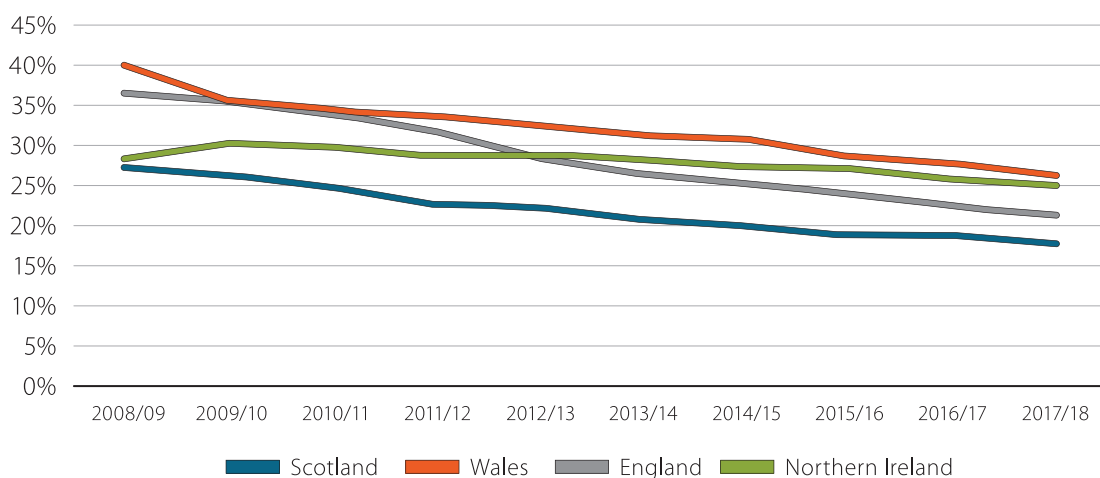
Education in Scotland has always been distinctly different to other nations in the UK, with a history of universal provision of public education, across all phases of education, that pre-dates the devolved government.

In their approach to lifelong learning thus far, the Scottish National Party have defined a broad set of graduate attributes so that people are not just learning a subject, but rather, how to be successful in life and work. This points to the fact that Scotland's four-year degree structure provides a flexible platform for entry and exit at different points with accredited qualifications. In addition, the Scottish Funding Council Upskilling Fund (via the Open University) offer the opportunity to study a fully-funded microcredential course in a variety of subject areas.

On the other hand, Scotland's failure to improve standards at the secondary school level has had a knock-on effect on the rest of the skills system. Audit Scotland, an independent body, concludes that the attainment gap between rich and poor "remains wide" and that progress "falls short of the Scottish government's aims".⁸⁸

Figure 7, for example, tracks the change in the proportion of part-time enrolments during a 10-year timeframe (2008/09-2017/18). In all years, the proportion that were part-time in Scotland was the lowest of the four countries. Changing this situation will be a huge job. Current approaches, which do not really engage with the behavioural economics of part-time learning, need to be rethought.⁸⁹

FIGURE 7: PROPORTION OF HE ENROLMENTS THAT ARE PART-TIME BY UK COUNTRY



Source: HEFCW 2021⁹⁰

The story of Scotland is instructive. However, we need to add certain caveats. First, it must be noted that a large proportion of HE in Scotland is undertaken through further education institutions (FEIs). 26% of new entrants to HE in 2017/18⁹¹ were at FEIs and 34% of all enrolments at FEIs were studying part-time in 2017/18.⁹¹

Second, the Scottish Government's 'articulation agreements' have offered much clearer routes between FE and HE, particularly for remote learners and those needing to rebuild their confidence. In a nutshell, 'articulation' allows some students with a Higher National Certificate (HNC) to enter directly into the second year of a degree programme, whilst some students with an HND can move straight into second or third year, depending on their situation. Thus, a key point about Scotland is that level 4 and 5 qualifications have not collapsed as they have done in England. Nearly a third of HE students are studying HNCs and HNDs in FE colleges, and these nearly all have articulations to degree courses in universities.

4.5.3 DEVOLUTION IN ENGLAND

Since 2014 and the agreement of the first place-based devolution deal with Greater Manchester, approximately half of the Adult Education Budget (AEB) has been devolved to a number of authorities in England, covering about 35% of the population. Each of these devolution agreements is different but there are some standard rules covering post-16 education and skills.

Devolved control over adult skills has enabled local areas to introduce new flexibilities to make it easier for people to access the skills training they need, for example by providing access to certain courses free of charge for adults earning less than the national living wage. The experience in England – with its emphasis on local input – suggests that this can provide an instructive model for lifelong learning.

On the other hand, skills devolution in England is presently too limited in scope to have a truly transformative effect. What has been devolved is relatively small compared to what has remained in Whitehall. Added to this is the fact that different parts of the system have different policy priorities and initiatives.

The current Skills Bill aims to involve employers in the development of local skills improvement plans, working with colleges through local chambers of commerce to make provision more responsive to need. Eight trailblazer pilots have already been announced. Arguably this will only deal with one part of the system – colleges. There is a need to explore complementary alignment with universities and other providers, including online providers, and the wider strategic role of Mayoral Combined Authorities and LEPs. This has prompted Baroness Wilcox of Newport to seek amendments to the Bill, *"to empower metro mayors and combined authorities to coproduce the plans, in recognition of the crucial role they have to play."*

It is unclear how the Bill relates to devolution in England and how it might enable MCAs to provide better coordination at the local and subregional level between schools, colleges, universities, and employers. To deliver on the lifelong skills agenda, it is imperative that government provides appropriate governance structures that can incentivise institutions to develop local markets for learning which can effectively balance all parts of the local education system.



5. CONCLUSIONS AND RECOMMENDATIONS

The characteristic feature of Lifelong Learning is flexibility. It must allow the learner to move through the skills system, and through their working life, stepping on and off at different points and participating on terms that meet their needs, whether full or part-time, on-line or college based. This may require a linear progression from lower to higher skills, but it should also enable lateral movement to acquire cross-disciplinary and interdisciplinary qualifications. Key to this will be the further development of modular learning and accreditation. The ability to study short courses, which can be combined and aggregated into units of learning that employers and institutions recognise and value, will be essential.

Critically, a sustainable funding arrangement will be needed to facilitate this process. Financial contributions should be made by employees and employers, as the primary beneficiaries of skills training, as well as government. Addressing the disparity in investment, and 'status', between higher and further education will create a seamless link between institutions, blurring the 'academic' and 'vocational' divide, and helping to forge pathways to lifelong learning that are attractive to all learners.

1. LIFELONG LOAN ENTITLEMENT

A key purpose of the lifelong loan entitlement is to increase the number of student finance options available to learners, providing students with support to undertake more flexible routes through further and higher education, while stimulating demand for new courses and qualifications. However, at this stage of development there is limited understanding about how the lifelong loan entitlement will operate, including:

- Whether existing graduates will be eligible.
- If learners will be able to undertake modular study in all subject areas or just those deemed a priority by the UK Government.
- The minimum volume of credit eligible for modular funding.
- How credit transfer arrangements will work.
- What the full value of the loan and repayment terms will be.

If this policy is to succeed in transforming the skills landscape in England, then it must ensure that:

RECOMMENDATION I: All citizens will be able to access the loan entitlement regardless of prior qualifications, or how they choose to study, including: modular or full qualifications; part-time or full-time; via face-to-face or distance learning.

A key issue is whether the loan entitlement will affect the behaviour of providers and learners, particularly those studying at levels 4 to 6. It will initially run in parallel to the existing student finance system, although intended to be more flexible and more modular to facilitate part-time study. The risk, however, is that it will fare no better than the Advanced Learner Loans which are currently available.

The overall impact of this policy will depend on how learners and providers respond. A truly demand-led loan system that funds everything of 'agreed' quality, delivered on a modular basis, encompassing microcredentials, and allowing credit to be stacked as a meaningful qualification could stimulate greater take-up. This will include those who would have stopped at level 3, those continuing in training, employed individuals looking to upskill or retrain, and those who otherwise would have studied 3-year undergraduate degrees switching to part-time modular study.

RECOMMENDATION II: The Lifetime Loan Entitlement should allow funding to be applied to different modules of learning, to enable (i) existing qualifications to be unbundled into smaller units (e.g. 30 to 60 credits) and (ii) microcredentials to be stacked as part of larger units.

The Skills Bill creates a separate funding system for modular study. In this sense it is a 'bolt-on' rather than a fundamental change to the existing student finance system. It also leaves open the possibility that any modular funding offer will be limited.

RECOMMENDATION III: A more ambitious reform would be to create a unified credit-based funding system that does not distinguish between different modes of study and provides equal access and support for learners regardless of how they learn or where learning takes place.

2. MAINTENANCE SUPPORT

Many of those who need access to learning to improve their employment prospects will be those who are least able to pay up front or least likely to burden themselves with a loan. If lifelong learning is to provide the impetus for 'levelling up' education inequalities, then the current system of student finance in England will need addressing. The devolved nations offer more generous funding incentives for adults returning to higher education, which should be considered as a UK-wide offer.

The majority of part-time students in England do not currently qualify for maintenance support because it is not extended to all part-time students studying via distance learning. (Note: Part-time distance learning students in England don't qualify for loans either). Disadvantaged students have access to a few bursaries, but these do not begin to make up for the gap left by the abolition of maintenance grants in 2016-17. Building on the emerging evidence from the Diamond reforms in Wales, UK government should consider the reintroduction of maintenance grants for all part-time students in England.

The longer-term earning potential of adults taking up the Lifelong Loan Entitlement will also need further consideration. The risk-reward will need to be fully understood, not least because unpaid loans are effectively written off as debt, which is increasingly unsustainable.

RECOMMENDATION IV: Alongside the loan entitlement, government should consider means tested maintenance grants to provide support with living costs and encourage adult learners to access higher technical qualifications, particularly those for whom debt will be viewed as a disincentive and a barrier to reskill.

3. IMPROVE MODULAR LEARNING AND CREDIT TRANSFER

A modular system allows learners to create building blocks for their qualifications and careers – from lower level to higher, including degrees and post-graduate qualifications – over a time period that works for them. Many higher and further education institutions already offer modular courses that can allow this progression. The criteria for the provision of courses does not, and should not, sit with Government.

Quality can and should be assured through the appropriate bodies. Diversity of provision and the mix of ‘academic’ and ‘vocational’ courses is the best approach to adaptability which is the key to present and future skill acquisition. However, there is further scope for the simplification of regulatory partners operating in this space.

Presently, there is no standardised way of building up credit across different institutions. Credit transfer through modularisation is best administered through transparent standards and requirements at the institutional level. However, the Skills Bill intends to give powers to define and approve new categories of technical qualifications to the Institute for Apprenticeships and Technical Education (the Institute) which will introduce another layer of complexity.

Organisations will need to cooperate with one another when exercising their functions to create a single approval gateway for technical qualifications across further and higher education as well as other private providers.

RECOMMENDATION V: Government should:

- Build on the existing credit framework and regional consortia approach to design a networked system that can guarantee the autonomy of higher education providers while enabling the transfer and accumulation of credit.
- Consider reform of the wider regulatory framework to simplify the jurisdiction between various bodies (HEIs, the Institute, QAA, Ofsted, OfS, etc.) regarding higher technical qualifications, which has the potential for duplication and inconsistency.
- Consider Scotland’s ‘articulation agreements’, which provide a good model for clearer routes between FE and HE.

4. CAREERS FOR LIFE

Improving the visibility and quality of careers information, advice and guidance (CIAG) is crucial to driving new pathways to participation in training and education. This is a specialist service area that will need to operate at the frontier of skills and employment, to understand what industry needs and what options will be available now and in the future.

A single system is needed: one that draws together all elements of CIAG to provide multiple access points – with no wrong door – but which the user can experience as a holistic, and wherever possible, a personal service. The aspiration should be to provide continuity of support that can facilitate through life learning for all citizens, whether they are an adult in work or a school leaver, an existing graduate looking to upskill or those seeking a second chance in learning.

Second chance should not mean second rate and it will be important to avoid a two-track system that may stigmatise certain routes into learning or signify different status. A high-quality independent careers advice service is needed for all citizens at all stages of their working life, and this should seek to hold the highest professional standards. Experienced Skills Advisers should be available in every locality to directly help facilitate the needs, directions and hopes of all citizens as they access life-long education.

A new language and a new culture are needed to update and refresh the image and experience of publicly funded careers advice. This will be important to service users but also to those providing the service, who will be instrumental in shaping new pathways to lifelong learning.

RECOMMENDATION VI: There is, especially in England, a need to bring together and better integrate the various parts of the careers system.

- A single integrated careers service is required for all citizens at all stages of their working life. This will need to provide high level, specialist advice, available in every locality.
- A system should be established to regulate and support the continued professional development of careers advisers. As a minimum, all careers advisers should be registered with the Careers Development Institute and have relevant qualifications at Level 4 or above.

5. PRIORITISE PART-TIME STUDY

Part-time student numbers in higher education have been plummeting for more than a decade, while wider adult participation in learning has also declined. Reversing this trend by increasing the take-up of part-time study should be central to the Government's strategic aims for reskilling and upskilling the workforce and driving productivity.

The Lifelong Loan Entitlement intends to create financial incentives for prospective students to study part-time, and for universities and FE colleges to provide part-time courses.

Another way to reinvigorate part-time higher education and lifelong learning is to make it an explicit grant priority. If the Government can signal that part-time study is a 'Strategic Priority' for the residual teaching grant, in the way that STEM subjects have been prioritised, then this could lower the opportunity costs for HE institutions to offer this provision.

RECOMMENDATION VII: Retain part-time student premium funding and make part-time learning an explicit priority for the teaching grant to incentivise lifelong education and training.

6. UNWIND THE EQUIVALENT LEVEL QUALIFICATIONS (ELQ) RULES

The policy decision, introduced in 2007, to limit funding for students undertaking second higher-level qualifications that are equivalent to those already held, has been cited as one of the main contributory factors in the decline of part-time study in Higher Education. There have been incremental revisions to this ruling to exempt those studying for a STEM qualification. However, with the number of graduates in the workforce rising across the country, and many of them in non-graduate employment, the need to reskill and potentially study for secondary degrees may increase. Government should also consider incremental and potentially localised exemptions to the ELQ rule (via devolved nations and Mayoral Combined Authorities) based on employer endorsement of identified priorities, in order to guarantee a better skills match with the needs of industry.

RECOMMENDATION VIII: Remove the remaining restrictions on ELQs so that available funding (including loans for fees and maintenance) can support those who want to study for a second higher education qualification in a different discipline.

7. INCENTIVISE EMPLOYER INVESTMENT

Employers in the UK are underinvesting in skills compared to other competitor nations. Broadening the Apprenticeship Levy into a 'Flexible Skills Levy' could help to support higher levels of investment across a range of vocational training activities. The implementation of tax relief for smaller businesses could also encourage more firms to invest in essential skills.

RECOMMENDATION IX: Government should explore options, including a 'Flexible Skills Levy' and 'Tax Credits' to incentivise employer investment in skills training.

8. PARTNERING IN-PLACE

Tackling regional and local skill shortages goes to the heart of the levelling up agenda. A system for Lifelong Education will need local flexibility to address the variance in need between places. Policy interventions will need to be place-specific and explicitly prioritise localised skills gaps or shortages to address spatial inequalities and raise productivity in lagging regions. To this end all educational institutions will need to contribute to the development of local skills improvement plans.

RECOMMENDATION X: In addition to employers and educational institutions, Mayoral Combined Authorities in England, with devolved responsibilities for adult skills, should play a central role in the co-production of local skills plan. Moreover, MCAs should be given genuine power over issues of essentially regional concern. Almost all of the functions currently exercised by the Department for Education could be devolved.

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ABOUT THE LIFELONG EDUCATION COMMISSION

The Rt Hon Chris Skidmore MP launched the Lifelong Education Commission under his Chairmanship at ResPublica in February 2021.

The Commission will seek to recommend how the multiple and varied barriers to lifelong learning can be removed, what future investment is needed to support this, and what regulatory change is needed to ensure the maximum possible flexibility that will benefit learners and deliver on the promise of a whole system change for education post-18.

The commission will focus on how post-18 education and skills ought to be designed so that both Higher and Further Education institutions are valued, but also how the individual learner can be better empowered to make decisions and undertake their learning. Lessons can be learnt from abroad, as well as from mistakes made in the past, but post-Covid, the need to act differently for different outcomes will be essential.



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The UK has a longstanding skills problem which is impacting on economic growth. Adult participation in learning has declined, particularly among part-time students, while fewer people in work are taking up training to reskill or upskill. More generally, there is a shortfall in vocational and higher technical qualifications.

In this first report, the Lifelong Education Commission seeks to recommend how the barriers to adult learning can be removed; what future investment is needed to support this; and what change is needed to ensure the maximum flexibility that will benefit learners and deliver on the promise of a whole system change for lifelong education.



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