



UNIVERSITY OF
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Heseltine Institute
for Public Policy,
Practice and Place



PLACE-BASED ADULT SKILLS AND TRAINING

Local 
Government
Association

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Introduction: The Challenge of Adult Skills

- 1.1 Improving adult skills is vital to enabling individual participation and progression in work and, more widely, the productive growth of the economy. The Local Government Association (LGA) commissioned this study to evidence the continuing need for improved adult skills and the contribution of local government to delivering inclusive, economically relevant and place-based training. This study reviews adult skills and labour market challenges and provides recommendations to improve the skills system, tackle low adult skills and accelerate skills advancement in work.
- 1.2 The UK has faced an on-going challenge over the last 30 years to reconcile the provision of skills training with the demands of a globalised labour market. This task has been complicated by: the quickening pace of digital innovation and its application to the operation and organisation of work;¹ the urgent demands of the global climate emergency; a growing precarity of work, in some sectors; and the constant churn in public policy and the funding of adult skills provision.² A lack of predictability in public policy, such as on achieving carbon net zero targets, inhibits the responsiveness of skills provision. These shifts, combined with a lack of continuity in resource and governance arrangements necessary to sustaining collaboration with employers and providers, have led to significant fragmentation in the skills system.
- 1.3 Despite progressive improvement in qualification levels over the last two decades, the UK still has a major challenge of low skills. Some 6.7 million working age adults in the UK have low (level 1) or no qualifications, representing 16.2 per cent of adults aged 16 to 64 years old. This rises to over one in five (21.9 per cent) of working age people between 50 and 64 years.³ These data overlay a basic skill deficit in functional literacy and numeracy,⁴ with an estimated 10 million adults lacking essential digital skills.⁵
- 1.4 Ensuring that people in work have relevant qualifications and people out of work are provided with training that enables them to compete for employment, must be central to the Government's mission to level-up regional performance and create an economy driven by high skilled jobs.
- 1.5 As the full economic implications of the Covid-19 pandemic crisis become evident, adult skills will continue to play a key role in recovery, as employers seek to re-establish their competitiveness. However, with more than a decade of declining adult learning funding and participation, alongside significant structural changes in the economy including the impact of EU exit on labour availability, a concerted 'place' focused effort to improve the adult skills system is needed.

Adult Skills Policy

- 1.6 The UK skills system has evolved as a complex matrix of overlapping responsibilities and resources, devolved at a national level to government in Scotland, Wales and Northern Ireland and with a hybrid mix of national and local governance in England. Adult skills training is delivered through further and higher education institutions, alongside private and community sector organisations and local authorities. It is funded through a mixture of public funds including further education, adult education budget (AEB) and apprenticeships, plus funding by employers and fees from individuals. While the sector has aspects that are excellent, the skills system can be slow to respond to changing economic conditions. Since 2019, around 50 per cent of the AEB has been devolved to seven Mayoral Combined Authority (MCA) areas (including the Greater London Authority), with non-devolved area budgets managed by the Department for Education. Devolution has demonstrated the benefits of local strategic planning of adult skills,⁶ but major elements of skills and employment budgets remain national. Partial devolution has created a two-speed system, with non-devolved areas held back by a lack of local control.

- 1.7 The Government is focusing on adult skills, with publication of the Skills for Jobs White Paper, and enacting the Skills and Post 16 Education Bill creating new powers and statutory obligations. The Levelling-up White Paper commits government to accelerating devolution, setting out new national targets to increase adult participation in learning and achievement of higher-level qualifications. These policies place a heavy emphasis on transforming skills planning and delivery, to reflect national economic ambitions and re-shape decision making to give greater weight to employer leadership in setting skills priorities for local labour markets.
- 1.8 As summarised in figure 1, skills policy aims to improve the efficacy of the skills system, through a better use of intelligence to inform the design and delivery of learning and structures to improve the flow of funding and quality of teaching. Investment is targeted at raising adult skills to level 3 and above, through the lifetime skills guarantee and loan entitlements. There are also initiatives to advance the skills of people in work, with a particular focus on intermediate and higher-level technical skills and training. Across these policies, employers are a primary driver of change and investor in skills for growth in productivity.
- 1.9 While these initiatives provide a welcome statement of intent, it is vital to ensure ‘place’ remains a primary focus in reshaping the skills system: to create local flexibility to build the skills needed by employers operating within labour markets; and to connect with communities excluded by low qualifications and other barriers that prevent access to stable and good work.
- 1.10 Local government, at all levels from MCAs through to district councils, have a varying but vital role to play as strategic conveners, as major employers and as deliverers of adult and community learning (ACL) to encourage inclusive and sustainable economic development. They have unique insights into their communities and the landscape of training provision; they can muster intelligence on future land use and potential business investment; and have expertise and capacity to align skills planning with other economic and social services necessary to break long-term cycles of deprivation.
- 1.11 Creating a more inclusive and effective skills system cannot take a one size fits all approach. It requires strong vertical partnerships through national to local levels in order to deliver investment responsive to local need and opportunity. It also requires strong horizontal partnerships between local authorities, public agencies and employer representative organisations, within a local labour market, to share knowledge and to agree targets and measures to raise skills and employment levels.

Figure 1: Summary of White Paper Skills Key Interventions

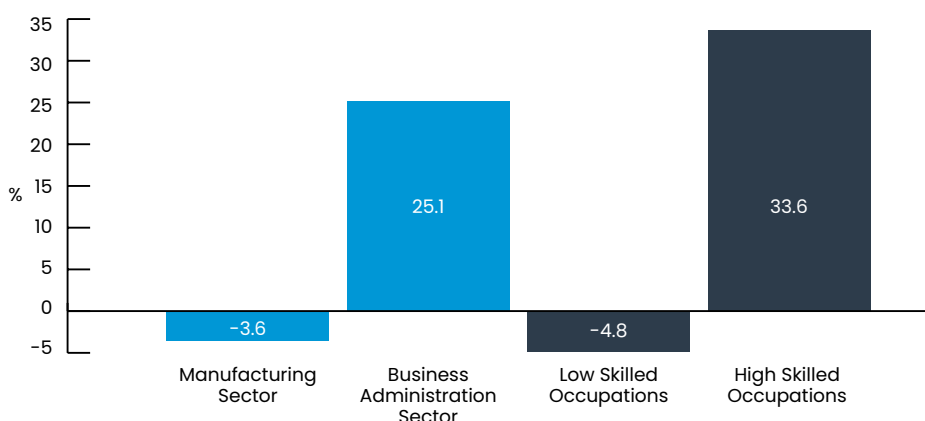
Theme	White Papers	
	Skills for Jobs	Levelling-up
Improving the effectiveness of the skills system	Local Skills Improvement Plans and Strategic Development Funds to increase employer leadership in skills planning	Establishing a cross-department Future Skills unit
	Increase in higher technical qualifications as an alternative to degrees	FE capital transformation programme to improve facilities and access to technology that raises outcomes for learners
	Boost skills, staffing and quality of FE and simplify funding flows	
Tackling adult low skills and unemployment	National Skills Fund aimed at upskilling and reskilling adults	National mission to raise adult skills, pay, employment and productivity by 2030
		UKSPF focus on adult low skills, including the Multiply programme
	Funding for employer focused skills bootcamps in a range of high demand sectors	Employment and Skills Pathfinder areas to test models of joined up local skills delivery
Skills advancement in-work	Lifetime skills guarantee including a commitment to grow apprenticeships	Extend the health and work programme for people with disabilities and health conditions
		Plan for Jobs JCP trial of coaching support for people on low incomes to address skills or wider barriers to progression

Labour Market Context

Long Term Trends

- 2.1 Long-term labour and skills trends in the UK have been driven by technology and global markets towards a higher skilled and more productive employment base. Nationally, there has been a shift from manufacturing to service employment, accompanied by changes in the profile of occupations towards higher skills jobs – figure 2.
- 2.2 Between 2009 and 2020 the number of manufacturing sector jobs in Great Britain fell by 87,000, with more than 1.15 million additional jobs created in professional and business service sectors.⁷ Over the same period, higher skilled managerial, professional and associate professional occupations have increased by around one third (some 2.9 million additional jobs) with lower-level operative and elementary roles declining by 4.8 per cent (around 241,000 jobs).⁸ Reflecting demographic changes, one of the largest areas of expansion has been in health and social care, with sector employment growing by over 500,000 and employment in care and personal service occupations expanding by 15.2 per cent over the period.⁹
- 2.3 While the pattern of change is complex and varying in pace and impact across the UK, the gradual restructuring of UK employment shapes employer expectations, the nature of work tasks and adult skills demand. Structural changes are dissolving some of the hard boundaries between traditional job roles, with interpersonal skills, problem solving and creativity increasingly important and sought after by employers.¹⁰ There is a greater emphasis on skills flexibility and customer experience, with a movement toward high level and more complex tasks at work.

Figure 2: **Selected Sector and Occupational Change 2009–2020, GB**



Some 82 per cent of all job openings advertised online require competence in basic computer software skills, such as Microsoft Office.

Nearly one in three (30 per cent) of construction workers will need to learn new skills as part of the transition to a green economy.

- 2.4 Running across these broader trends are specific drivers of labour market change. Firstly, the effects of digitalisation on work tasks and skills demand across all sectors of the economy. A basic understanding and competence in the use of computers and web-based tools is firmly established as a core skill, equivalent in importance to literacy and numeracy. Most jobs advertised online require applicants to possess good IT skills, including experience of basic office and workplace software, while many roles in traditional sectors such as agriculture, transport and warehousing increasingly use tablet-based software for work tasks. With growing numbers of employers using e-commerce solutions that require web-design and low-code software to operate web functions and applications, digital skills will remain high demand. Data shows that roles in digital technology are growing at three times the rate of all jobs in the wider economy.¹¹
- 2.5 The rapid adoption of technology is automating work functions ranging from manufacturing production through to clerical processes and has led to changes in modes of consumption that extend across retail through to global gaming industries. Digital has been a primary factor in raising the complexity of work, as employees become more engaged in managing the operation and quality of automated processes. Automation has also increased the vulnerability of low skilled workers to unemployment, with employees holding degree level qualifications least likely to be made redundant by the automation of work.¹²
- 2.6 The second driver of skills change is the transition to a net zero economy. The global climate emergency is stimulating cultural and behavioural change in society and is reshaping the economy. A just transition has implications on skills demand that include: major structural change in the energy sector towards sustainable forms of power generation; shifts in farming practices to reduce the release of greenhouse gases; large-scale programmes of social housing retrofit; impacts on the foundational economy of food production and distribution; through to small scale adaptation by SMEs in energy use and minimisation of waste.
- 2.7 Analysis in the **LGA Local Green Jobs** report signalled an additional 500,000 jobs in the low carbon and renewable energy economy by 2030. This growth impacts skills, with research¹³ indicating that the transition to a green economy will affect around one fifth of all jobs, with either an increased demand for green skills or a requirement for in-work retraining. Net zero transition will vary by region and by sector, but areas with a high proportion of industrial employment are likely to face the greatest challenges. Jobs that will require the greatest concentration of retraining are in manufacturing, construction and transport, where up to one third of the workforce will be required to adapt skills.
- 2.8 While these drivers present a challenge, they are manageable where employers and workers collaborate to update skills and evolve work roles to keep pace with technological and regulatory change. For both digital and green drivers of skills demand, while there are some entirely new work roles emerging, a majority of skill need is adaptive: extending existing technical, administrative and craft skills to comply with new requirements and integrate the use of new technology into existing processes.
- 2.9 Expanding the availability of workplace learning and formal training can enable employees to maintain the currency of their skills in the labour market and allow employers to ensure their workforce remains competitive as markets change. However, where skills frameworks are slow to respond to local demand or there is a lack of investment in workforce training, firms may be unable to exploit new market opportunities or to successfully innovate,¹⁴ thereby harming the competitiveness of firms in national and global markets.

Impact of Covid-19

- 2.10 The pandemic accelerated longer-term economic trends, in particular the adoption of digital technology and changes to the organisation of work. It has had severe consequences for many individuals and families across the country, but hit particularly hard in deprived and ethnic minority communities that were made vulnerable by poverty, poor quality housing and a reliance on lower skilled and insecure occupations.¹⁵ The pandemic exposed the economic realities of precarious and low skilled work for women, younger adults, ethnic minority communities and men aged 50+ that experienced the majority of job disruption, with large scale unemployment only prevented by government job retention schemes.
- 2.11 During the pandemic, qualification levels were a key determinant of continuity in labour market participation, with evidence that adults with low qualifications were more likely to be furloughed than workers with degree level qualifications, even where sector differences are accounted for.¹⁶ Individuals in lower skilled occupational groups were less able to transfer to home-based working than people in managerial and professional roles.¹⁷ Young adults (aged 18–24) were seriously disadvantaged by the pandemic, with significant loss of employment opportunity and falls in the apprenticeship participation rates. National payroll data for the period March 2020 to May 2021 shows that 70 per cent of employee job losses were among workers aged under 25.¹⁸ Qualification levels remain a defining factor in the ability of individuals to obtain secure employment post-Covid.
- 2.12 As public health controls have relaxed, the UK has seen a faster recovery of employment than was anticipated. The current employment rate nearly matches the levels seen prior to lockdown in March 2020. Similarly, falling headline unemployment rates and rising job vacancy rates indicate continuing demand for labour.¹⁹ However, there are a number of underlying features of labour market recovery that suggest lower skilled and older workers may face significant difficulties in accessing secure employment.
- 2.13 Some adults with lower qualifications are experiencing a difficult route back into work following the pandemic. Research²⁰ indicates that young adults made unemployed during the pandemic are more likely to return to insecure work than those that remained employed. Younger and older adults with fewer qualifications have a narrower range of options for work and a restricted level of mobility in the labour market.²¹ Overall, there is also an increased level of economic inactivity, particularly among older workers (aged 50–64) responding to changed labour market conditions, concerns over Covid and as part of shifting lifestyle priorities.²²
- 2.14 Coming out of the pandemic there is a need to stimulate employer interest and investment in workplace training. While some employers used the shock of Covid-19 to pivot their operations to access new markets and accelerate the adoption of new technology²³, including retraining of staff, national data indicates a longer-term trend of falling levels of employer engagement in training and workforce development, over the last decade.²⁴ With skills policy in the recovery focused on building employer leadership of the adult skills agenda, business representative organisations and sector groups will need to clearly articulate the benefits of investment in training and help employers to translate improved workforce skills into productivity gain.

Just 5.4 per cent of process and operative workers had the opportunity to work from home during the pandemic compared to 69.6 per cent of professionals.

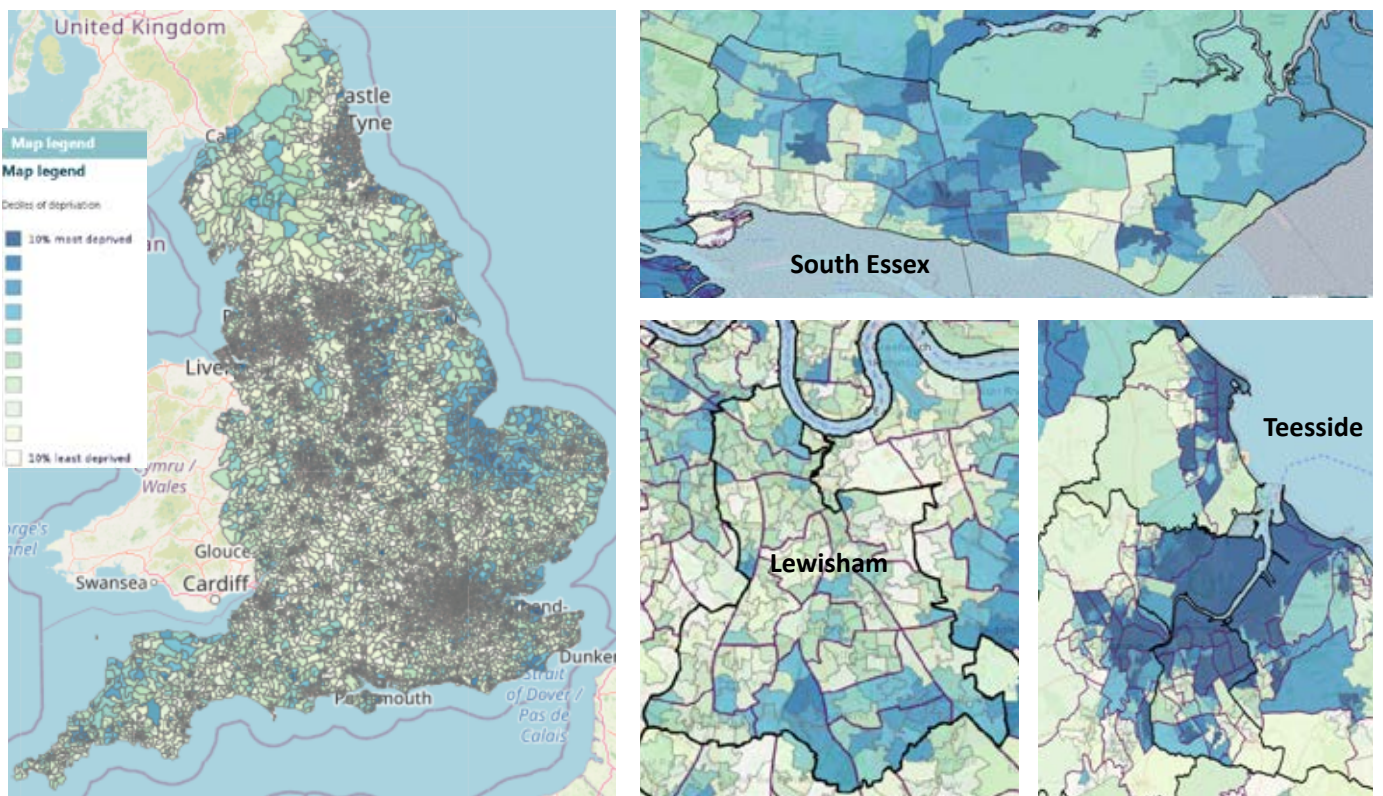
An estimated 600,000 adults have left the workforce or are working fewer hours since the start of the pandemic.

Over one third (34 per cent) of adults are planning to change job in the next two years, but around 69 per cent of these say that they will need to develop their skills to do so.

‘Place’ Challenge of Adult Skills

- 2.15 Improving adult skills is a ‘place’ issue. The distribution of adult skills varies significantly across communities and is a factor of the sector profile and historical demand by employers within a local labour market. These factors intersect with prevailing socio-economic conditions that influence individual attitudes to and participation in learning. With a national focus on levelling-up economic performance, addressing the underlying factors that result in low achievement of qualifications which, as a consequence, limit the scope to attract high value employment to localities, is a key challenge. Having the flexibility to tailor provision of learning to the specific needs and opportunities of ‘places’ is a vital component of a joined-up system of interventions enabled to address embedded inequalities found particularly in urban, coastal and rural communities.
- 2.16 Figure 3 shows selected data from the Index of Multiple Deprivation (2019) education, training and skills domain. It highlights how the distribution of adult skills can vary significantly within a local authority area, with ‘pockets’ of low qualifications adjacent to areas of comparative high achievement. This data underlines the local variation in attainment and the importance of bespoke local actions to address skills.
- 2.17 The complexity of small area working requires detailed local knowledge on the history and composition of communities, intelligence on the delivery infrastructure available to address skills and engagement in partnership structures to bring together stakeholders to design services for prospective learners. Only local and combined authorities, working with colleges, universities, community organisations and employers, have the breadth and status to convene a strategic response to these complex localised skills issues.

Figure 3: Education, Training and Skills Deprivation, Selected IMD Data for England, 2019²⁵



- 2.18 'Place' matters because of the way in which changing sectoral and occupational structures impact on local communities. People with lower levels of skills tend, due to differences in income and access to transport, to be more reliant on local work than those in higher skilled and higher paid occupations, with better mobility.²⁶ Local dependency makes lower skilled people more vulnerable to unemployment when labour markets change, and less able to expand their prospects or compete for good work without improvements to their skills and employability. The barriers to work are more significant where individuals have disabilities, caring responsibilities or face discrimination in the labour market. While rapid growth of remote working during the pandemic may have reduced the importance of place-based labour markets, people with few qualifications and in particular limited digital skills, are likely to continue to have restricted access to virtual workplaces.
- 2.19 The composition and function of local labour markets show significant differences between places, with local skill levels an important factor. Across England, skills supply and demand shape the economic trajectory of places, with significant variation in labour force participation levels in relation to the number of vacancies available. Analysis by the Institute of Employment Studies for the LGA²⁷ highlights that areas with low participation and low numbers of vacancies also have higher concentrations of people with low or no qualifications. Investing in and targeting skills provides a means to both disrupt long-term patterns of exclusion and improve local prospects to attract jobs growth. Given the complex variety of local conditions, it is vital councils and combined authorities work with government and stakeholders to track local performance and shape effective labour market policy.
- 2.20 In addition to addressing adult skills attainment gaps, skills must fit with labour market demand. Maintaining the relevance of workforce skills to employer requirements is equally important as improving entry level qualifications. Flexible local skills systems that work with employers to progressively develop in-work competences are vital to support the competitiveness of business and the 'places' they are located. There is the potential for productive collaboration between employers and the local labour force that mutually contributes to improving skills levels and brings benefits both to communities and to business. This is confirmed by evidence of the important contribution of human resources to economic growth, with skills in particular playing a vital role in business performance.²⁸ Investment in lifelong learning that includes an expansion of current entitlements to foundational qualifications with pathways to level 2 and higher level and technical skills, that are responsive to areas of skills growth and mismatch is key to the health and dynamism of the labour market.

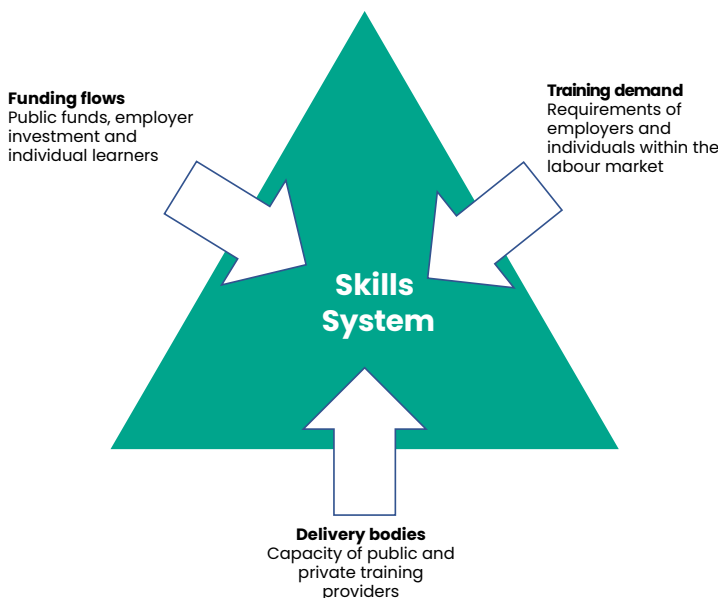
Key Issues for Place-based Adult Skills

Improving the Effectiveness of the Skills System

- 3.1 The UK skills system is a complex web of funding streams, qualification frameworks and delivery arrangements, operating at differing scales and through national and devolved decision-making structures.²⁹ Reform of adult skills provision and funding is vital to: reverse declining levels of investment over the last decade; address the ongoing challenge of raising low level skills and promoting lifelong learning; and better coordinate a patchwork of progression pathways through technical and vocational education for people in work.³⁰
- 3.2 The operation of an effective skills system relies on the combined inputs of public and private funding, intelligence on market demand and the responsive capacity of training providers (figure 4). These factors in turn form part of a wider institutional and economic environment that determines priority setting, decision making and delivery of skills.
- 3.3 Devolution of skills planning aims to improve the agility and responsiveness of the skill system to changing employer demands, improve the skill levels of residents and bring greater coherence to the current jigsaw of overlapping powers and responsibilities for skills that operate at a national and local level. Devolution agreements

LSIP trailblazers are being led by chambers of commerce in West of England (Business West), Cumbria, Doncaster, East Midlands, Kent (Invicta), North-East England, North and Western Lancashire and Sussex.

Figure 4: Factors Driving the Skills System



highlight the need for more effective communication between national government, councils and combined authorities on the operation of public policy, the functional performance of local labour markets and decision making over resources, to achieve improved economic and social outcomes for local areas.

- 3.4 Within a national framework of levelling-up, the Skills for Jobs White Paper has sought to redirect local skills systems to have a clearer focus on the demand for technical skills and to be more responsive to the needs and challenges faced by employers. Over the last year, Government has funded eight Local Skills Improvement Plan (LSIP) trailblazers,³¹ led by employer representative bodies, to develop an evidence-based assessment of local skills needs within their functional labour market area. This evidence base is intended to provide a clear articulation of key skills gaps to be met by colleges and training providers, but moreover to shift the dynamic of skills planning, by increasing the influence of employers over training provision.
- 3.5 Integrating stronger employer voices into local skills planning, through the roll-out of LSIPs, can make an important contribution to realising the full benefits of economic growth for local communities. But, to be effective, improved intelligence on skills demand needs to be embedded within a wider supportive partnership of public and private sector stakeholders that have the responsibility for planning and delivery of entry level and in-work training. Improving information flow and employer leadership must avoid the weaknesses of previous employer focused approaches to skills planning, where complex funding, policy and delivery regimes 'baffled' employers and diluted their influence over strategic priority setting.³² The roll out of LSIP needs to be embedded within supportive partnership structures that enable employers to provide foresight on what skills are required, how they will be applied in the workplace and what flexibility is needed to improve the effectiveness of delivery.
- 3.6 To maximise employer input, LSIPs should build on existing local architecture for skills planning and employer engagement established through Employment and Skills Boards at council and combined authority levels; the 36 Skills Advisory Panels that operate from within MCAs, the Greater London Authority and Local Enterprise Partnerships; and connect with the wider business community, bringing forward new voices and input into skills planning.
- 3.7 Local government has a key role and a strong track record as a strategic convener of public and private sector partners to deliver community learning and sector skills programmes. With their deep understanding of 'place', councils and combined authorities are able to articulate local challenges for adult skills and labour market participation and identify key opportunities for growth. Local partnerships are uniquely positioned to join-up funding streams and skills provision with other employment and social programming to ensure pathways for low skilled residents; providing a nuanced view of needs and opportunity that is not visible from a national level – as illustrated in box 1. Local intelligence can be used to shape the type and volume of provision to match changing employer demand.
- 3.8 Improving the effectiveness of the skills system must avoid a siloed approach to decision making. It should enable employers and providers to work together with local and national government to co-produce a clearer focus on skills needs and more effective delivery of adult learning. At a local level, LSIPs should be integrated into existing networks and partnership groups of employers, providers and councils. The production of LSIPs provides an opportunity to improve the diversity of entry points for low skilled adults to participate in community learning, assist SMEs to understand how skills can be better used in the workplace and enable providers to experiment with different forms of delivery. Together these outcomes create a basis for innovation and an improved skills system.

BOX 1

Skills System – Local Leadership

West Midlands Combined Authority

has established a Levy Transfer Fund to support SME employers to take on apprentices, with the Fund meeting training costs. Channelling unspent Levy into a regional fund avoids potential conflicts for large employers with their suppliers and has helped the Authority to shape the mix and balance of apprenticeship provision and attract new training providers into the region.

Shropshire Council

has worked with public and business partners to develop a Covid-19 recovery plan. This recognises the unique potential of this rural economy to upskill residents and develop enterprise in agri-tech, digital health, food and drink and creative industries. The sectoral focus provides a framework for skills planning and opportunities to test new kinds of employment and skills support.

- 3.9 The skills system needs to become more dynamic, with a constant review and testing of provision against employer demand and more effective alignment of business support, inward investment and employment at a local level, as has been put into place by the hospitality sector in the Peak District and Derbyshire (case study 1). An improved skills system cannot be achieved in one step, but requires a long-term settlement of devolved powers and stable funding to build confidence and realise the full potential of partnership working. The impact of an improved skills system depends on both individuals and employers recognising the personal and economic benefits of training and creating a clear demand for tailored provision.

Adult participation in English, Maths, and ESOL learning has declined by 63 per cent, 62 per cent and 17 per cent respectively, from 2012 to 2020.

Tackling Adult Low Skills and Unemployment

- 3.10 The UK continues to face a major challenge in improving adult skills. While the numbers of adults with no or low qualifications has fallen steadily over the last decade, progress has been slow. Around nine million working age adults in England currently have limited functional literacy or numeracy, of which five million have limited skills in both. Tackling this challenge has been compromised by a sustained decline in funding and participation in adult learning over the last decade, with the Institute for Fiscal Studies noting that, despite recent increased investment in apprenticeships and level 3 provision for adults, there has been an overall fall in adult funding of 35 per cent, or £1.9 billion in real terms, between 2009/10 and 2019/20.³⁵
- 3.11 The Adult Education Budget (AEB) has halved between 2011/12 and 2019/20, with a fall of 52 per cent in real terms.³⁶ Within adult funding, AEB has particular importance for commissioning of basic skills and community level engagement in learning. Since 2019, responsibility for the use of AEB has been split in England between the national Education Skills and Funding Agency (ESFA) and devolved to the MCAs and the Greater London Authority. While devolution to combined authorities has demonstrated the effectiveness of local control of flexible budgets to target and tackle skills gaps, partial devolution creates inequities in use of public funds and effectively a two-tier system for skills planning across the country. Where AEB devolution is in place, much of the resource is used to meet nationally determined entitlements, with combined authorities working to innovate, stretch and align funding to address specific local needs.
- 3.12 Despite evidence that engagement in learning can bring significant financial and career benefits for individuals, people with low qualification levels are the least likely to engage in training.³⁷ Disparity of participation is a major barrier to addressing adult skills levels and reinforces patterns of labour market vulnerability and exclusion. When viewed in the context of levelling up, it is important to establish a strong foundation for participation by extending funding for entitlements to level 1 and level 2 qualifications and skills progression through the offer of flexible provision that enables adults to fit learning around their lives.
- 3.13 The primary factors³⁸ affecting adult participation in basic skills learning, and some potential actions to support and encourage adults into learning, are summarised in figure 5. Locally determined delivery is key to improving the engagement, recruitment and training of learners. Overcoming the concerns of discouraged and low confidence learners and the practical challenges of cost, childcare and transport are vital for first steps into learning. Shaping initial engagement around social and leisure pursuits that people are interested in, with progression into basic skills, ESOL and digital skills training can be effective where funding allows for local flexibility.

Peak District and Derbyshire Hospitality Sector

Businesses, public agencies and colleges have come together in the Peak District and Derbyshire to improve skills pathways into hospitality careers. Responding to the 'perfect storm' of Covid-19 and EU Exit, a business-led taskforce has been established to shift perceptions about careers in the sector and, in the short-term, lobby for more investment in skills and a relaxation of working visas to close the current recruitment gap. Hospitality is a key industry in the Peak District and Derbyshire, attracting 45 million visitors annually, generating an output of £2.5 billion into the economy and supporting 31,000 jobs.

The task force has jointly produced a **charter**, setting out their aspirations for change. The charter is the start of a commitment, over the next 5–10 years, to: creating links with schools and inspiring young people to choose tourism and hospitality as a career, showing that the sector offers rewarding careers and not just 'jobs'; educating schools and careers advisers about the sector; dispelling myths about a low pay and long hours culture; and creating fit for purpose training programmes that lead to higher level qualifications.

As a sector, hospitality has a vital role in rural and village economies, often providing the main opportunities for enterprise and employment. Partners in the Peak District and Derbyshire have found that provider understanding of jobs roles and skills training can be out of date against current practices and are working with colleges to redesign and improve the fit of training to business needs. As can be **seen in this video**, employers are supported to invest in workplace learning, helped to increase contact with colleges to

ensure that tutors are familiar with current practice in the sector and, through Derbyshire County Council, have access to the apprenticeship levy transfer scheme to fund SME training.

The hospitality task force forms part of Derbyshire County Council's response to Covid-19 recovery and growth, providing a focus on upskilling the workforce, retraining and providing routes to better employment. Through working with community partners and co-ordinating involvement of DWP and employers, the Council aims to improve the effectiveness of the skills system.

Creating locally tailored approaches to matching skills demand with supply benefits business and helps residents to access more rewarding employment opportunities. Through the work of the hospitality task force, the Peak District and Derbyshire are showing how closer working between businesses and public agencies can help define and meet the skill needs of a key local sector. They are mobilising employers to improve working conditions and invest in the skills and careers of their staff, while also articulating a clear demand for up to date and flexible training provision for new entrants and career advancers.

There is a real challenge to overcome perceptions that hospitality is just low skilled and low paid jobs. The truth is a huge diversity of professional and customer service roles that can offer a rewarding career.

A more flexible approach to apprenticeship is needed for hospitality. This includes both the application of the 20 per cent off-the-job training rule and allowing apprentices to try different roles in hospitality before settling on their career pathway, to allow for a better fit between people and jobs.

- 3.14 Flexibility of local provision that takes account of the multiple work and family pressures on individuals is vital. Learning delivered from easy to access and familiar settings within the community and using learning materials that relate to real life and workplace situations can help motivate and enable participation, improve achievement and reduce dropout rates. Additionally, as a majority of adults with low qualifications are in work, connecting learning to the workplace and co-ordinating delivery with employers is important to establish progression pathways.
- 3.15 Provision tailored to the specific needs of local communities can help to break the cycle of low skills. Community level and first steps learning allow individuals to overcome their fears and improve skills. Learning and Work Institute (L&W) research shows that adult basic skills enable learners to progress onto further courses. Half of English learners (50 per cent) and 48 per cent of maths learners attended a subsequent course during the year after completing their Skills for Life funded course, with many of these learners progressing onto higher level courses.³⁹ For unemployed people, access to independent adult advice and guidance, aligned with career coaching and welfare advice, can provide an important source of information and encouragement. Where available, separate from the administration of welfare benefits, adult information, advice and guidance (IAG) offers an important tool to engage individuals struggling to return to work.
- 3.16 Local flexibility in course design and delivery is a necessary ingredient of addressing adult learning needs. While full qualifications over one or two years have an important role in developing vocational skills, the cost and level of commitment these require can deter adults from joining training. Short courses of unitesed provision or narrowly focused training on a specific skillset responding to labour market shortage areas, can be highly effective in both providing a pathway into demand sectors of employment and addressing specific skills gaps identified by employers. As shown in case studies from the West Midlands and Liverpool City Regions (case studies 2 and 5), combined authorities have been able to use devolved AEB to encourage experimentation in course content and delivery to address identified skills gaps. Funding has also been used to connect with community

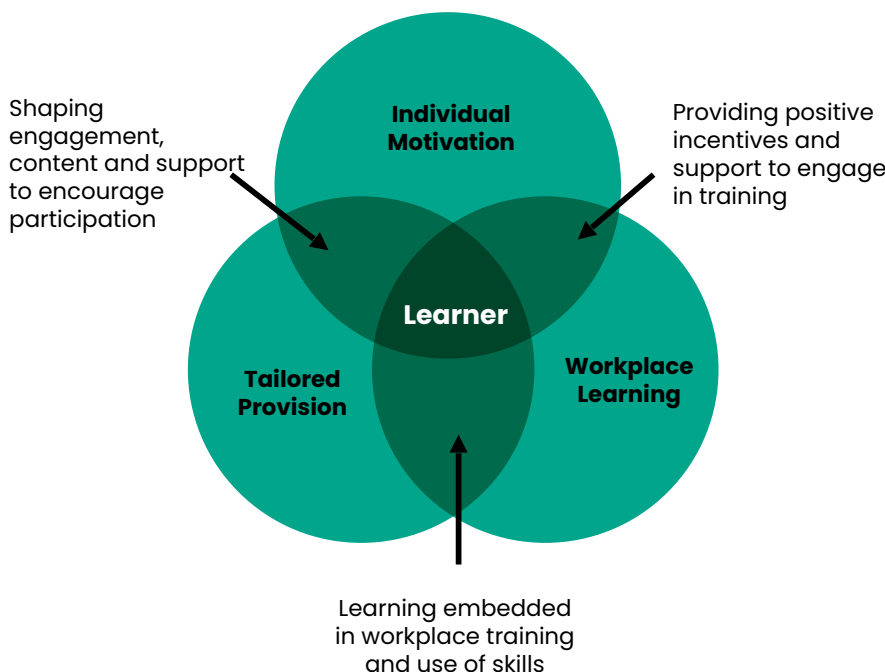
BOX 2

Adult Skills

Greater Manchester Combined Authority are reshaping their AEB allocation to make adult training provision more responsive to labour market demand. Using policy flexibilities, they have expanded access to essential skills provision to offer development opportunities and progression for adults entering or returning to work. The Authority has worked to restructure provision to align employment support with training and to ensure that evidence underpins decision making.

Somerset West and Taunton Council established a network of community employment and training hubs to support residents to overcome barriers to skills development and employment. Available in communities, across a large rural area, the hubs provide local entry points for a range of partner services. The hubs are community-led and draw volunteers from the local area. The familiar venues combined with local knowledge allow for a 'place' focused approach to delivery of training, support and signposting to other services. In the absence of devolved budgets, the hubs have used a patchwork of EU and national funding. The lack of core funding creates a risk to their long-term viability.

Figure 5: Factors Affecting Adult Participation in Learning



provision, such as in Essex (case study 4), to offer leisure interest training in electric vehicles. This programme not only encourages the use of green vehicles, but also provides a potential first step into learning for adults.

- 3.17 Councils have an important role as deliverers of adult and community learning (ACL) provision. Through networks of neighbourhood-based colleges and learning centres in community venues, councils have both a track record and capacity for delivery of first steps learning, basic skills and language training, directly and through contracted voluntary sector provision. Flexible ACL provides a vital entry point for adults with low qualifications into training and is a resource that could be exploited where integrated with further education and vocational provision – as illustrated in box 2.
- 3.18 In response to the difficult economic conditions of the Covid-19 pandemic, many councils have reorganised their skills and employment provision to ensure continuity of access to learning and support. Rapidly pivoting services to blend on-line and in-person provision, learning has been targeted at residents in need of upskilling and at risk of unemployment. As illustrated by Kirklees (case study 3), extending online access to training, aligning local authority and DWP services and using community-located facilities has helped to refine and improve local offers.
- 3.19 Additional funding and local intelligence has also been effective to innovate services for unemployed people. As shown in the West Midlands digital bootcamp (case study 2), intelligence-led and bespoke local commissioning, with specialist providers, has enabled a translation of employer skills need into training schemes that accelerate pathways into work for unemployed people. This has helped to fill gaps in qualification frameworks and develop new training geared to growing sectors. Local decision making is able to connect fragmented parts of the skills system, to create pathways for unemployed adults into high demand sectors of employment.

West Midlands Combined Authority Digital Bootcamps

The rapid growth of digital investment into the West Midlands is a major opportunity, but has highlighted the shortage in job-ready skills. The Combined Authority has used £5 million of national funding to commission digital retraining bootcamps for adults, working with over 20 specialist training providers, such as Tech Talent. This has created a bridge into digital jobs for unemployed local residents and career changers. The pilot has supported over 1,500 learners to join bootcamp programmes, with over 65 per cent attaining positive outcomes.

In responding to major local employers, including BT, Goldman Sachs and CapGemini, the West Midlands has developed a bootcamp training model that meets entry level requirements of employers and creates a basis for in-work training and progression. This format is attractive to businesses under pressure to fill vacancies, but also ensures accessibility for target communities. The programme aims to have 60 per cent unemployed clients and has a focus on women and BAME communities, refugees and carers, that are supported by wraparound individual and employment advice into work. Around 55 per cent of the digital bootcamp learners have been female.

The model has demonstrated the feasibility of training pathways into technical roles in the digital sector without computer science degrees, broadening the potential pool of recruits. It has clearly shown the effectiveness of working with employers to co-design training to address specific skills gaps. Building on the success of the programme, the Combined Authority is using its AEB flexibility to allocate a further

£21 million over the next three years into digital bootcamps.

This investment provides stability of funding and builds employer confidence in the bootcamp model as a primary means of recruitment. While bootcamps are not appropriate to all circumstances, they offer an effective method of meeting the specific recruitment needs of employers and bridging the skills gap for local residents. WMCA and partners intend to use locally commissioned bootcamp model for major new investments, such as the planned West Midlands Gigafactory.

The high demand for digital talent has encouraged employers to be more flexible in their recruitment, creating opportunities for local residents to retrain and access well paid careers.

Employers can't wait four years for digital graduates, they need work ready skills now and are interested in career changers that bring a diverse experience of work.

Kirklees Council

Adult and Community Learning

Kirklees Council has re-organised its services to have greater capacity and a clearer focus on adult skills and local growth. The Council aims to equip people with the skills to contribute to and benefit from a growing and higher value economy. Working with West Yorkshire Combined Authority, the changes have created space to focus on strategic aspects of skills delivery, in anticipation of continuing devolution of powers and resources from central government. While there is strong further and higher education provision in Kirklees, there is also a significant skills gap, with 13 per cent of residents having no qualifications. Improving pathways to learning and addressing the deficit of higher-level qualifications will aid the growth of SMEs in key engineering sectors and expand the range of well-paid jobs available to local residents.

The Council is working to reshape provision to strengthen pathways through level 3 to level 4 qualification achievement. Around 40 per cent of ACL learners have existing qualifications at level 2 or below, rising to 57 per cent on first steps programmes, such as food hygiene. Kirklees aims to work with over 1,200 residents per year, achieving 1,343 enrolments in 2020/21, with a high proportion of learners from ethnic minority and deprived communities. During the year 42.9 per cent of learners were from an ethnic minority, over one quarter (25.5 per cent) had a disability and 54.3 per cent were resident in neighbourhoods that fell within the most deprived 30 per cent of the Index of Multiple Deprivation.

Kirklees works with the Combined Authority to direct the use of its devolved AEB. This resource is

used through Council operated community learning networks and digital hubs across the borough, plus commissioning of services from voluntary sector providers. ACL is being used flexibly to diversify the access points into learning, blending on-line and in-person training, to provide a strong foundation for progression. Adult IAG is available to residents to ensure that people are on the right courses at the right time to maintain their progression. This is primarily delivered through a key worker model by VCS partners, using a mix of Council and external funding. Short first steps provision is deployed experimentally to assess how different forms of delivery work and how they are able to meet the needs of learner groups, allowing for services to be refined and made more impactful.

A key value for Kirklees is to move away from outputs focused on 'any job', to support residents to achieve quality outcomes in their working lives, to improve earnings and make the most of employment opportunities locally and in the region. By integrating the employment and skills programming and having a focus on employer demand in key sectors, Kirklees is working to increase social mobility and unlock the ambitions of residents. A [video of Kirklees learners](#) shows the difference that adult learning can make to building confidence.

Re-organising the service has allowed for a review of provision to deliver what residents actually need to access and progress in employment.

Flexible delivery of adult and community learning allows residents to define their own ambitions and achieve outcomes in a number of areas of life.

Learner Perspectives

As outlined in case study 3, Kirklees Council runs first steps provision, making training accessible to residents who are either looking to enhance existing skills or change career path. The Council has worked with local providers to deliver training in centres across the area, with a specific focus on its most deprived neighbourhoods. The following highlights comments from learners in Kirklees.

First Steps Provision

ACL local first steps courses allow local adults to return to learning to gain skills that will enable them to access employment or change career. Learners in Kirklees were undertaking a food hygiene course, which for some was a way to: *“build confidence in the kitchen [that could form the basis for] a food business in the future”* and others as a start to *“do something different”* from their existing job. Local delivery of learning was an important factor for individuals with caring responsibilities, with one participant commenting: *“so, it’s just around the corner. It means I can still get back and pick up my kids on time.”* Some of the learners in Kirklees had taken courses in the past, but had dropped out because of conflicts with childcare responsibilities.

These short courses are seen as lower risk and less daunting for adults that have been outside of formal learning for some time, when compared to commitments lasting 1 and 2 years. Engaging in first steps learning was seen as a way to improve learners’ position in the labour market, with one participant noting: *“if you haven’t got the qualifications that employers want, your application will be pushed further down the list of applicants”*.

ACL has opened up possibilities for additional learning and in particular gaining English and Maths qualifications. Participants were also enthusiastic about their improved job prospects, saying that they expected to be snapped up by employers.

Engaging Learners in the Community

Information on courses was obtained by learners from multiple sources including school newsletters, the Council’s website, social media channels and word of mouth. One of the learners commented that she saw the information and intended to send it to her cousin, but decided that she would take the food hygiene course with him. She said: *“and then, of course, my cousin wasn’t able to attend. So, I’ve come anyway just so I’ve got the certificate”*, and noted that she has the option to use the qualification in the future.

Local community venues were important for the learners, both because of concerns about accessing remote learning: *“I cannot deal with online training”*, and also that use of familiar venues helped learners to overcome concerns about returning to learning. One participant commented: *“I was a bit hesitant, you know, a bit anxious and a bit of anxiety in terms of going back out into the world and being around people, especially people that I don’t know.”* This was important both as a factor in undertaking the learning, but as a precursor to returning to work.

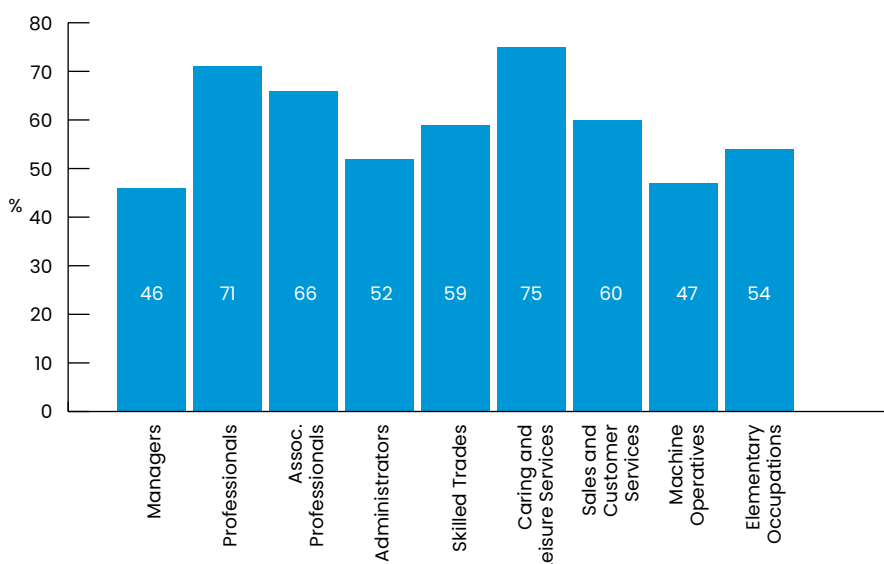
“If you haven’t got the qualifications that employers want, your application will be pushed further down the list of applicants.”

Skills Advancement in Work

- 3.20 With 80 per cent of the 2030 workforce in employment now, closing the skills gap at work is essential to achieving government goals of a high skilled economy, but also key to addressing growing levels of inequality in the labour market. Skills that enable greater job mobility can make a positive contribution to household income by increased earnings and lead to more secure employment. Evidence suggests that over lifetime careers, individuals with skills that enable them to change jobs typically experience pay growth of 4 percentage points higher than individuals who stay in the same job.⁴⁰
- 3.21 Equally, employer investment in skills can be a catalyst for increased employee productivity, where skills are fully utilised in the workplace. Investing in staff training increases the ability of businesses to retain skilled workers,⁴¹ an issue that has become particularly important in a post-Brexit context of labour shortage. More limited access to mobile labour is an incentive for employers to reconsider how they invest in skills and staff development to both attract and retain talented employees. Across England, Wales and Northern Ireland some 13 per cent of employers indicate they have a skills gap, which equates to around 1.25 million employees. By sector, the greatest challenges are in the hotels and restaurants sector and in manufacturing industry, with gaps in proficiency most evident in operative and elementary occupations. Additionally, employers indicate that the motivation of staff, the effectiveness of training completed and skills deficits linked to the introduction of new technology leading to gaps in technical proficiency are key challenges.⁴² This makes supporting people to improve their skills vital to improve national economic performance.
- 3.22 Compared to other OECD countries, the UK has a significant gap in workforce participation in training, when low skilled individuals and workers at all skill levels are compared.⁴³ With only half of workers indicating that their skills levels are well matched to their job roles,⁴⁴ there is scope for employers to utilise existing capabilities of workers and provide focused training to increase output and productivity through better calibration of skills to work tasks.
- 3.23 As illustrated in figure 6, across all occupations only 60 per cent of workers receive training, with notable differences by job type. Contrasting high skill and low skill occupations, Professionals and Associate Professionals are provided with more training than workers

71 per cent of learners already in employment prior to basic skills learning noted an improvement to their job satisfaction, security and progression.

Figure 6: Proportion of staff trained over the last 12 months by occupation in England, Northern Ireland and Wales, 2019



in labour intensive operative and elementary occupations.⁴⁵ There are also qualitative differences in the types of skills training provided by occupation, with more developmental training in management, supervision and technology (skills transferable between jobs) available to higher skilled occupational groups, whereas lower skilled groups are more likely to access mandated training in health and safety, induction and workplace technology. Improving access to training and mobility within the workplace, as seen in the Liverpool City Region (case study 5), can provide a boost for employees to develop or redirect their career ambitions. Improved workforce capability can also create significant time, cost and innovation benefits for business, by reducing their reliance on external contractors needed for specialist tasks.

- 3.24 The profile of participation in training shown in figure 6 reproduces patterns of exclusion, which if current inequality in adult skills is to be changed, needs to be broken. Adults with little recent experience of learning or that are working in occupations offering just mandatory training are at a high risk of lagging behind in the development of skills. Across the adult population, research by L&W shows that take up of learning since leaving full time education is more than double for middle class than for working class social groups.⁴⁶ Of particular concern are older workers, in declining sectors of employment, that have low levels of educational attainment. The combined factors of rising demand for skills and the low likelihood of participation in adult learning make this a group vulnerable to labour market exclusion.
- 3.25 A barrier to increasing in-work training is the trend in the declining quality of work. While there are notable differences across sectors and occupational groups, over the last decade in the UK there have been rising levels of precarious employment, with a current estimated 3.6 million workers in insecure work⁴⁷ and one in five jobs paid less than the real living wage.⁴⁸ In the period following the financial crisis, between 2008 and 2018, two thirds of growth in employment was in 'atypical' roles including self-employment, part-time, temporary, zero-hours and agency contracts.⁴⁹ The changing profile of employment is reflected in the subjective perceptions of the quality of work, which also show a decline over the last 30 years, with a marked reduction in job satisfaction levels among the lowest earners.⁵⁰
- 3.26 The quality of work has a fundamental impact on the wellbeing of individuals and families,⁵¹ and is a determinant of individual ability to upskill and improve careers prospects. Tackling low skills at work is an integral part of improving the quality of work overall. The OECD finds that with a greater use of short-term and casual workforce conditions, employers may not be incentivised to invest in the skills or the training of their staff. Additionally, workers with low or unstable pay will be unable to meet the costs of training themselves,⁵² particularly in the context of the cost-of-living crisis, adding to participation gaps.
- 3.27 Locally defined provision can support the development of in-work skills by more effectively aligning business support and training offers. Kirklees Council, for example, is working with employers to map skill requirements from entry through to higher level, providing advice on available sources of funding and identifying gaps in training provision that can be met through local and regional programming. Advice to SMEs, particularly micro businesses, can assist firms to maximise the use of workplace skills to support growth and provide progression pathways for employees.
- 3.28 Partnership between the public sector and employers at a local level is vital to fully examine the operation of skills in the workplace and inform training design - box 3. Building trust through experience of collaboration is vital to generate information to improve responsiveness of the skills system and make a significant difference to both new entrant training and longer-term workforce planning.

BOX 3

In Work Progression

Bristol City Council's employment, skills and learning service has created an integrated model of ACL, apprenticeships and post-16 learning and employment support for the City. Focused particularly on supporting unemployed and employed people experiencing the most complex barriers and needs, the service aims to simplify access to learning at the point of delivery to realise the principle of no-one left behind. They have recognised the fundamental link between employment and skills achievement and seek out opportunities to 'stitch-in' skills progression at work through ACL and employment provision. This approach has included a 'place' focus in **South Bristol**, where SMEs have been targeted to increase access to available recruitment and workforce development funding and support. Local engagement aims to enable a thriving economy, providing opportunities for employment for residents and business growth.

Employer Perspectives

As outlined in case study 2, the Peak District and Derbyshire Hospitality Task Force is working together with local councils, schools, colleges and other key stakeholders to both address short-term recruitment challenges and reshape the perceptions of, and the routes into, the tourism and hospitality sector over the next decade. The following includes comments from a business roundtable organised by the Task Force.

Tightening Labour Market Conditions

In a context of tight labour market conditions, employers experience considerable difficulty recruiting people to the sector, particularly businesses in rural areas with limited public transport. After Covid-19 there are fewer young people and adults available and looking for work in the sector and there are changing expectations about pay and working hours that need to be met. An employer said: *“well, my biggest challenge, without a doubt, is recruitment. I mean, day in and day out. It’s preventing us from moving forward, almost, now. [...] I take four or five calls a day from people that want our services, and we can’t service them because we can’t get people in.”*

The pandemic has impacted on not only the number of people available, but their willingness to work in customer service roles: *“the one thing that I’ve noticed after Covid, is that I’ve had a lot of people apply, and then when I contact them, say, ‘I’ve lost my confidence. I’m sorry. I’m going to have to pull out.’”* Some employers on the task force are paying above-age wage rates and varying contracted hours by moving away from traditional

shift patterns and offering a four-day week. While difficult to operate for some hospitality roles, this flexibility has helped employers to be more competitive in recruiting staff.

Impact on Skills and Training

Employers are also working through the Task Force to improve the responsiveness of training provision to reflect both the current specific skill needs and to vary the pathways to qualification. An employer commented: *“the traditional route through colleges is not as attractive to people coming into the industry, because they actually want to be working on the job in a professional kitchen.”* By combining on-the-job training with day release and bespoke technical short courses, employers aim to build tailored packages that meet their skill needs, while also creating attractive opportunities for staff.

Flexibility of provision remains a challenge, as one or two-year courses are no longer attractive and are not suited to adult career changers coming into the industry. The workplace apprenticeship model needs to be able to accommodate specific technical training modules, but also work for small employers, typical to the sector. An employer commented: *“when you’re operating out of a very small kitchen, it’s sometimes difficult to take on the responsibility of a full-time apprenticeship. Whereas, if you knew that you’d got an apprentice for maybe, one, two days a week, that feels more manageable for some of those smaller kitchens.”* Collaborative approaches to recruitment and training offer significant

advantages to smaller employers and to recruits that gain experience across a range of settings.

“Well, my biggest challenge, without a doubt, is recruitment. I mean, day in and day out. It’s preventing us from moving forward, almost, now. [...] I take four or five calls a day from people that want our services, and we can’t service them because we can’t get people in.”

Essex County Council Electric Vehicle Training

Responding to employer demand for up-to-date training in electric vehicle (EV) maintenance, Essex County Council secured £100,000 from the first round of the UK Community Renewal Fund to establish a new electric vehicle centre at Harlow College. Funding will allow the College to upskill 50 automotive technicians in the next two years, expand the curriculum to offer Institute of the Motor Industry training at level 2 and 3, update the knowledge of college tutors and engage with local employers. As a pilot, it is intended to encourage greater employer investment in green skills and provide evidence of the importance of training for business performance.

The investment contributes to the County's climate change goals, getting ahead of the anticipated high demand in maintenance skills that will emerge with increased ownership of electric vehicles. Harlow Council anticipates that there will be between 6,000 and 14,000 electric vehicles in the district by 2030. The course is funded to offer free training to locally employed mechanics over the first two years of operation, starting in September 2022. This pilot phase will embed the curriculum and form a basis to expand the offer to employers elsewhere in the county. Initial courses will target small employers that are least able to afford commercial training rates, but positioned to benefit from the increased consumer demand for vehicle maintenance services; upskilling the workforce and safeguarding jobs and small businesses in Harlow.

The improved facilities will also be used to offer community learning in electric vehicle operation and maintenance for local residents. Available as a series of 2-hour evening sessions, a community 'live garage' will offer electric vehicle care training to adults to raise awareness of the technology and support people purchasing electric vehicles. It aims to deliver learning workshops to 100 Harlow residents and through this, accelerate the purchase of EV and provide an entry point for adults interested in further automotive training.

Investing in the EV centre and facilities is intended to get ahead of an increasing demand for EV maintenance skills over the next decade. This will ensure that local people and businesses have the rights skills when they are needed most.

The live garage is for local residents who have an EV or are thinking of a purchase and hopefully will bust a few myths about electric vehicles.

Liverpool City Region Test and Learn

Using devolved AEB flexibilities, Liverpool City Region Combined Authority (LCRCA) have supported a programme of Test and Learn pilots to drive innovation in the delivery of adult skills. They are focused on addressing market failures in adult skills provision, whether through qualification structures, funding rule or funding limitations. The aim of Test and Learn is to increase adult participation in learning, raise attainment and improve social mobility in the Liverpool City Region. Test and Learn establishes a space for providers to trial non-accredited provision as a means to develop new learning programmes and forms of delivery.

Through the Workers' Educational Association (WEA), Test and Learn has been used to fund introductory courses for people interested in careers as maternity support workers. Building on materials developed by the WEA with Liverpool Women's Hospital that create progression pathways for maternity support workers towards level 3 qualifications, the pilot has funded level 1 and level 2 courses for local residents interested in a career as a maternity support worker. A small group of eight learners, all unemployed women, were involved in the pilot delivered over 25 hours. The primary aim of the project has been to increase the number of BAME entrants into maternity support roles, but it has a wider application for existing workers in the NHS and in childcare jobs to retrain and gain qualifications to apply for practitioner jobs. The project has demonstrated the effectiveness of providing short courses within a progression pathway to help individuals to gain confidence and the foundations needed to develop in-work skills.

Riverside College has also used LCRCA Test and Learn to offer utilised short courses in high demand engineering skills. The pilot course was undertaken by a group of 12 employed people aiming to develop new technical skills or make a career change. The units provide a flexible way to explore new skills without the commitment of signing on to a two-year course. The offer included CAD/CAM, programme logic control, green power maintenance and an introduction to welding techniques, which employers identified as training shortage areas. For people employed in engineering operative roles, the training provides a path to technical skills and career advancement. For employers, the training enables them to diversify their skills base, offering potential time and cost savings in areas, such as CAD, that they may have outsourced. The project shows how flexible provision that addresses skills demand can aid both individual progression and address labour supply issues for business.

The Test and Learn provision allowed a number of students to navigate into engineering roles that they would have otherwise struggled to find. The short course provision provides the flexibility needed for people to build confidence and change careers into high demand sectors.

Test and Learn provides space to be innovative and experiment without the threat of failure. Flexibility to focus on local skills gaps and model new approaches is vital to improving the efficacy of the local skills system.

Policy

Conclusions and

Recommendations

- 4.1 England needs a skills system that is more devolved, has greater coherence and reflects the changing needs of employers. Councils and combined authorities are uniquely positioned to drive the skills agenda forward using their local knowledge, representative structures and strong partnerships with communities, businesses and other public agencies. As a strategic convener of 'place', local government has a singular ability to bring together multiple stakeholders around common goals: aligning resources and combining capacity to address local labour market issues to improve the effectiveness of the skills system. For adult skills, local government also makes a unique contribution to delivering inclusive, economically relevant and place-based training.
- 4.2 The recent experience of devolved powers and resources to combined authorities shows the additional impact possible through targeted local provision. As illustrated in the case studies above, focused investment in high demand skills, such as the digital bootcamps in the West Midlands, both close supply gaps and provide new opportunities for well-paid employment. Similarly in Liverpool City Region, creative use of AEB is stimulating new qualifications and progression pathways in work for the benefit of individuals and business alike. Areas without devolution agreements are more restricted in what they can do, but as in Essex and Derbyshire, they are working with partners to refocus provision to improve the skills system and focus on meeting skills demand created by climate change, a shortage of hospitality workers and changing skills requirements of employers.
- 4.3 The recent policy focus on adult skills set out in the Skills for Jobs White Paper and the Levelling-up White Paper are a welcome signal of Government's commitment to a fundamental transformation of the skills system and the importance of 'place'. While Government has set out its ambitions for a high skill internationalised economy, many of the foundational conditions of a skilled workforce are not present. The last decade has seen falling levels of public funding for adult skills, which has coincided with reductions in both participation in learning and employer investment in workplace training. These conditions need quickly to be reversed to make progress.
- 4.4 While the more direct involvement of employers in skills planning provides an important step to better align employer need and skills delivery through the creation of LSIPs, previous attempts have had limited sustained success. The emphasis placed on employer leadership needs to be positioned within supportive local and sub-regional networks of public bodies and colleges able to translate demand into training provision. Where local areas have flexibility to fund and design curricula to meet employer needs, employer input can be maximised to provide the thought leadership, local intelligence and commitment to in-work delivery needed for colleges and training providers deliver more targeted and impactful provision.
- 4.5 The focus on level 3 qualifications adopted by government is logical in light of the wider ambitions towards a high skilled economy. However, reinforcing the pathways to get to level 3 are vitally important for millions of adults that lack level 1 and 2 qualifications and have been discouraged from participation in learning since school. Investing in level 1 and 2 entitlement and progression paths, with improved access in the community and in work, are necessary components of achieving not only the level 3 targets set by Government in the Levelling up White Paper, but a degree of inclusion currently missing from our system.
- 4.6 Across the three themes of this report the key challenges of building stronger partnerships as a basis for accelerating improvements in adult skills levels are identified. Central to enabling the skills system to respond positively to emerging skills needs is for local and national

government to collaborate at political and official level to hardwire 'place' and local democratic accountability into the design, commissioning and delivery of skills and employment interventions, as advocated in the **Work Local – Unlocking Talent to Level-up report**. Empowering local government to do more would allow Whitehall to re-focus its resources where it can be most effective and reduce the need for a large national level bureaucracy.

Improving the Effectiveness of the Skills System

4.7 The English skills system needs to be transformed to be more nimble, locally specific and able to play its role to drive growth and economic investment. National blueprints for skills are unable to fully reflect the specific challenges and opportunities open to local areas. Strengthening local partnership arrangements and decision making at a functional local labour market level provides the best route to address adult skills deficits. Specific recommendations are as follows.

- There needs to be a more consistent national approach to devolution to avoid a two-division system. As the LGA suggests, full devolution can be achieved far sooner than the 2030 target, but to establish collaborative structures an interim arrangement of a duty to consult with non-devolved areas should be put in place ahead of new governance arrangements. The regional structures being created by DLUHC provide a mechanism for both accelerating devolution and any interim arrangements.
- LSIP pilots in England rightly provide a focus on employer voice and leadership on skills demand, but implementation must be integrated into existing Employment and Skills Boards and SAPs, where they these are working well. Strong partnerships arrangements should not be undermined by new initiatives, where existing partners are able to improve employer engagement.
- The DFE should undertake an urgent review of existing national skills commissioning arrangements to identify how 'place' can be more clearly embedded in decision-making. Bootcamps have shown that national commissioning limits the scope for engagement of more knowledgeable and better-connected local providers already engaged with key employers and communities.
- Government should improve sharing of data held across government with local authorities and skills partnerships in England to inform labour force planning. The Government's local employment and skills dashboard are a good start. With reduced flow of foreign workers after EU exit able to fill gaps in skills and labour supply, local areas need to develop more strategic approaches to align supply and

demand for labour. This is a national/local issue that requires stronger collaboration.

- National and local government in England together with the LGA should ensure that a clearer focus on adult skills needs is accompanied by a more nuanced approach to skills and employment monitoring. Moving away from a blunt output model of performance would allow for more instructive measures of economic and social value of learning and progress towards lifetime learning goals.

Adult Skills

4.8 Adult skills provision requires a transformation to reverse the cuts in core funding of the last decade and increase local flexibility to design and deliver targeted learning that raises qualification levels and addresses priority skills shortages. There is a risk that adults with low qualifications are left behind and made vulnerable as skills demand increases, with significant implications for individuals and communities. Specific recommendations are as follows.

- National funding cuts to adult skills budgets over the last decade need to be progressively reversed, with increased investment and flexibility available to local areas commensurate with identified local need, as identified in local skills strategies.
- Non-devolved councils in England should be given a new 'Community Skills' function to plan, commission and have oversight of all adult skills provision up to Level 2 for their area including Multiply and AEB. This would enable them to coordinate what is being delivered and how it fits together.
- DFE funding for adult skills needs to have more security beyond annualised contracts to enable further education providers including colleges, employers and local government to more effectively plan and develop provision. Government should work towards a settlement for skills (3-years) that provides a basis for local innovation.
- The national level 3 guarantee needs to be matched with an expansion of entitlements, a strategy to increase demand, and deliver provision flexibly to enable adults to fit learning around their lives.
- Training and IAG for unemployed people should be disconnected from benefits and form part of locally defined provision linked to lifetime skills development. To improve pathways to skilled employment, work focused training should include wrap around support.

In-Work Progression

- 4.9 With a majority of the 2030 workforce in employment now, it is imperative that the workplace is seen as primary place for learning. An under-investment in skills creates a ceiling on the UK's potential for high value economic growth, limiting the scope for innovation and productivity. It is vital that employers and local government collaborate to build a pipeline of talent, connecting entry level and in-work progression to address adult low skills. Specific recommendations are as follows.
- Working together, national and local government in England need to achieve clearer alignment between skills provision and business support, reshaping the function of Growth Hubs to focus on skills and productivity. Government should ensure that councils and combined authorities have the funding to provide practical support to SMEs in their areas to improve workforce planning and skills utilisation and to understand the financial and performance benefits of investment in skills.
 - DFE should build on the experience of bootcamps and flexible AEB to increase the volume of locally defined employer-based short course provision in England. Increased funding and incentives to pilot in-work training, in priority skill areas, can accelerate the development of new qualifications reflective of employer demand.
 - Government should accelerate the devolution of apprenticeships levy for use by SMEs. Greater local flexibility in England should include powers to deploy unused funds to support local authority led skills brokerage arrangements and delivery of pre-apprenticeship training to prepare low skilled workers to undertake formal qualifications.
 - Government should award additional funds to expand the availability of personalised in-work coaching and IAG support for low skilled adults and people in insecure employment. Local areas can use labour market intelligence to target employer and workforce engagement in support services.
 - Local skills partnerships should improve the information flow to employers and workers about local learning opportunities. Information on training courses should be made available to residents and adults in the workforce through employer groups, local community learning centres and trade unions to increase entry into IAG and training.

Figure 7: Summary of Recommendations and their Owners

Responsibility	Action requested
National Government	<ul style="list-style-type: none"> • Work with local government to adopt a more consistent national approach to devolution to avoid a two-division system. • Integrate LSIP pilots into existing Employment and Skills Boards, where they are working well. • Work with local government to review existing national skills commissioning arrangements to identify how 'place' can be more clearly embedded. • Share data held across government and agencies with local authorities and skills partnerships to inform labour force planning. • Monitor the economic and social value of learning and progress towards lifetime learning goals. • Expand the availability of personalised in-work coaching and IAG support for low skilled adults and people in insecure work. • Increase skills investment and flexibility to local areas commensurate with identified local need in skills strategies. • Implement a parliamentary 3-year funding settlement for skills. • Implement a national level 1 and 2 guarantee. • Training and IAG for unemployed people should be disconnected from benefits and form part of locally defined provision linked to lifetime skills development. • Work focused training should include wrap around employment support. • Fund councils and combined authorities to work with local SMEs to ensure a sufficient volume of locally defined employer-focused short course provision. • Continue the devolution of apprenticeships levy for use by SMEs. • Expand the availability of personalised in-work coaching and IAG support for low skilled adults and people in insecure work.
Local Government and partnerships	<ul style="list-style-type: none"> • Create a clearer local alignment between skills provision and business support, refocusing the work of Growth Hubs on skills and productivity. • Use local intelligence to target employer and workforce engagement in support services. • Improve the information flow to employers and workers on the availability of learning opportunities. • Use of local community learning provision and trade unions to support individuals to access IAG and learning providers.

Endnotes

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The Heseltine Institute is an interdisciplinary public policy research institute which brings together academic expertise from across the University of Liverpool with policy-makers and practitioners to support the development of sustainable and inclusive cities and city regions.

The Institute has a particular focus on former industrial cities in the process of regeneration, such as the Liverpool City Region. Through high impact research and thought leadership, knowledge exchange, capacity building, and evidence based public policy, the Institute seeks to address key societal challenges and opportunities pertaining to three overarching themes: 21st Century Cities, Inclusive and Clean Growth, and Public Service Reform.

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