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Mapping investment in adult skills  
– which individuals, in what  
learning and with what returns?

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RESEARCH

# Mapping investment in adult skills: Which individuals, in what learning and with what returns?

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# Summary

The research was commissioned by the Department for Business, Innovation and Skills (BIS) in order to acquire an up-to-date picture of how funding for adult learners in England is currently targeted, and the costs and benefits of different types of provision and for different types of learner. It should be noted that the analysis was undertaken in 2015 and some of the details will no longer reflect the current position. The Department wanted to acquire an understanding of how the Adult Skills Budget compares with other funding streams for adult skills, such as investment by employers. They also wished to identify areas of overlap between these funding streams, as well as any gaps in funding. This would assist BIS in considering where the ASB could be more effectively targeted in order to generate the greatest benefits to learners, society and the economy as a whole, and areas where further information and research was required.

The research incorporates two strands: desk-based research to map, using publically available evidence, current funding streams for adult skills, and a rapid evidence assessment (REA) of published literature relating to the benefits and outcomes of learning.

The scope of the research reflects the focus of the ASB and covers:

- Adult education and training for learners aged 19+
- Provision at Entry Level up to and including Level 4
- Apprenticeships, adult and community learning, employability skills, workplace learning, training provision for benefit claimants and Traineeships
- England

## Investment in adult skills

### Who invests in adult skills and how much?

A number of organisations and individuals invest in adult skills. These include organisations in the public, private and voluntary sectors at European, national, regional and local level, and learners themselves. The largest investors are employers, spending an estimated £36bn on training their workforce in 2013/14. Figures from previous years show that overall employer investment in skills fell by seven per cent in England (-£2.6bn) between 2011/12 and 2013/14, although the scale of this decline varied by sector and region.

The ASB administered by BIS is the second largest investment source for adult skills (£2.5bn in 2013/14). BIS also administers other smaller funding streams that invest in adult learning including Community Learning and the Offender Learning and Skills Service. Some streams, such as the Employer Ownership of Skills Pilot, support training initiatives that are designed by employers on condition of co-investment.

The third largest investor in adult skills in England are European funds, such as the European Social Fund (ESF) which invested over £2.5billion in human capital development in England from 2007 to 2013. Other sources of investment include the

European Regional Development Fund (ERDF). From 2014/15 onwards, the European Structural and Investment Fund (ESIF), through which both ESF and ERDF will be channelled, will invest €6.9 billion over a seven year period (2014-2020). This money will be split between the 39 Local Enterprise Partnerships (LEPs) in England.

Other contributors to adult skills investment include a number of other government departments that fund development and training for their workforce, such as the Department of Health and the Ministry of Defence, as well as some national sector-based organisations, such as the Construction Industry Training Board (CITB), the Engineering Construction Industry Training Board (ECITB), and Creative Skillset that offer grants and funding for skills development via levies applied to employers in the sector. Despite some fluctuations in the amount invested in training by Industry Training Boards over the period 2010-14, for the last financial year, the funding of adult skills from these sources was slightly above the 2010-11 levels.

The overall contribution of the voluntary and community sector is not known, although a number of organisations offer grants or bursaries for learners, while others use a range of income sources (including public and private donations) to provide services and training to develop adult skills.

### **Which individuals are funded?**

Data detailing which types of learners undertake adult learning are limited to a number of investment sources which largely give figures for total participation rather than the proportion of training investment for different types of learners.

Compared to 2011/12, there were seven per cent fewer learners funded by the ASB in 2013/14, which is likely to reflect the decline in ASB spending over the same period. There was, however, an eight per cent growth in the number of ASB-funded Apprenticeships within this timeframe. This reflects a rise in the level of funding for these particular programmes and a refocusing of investment from other work-based and vocational learning towards Apprenticeships.

Participation in Community Learning fell by four per cent between 2011/12 and 2013/14, although the community learning budget remained relatively static. Both the number of learners participating in Offenders' Learning and Skills Service (OLASS) programmes and the level of funding allocated to this budget saw relatively little change.

With regards to demographic characteristics, the majority of ASB-funded learners are in the 25-49 age group. Male learners are slightly under-represented in this group, while a higher proportion of black and minority ethnic (BME) adults participate in ASB-funded learning than are present within the general population. For other funding streams, female learners are more likely to access learning through Community Learning and are least likely to access ESF-funded learning. BME adults were also overrepresented in ESF-funded provision, as are learners from deprived areas in learning supported by BIS and the Skills Funding Agency (SFA).

In relation to employment status, survey data from employers show that in 2013, 62 per cent of the workforce was trained (14.1m learners) an increase from 54 per cent of the workforce and 12.3m learners in 2011. However, there has been a fall in the number of

training days per trainee from 7.9 to 6.7 days, suggesting a lower investment per employee or training episode.

### **What learning is funded?**

The different sources of investment focus on funding different training types. Between 2010/11 and 2013/14, the ASB spend on vocational and Work-based learning (excluding apprenticeships) fell by 81 per cent, and Apprenticeship spending increased by 68 per cent. Spending on Classroom-based learning rose slightly by two per cent and remained the largest budget within the ASB, accounting for two-thirds of overall investment. As noted, the Offenders' Learning and Skills Service (OLASS) and Community Learning budgets have remained relatively static.

With regards to the type of learning that employers fund, a significant minority train members of staff towards nationally recognised qualifications, although it is not clear whether or not employers make a financial contribution to such training. Of those employers that provide training, the most common type provided is job-specific training, followed by Health and Safety or First Aid training.

A survey of employers found that just over a fifth (22%) with current apprentices contributed towards the cost of this training. National sector based organisations such as the CITB and ECITB also invested heavily in grants for apprenticeships in 2013, alongside other vocational qualifications.

### **Returns to adult skills**

There are many short- and long-term benefits to training, although studies have not consistently investigated all of these across all learning contexts. So, there may be benefits additional to those outlined here. They reflect labour market structures (pay, progression opportunities), sectoral variation within these, and learners' personal characteristics. Returns may be higher for higher-level learning, although market failures that justify government intervention in further education (FE) are more acute at lower levels. Likewise, many returns are higher for younger learners. However, the latter spend a longer time in the labour market to realise returns, and there often continues to be a benefit to learning later in life.

### **Entry to work**

Adult learning is associated with enhanced work entry, particularly where it is employment-focused. Rates are nuanced and may fluctuate. They are often affected by external factors, including the vocational orientation of training, learners' lack of experience, or local labour market conditions. There are also 'soft' outcomes; greater employability, enhanced job prospects, readiness for work and potential further qualifications. Higher-level learning is particularly associated with work entry, especially where it leads to upgrading of educational attainment. Rates vary by sector subject area and qualification type. Broadly, employment rates are higher for younger learners, although younger apprenticeship completers are more likely to be unemployed. Women generally have higher employment rates than men.

## In work progression

In-work learner benefits cluster around responsibilities, promotions and job satisfaction. Training related to specific skills shortages can enhance career prospects within businesses and the wider sector. Such learning is, therefore, valued by employed individuals and by those in basic skills, work-related and apprenticeships learning contexts. There are small to moderate returns (higher pay, promotions, new or managerial responsibilities) to Community Learning, somewhat greater returns to ESF-funded learning, and comparably larger proportions of apprenticeship completers with greater responsibility as a result of programme completion. Most types of learning and all learners benefit from in-work progression - despite differing approaches to measurement - but the effects of some non-apprenticeship vocational qualifications are yet to be researched.

## Wage premiums

All learners receive earnings returns, but effect sizes vary by demographic characteristics (notably gender and age) as well as by length of time after learning. Returns are dynamic, intensifying or eroding over time. Higher level learning is commonly associated with better returns, including stronger returns for Full Level 2 or 3 qualifications compared to those not considered 'full'. Returns vary by qualification type, but only BTECs perform strongly against GCSEs. Although vocational qualifications in traditionally male-dominated sector subject areas are associated with larger returns, returns for women may be obscured by greater learning progression, or returns realised over a longer time. Younger learners generally experience greater earnings returns than older learners, but late attainment often continues to provide good returns. Work-based learning and apprenticeships are frequently linked to (often high) earnings returns, and there is a significant gap linking other learning such as English and maths or Community Learning to earnings returns.

## Progression in learning

Levels of learning progression are generally greater among young or female learners, and from lower qualification levels. They further vary by framework. Relatively greater proportions of those continuing in education and training come from *Health, Public Service and Care*, whilst *Construction, Planning and the Built Environment* completers are significantly less likely to pursue this option. Having progressed in learning, Community Learning completers engaged in crafts-based, foreign language or independent learning; ESF-funded learners focus on job-search strategies, general work-related training or training on personal skills. Research indicates Community Learning may inspire a behaviour change towards learning. It would be valuable to further explore how this may start learners on a 'learning journey'.

## Skills gains

Skills gains were reported by learners across the board, but the type of skills depended on the course the chosen course, including communication skills among basic skills learners, numeracy, budgeting and literacy skills among these and Community Learning cohorts, and work-related skills or abilities for Apprenticeship completers. There is a lack of evidence of objectively-measured skills gains. Available findings are only present in the context of English and maths, which highlights a disparity between highly positive attitudinal responses and more modest measured gains.

## Learners' families and children

Evidence indicates that Community Learning or learning at lower levels is likely to generate benefits for families or children as well as social benefits. Adult learning, particularly English and maths, can be successful in tackling disadvantage. These findings in part reflect the gaps in evidence around these types of benefits, where the evidence base is more limited. For example, this review did not find literature exploring benefits for families and children following work-related learning, including apprenticeships.

## Wider individual benefits

All types of learning generate wider benefits for learners, and frequently for large proportions of learners. These are wide-ranging, from aspirations to community engagement. However, particular emphasis is placed on confidence, self-esteem, life satisfaction and wellbeing. There are some differences according to learner characteristics, but patterns are inconsistent. Although this was reported across a number of provision contexts, there is a notable gap around apprenticeships for learners over 19.

## Employer benefits

Employers receive a range of benefits from investment or engagement in apprenticeships, work-based learning and basic skills training, often regarding improved Human Resource Management objectives outcomes. Training can contribute to retention, staff turnover, specific, technical knowledge, greater scope of innovation, greater productivity and leadership or managerial competencies. The review did not identify evidence exploring the benefits of Community Learning in this context, and evidence for English and maths was more limited.

## Societal benefits

Evidence of societal returns is a little disparate. The Exchequer receives notable positive returns from apprenticeships and other forms of FE, including lower-level learning. Apprenticeships bring significant returns to public spending, although the amount per pound invested varies by level and according to calculation. Estimates for vocational qualifications relate only to National Vocational Qualifications (NVQs), and these figures are somewhat dated. Offender Learning (specifically Prisoners Education Trust-funded) has a statistically significant effect on reoffending, both in aggregate and for BIS-funded unaccredited learning. Community Learning was not explored in this context or that of returns to the Exchequer.

## Implications

The findings and trends set out in this report have a number of implications in terms of the future of adult skills investment in England. The task of synthesising the evidence obtained from the mapping of existing funding stream for adult skills, as well as the literature on the benefits and outcomes of different types of learning, has also highlighted a number of gaps in both these evidence sources that may need to be addressed through further research in order to build a fuller picture of the funding and returns to particular types of training:

- As government spending on training has fallen in recent years, **employer spending has not replaced public sector investment in adult skills**. Indeed, employer investment has decreased by a similar percentage point, and this review found little evidence to suggest that other sources of funding will be able to make up this gap.

- Further, while information is relatively sparse about the type of provision that employers fund and which employees receive training, survey data included in this review suggests that **the type of training that employers invest in is quite different to that which is publically funded and centres on qualifications.**
- In times of greater financial constraint, **employers are placing a greater emphasis on in-house training and are spending fewer days training their workforce** (though the proportion of the workforce trained has increased, suggesting that the type of courses being funded are shorter in duration). Further, significant proportion of the provision employers fund is either job-specific or mandatory (such as Health and Safety and First Aid training).
- However, recent **attempts by government to increase employers' ownership of the skills agenda may help to encourage greater private sector investment** in adult skills in future and contribute towards the creation of a single market for skills development. This could be, for instance, achieved through co-financed programmes such as the Employer Ownership of Skills Fund and the Employer Investment Fund, as well as the Apprenticeship Trailblazers initiative. Although the training programmes they are helping to develop will take time to embed and stimulate interest among employers more widely.
- **It is still not clear to what extent any renewed employer investment will help to address market failures in the provision of training at lower levels.** There is, therefore, a continued need for public investment in this area, and indeed there has been some refocusing of the ASB in recent years towards funding for below Level 2 qualifications.
- Since this review was undertaken, the Government has announced a new Apprenticeships Levy for employers with a pay bill of over £3m, with the intention of increasing investment by employers and participation in technical and professional training. The new levy will come into effect in April 2017 and the government will add a 10% top-up to employers' accounts. **The picture in this report provides a baseline against which the impact of this policy on employer investment may be assessed in future.**
- In addition to understanding the impact of the levy, **there is a need to acquire a more comprehensive understanding of the role of the voluntary and community sector in supporting training to develop adult skills**, either through the provision of services or by administering grants and bursaries to learners. Currently, the level of overall investment from this sector is unknown.
- **There is a need to acquire a more comprehensive understanding of the role of the voluntary and community sector** in supporting training to develop adult skills, either through the provision of services or by administering grants and bursaries to learners. Currently, the level of overall investment from this sector is unknown.
- To aid future decisions around government investment in other areas of provision, further information is required on the returns they generate; research has not consistently looked for all types of benefits in relation to all types of learning. For example, **available evidence on employment and earnings returns to Community Learning is sparse**, and available evidence is heavily reliant on learner surveys. Alternatively, **there is a gap in knowledge around the wider societal, individual**

**and in-work benefits to work-based learning**, and some available evidence is somewhat dated. Additional primary research to exploit administrative datasets, or undertake alternative analysis would help address these gaps.

- Likewise, the 'softer' impacts in terms of children and families have been the subject of less focus in studies assessing vocational and work-based learning, especially apprenticeships where there is a notable gap in evidence in this area. **Further research would enrich BIS' understanding of the returns to apprenticeships.**
- In addition to further evidence on the type of training and employees that employers invest in, there is also a notable evidence gap relating to the returns to training in the workplace: whilst there is a considerable body of evidence on the benefits to employers (such as retention or an improved skills base), evidence of returns has often lacked objective measures, especially so for vocational and work-based learning other than apprenticeships. Likewise, the evidence regarding the contribution of adult skills to financial turnover is lacking. **Additional research going beyond learner or employer surveys would contribute to the knowledge base in this area and may help encourage additional private sector investment.**
- Learning progression outlined in the evidence reviewed has, for the most part, been considered in isolation. **Further primary research to track learners' progression through different levels and types of provision would be of value**, for example, to assess progression rates of Community Learning learners. This would provide a richer evidence base with which to consider the complex returns to adult learning.

# 1. Introduction

## 1.1 Background

The Department for Business, Innovation and Skills (BIS) is the department for economic growth. The Department invests in skills and education to promote trade, boost innovation and help people to start and grow a business. The Department also protects consumers and acts to reduce the impact of regulation.

In November 2010, the Government published *Skills for Sustainable Growth and Investing in Skills for Sustainable Growth* which set out the strategic direction for adult learning and skills for the 2010-2015 Parliament with the overarching aim of building an internationally competitive skills base and securing growth. The strategy is based upon three core principles:

1. Fairness: Skills play an important role in creating a fairer society by promoting social inclusion and mobility.
2. Responsibility: Employers and citizens must take greater responsibility for ensuring their own skills needs are met, and share in the costs of investment.
3. Freedom: Control should be devolved from central government to citizens, employers and communities so they can play a greater role in shaping services to ensure they meet their needs efficiently.

More recently, in 2013 *Rigour and Responsiveness in Skills* was published, setting out plans to accelerate these reforms. This included reforming Apprenticeships; creating Traineeships, and improving the responsiveness of funding through the use of approaches such as loans for learners aged 24 or over.

The BIS Adult Skills Budget (ASB) is the primary means through which BIS funds adult skills provision. The ASB focuses on the following funding priorities. Full government funding is offered for a range of learners including:

- English and maths qualifications and units to help adults progress to GCSE A\* to C (Level 2) (for learners aged 19+)
- Qualifications and units (up to and including Level 2) to help adults into work (for learners aged 19+)
- Qualifications and units (Level 3 or above) to help adults into work (for learners aged 19-23)
- First full Level 2 qualification (for learners aged 19-23)
- First full Level 3 qualification (for learners aged 19-23)

Contributory government funding is offered for a range of learners including:

- Intermediate-level Apprenticeships (Level 2) (for apprentices aged 19+)
- Intermediate-level Apprenticeships (Level 3) (for apprentices aged 19+).

The government is currently reforming funding for apprenticeships, and employers are being encouraged to make a greater financial contribution towards the cost of training particularly with regards to fees paid to external training providers.

Following large reductions in most Departmental budgets in recent years as a result of the deficit reduction plan, the ASB has been subject to increasing pressures. In February 2015, the government published its Skills Funding Letter, which included a planned 11 per cent reduction in the ASB over the next year (BIS, 2014; BIS, 2014b), in addition to the reductions already implemented since 2010. As a result of these changes, there is an increasing need to understand the areas of provision and the types of learners for whom the ASB offers the greatest benefits, and thereby where funding should be targeted to provide the greatest returns for learners, society and the economy as a whole.

## 1.2 Research aim and scope

The overarching aim of the project is to enable BIS to target the ASB where it will have the best impact, informed by an understanding of how the ASB fits within the wider funding picture, including the costs and benefits of different forms of adult learning and for different types of learner.

The scope of the research reflects the focus of the ASB and covers:

- Adult education and training for learners aged 19+
- Provision at Entry Level up to and including Level 4
- Apprenticeships, adult and community learning, employability, workplace, and provision for benefits claimants, and Traineeships
- England.

## 1.3 Research method

There are two strands to the research which are synthesised in this report. The first is desk-based research to undertake a mapping of existing evidence about the costs and spending on adult learning and skills. The second is a rapid evidence assessment (REA) of the published literature relating to the benefits and outcomes of learning. In total, 57 studies were reviewed in full and are summarised in this report.

## 1.4 Report structure

The remainder of the report is structured as follows:

**Chapter 2** illustrates the investment in adult skills, including a summary of the type of learning that is invested in and the characteristics of learners that receive training.

**Chapter 3** summarises the findings from the rapid evidence assessment about the benefits and outcomes of adult learning, covering individual, employer and societal benefits.

**Chapter 4** analyses together the findings from Chapters 2 and 3 to draw some conclusions about which sources of funding make the largest contribution to adult skills, the types of qualifications funded, the learners that experience the greatest returns, where the ASB has the best impact.

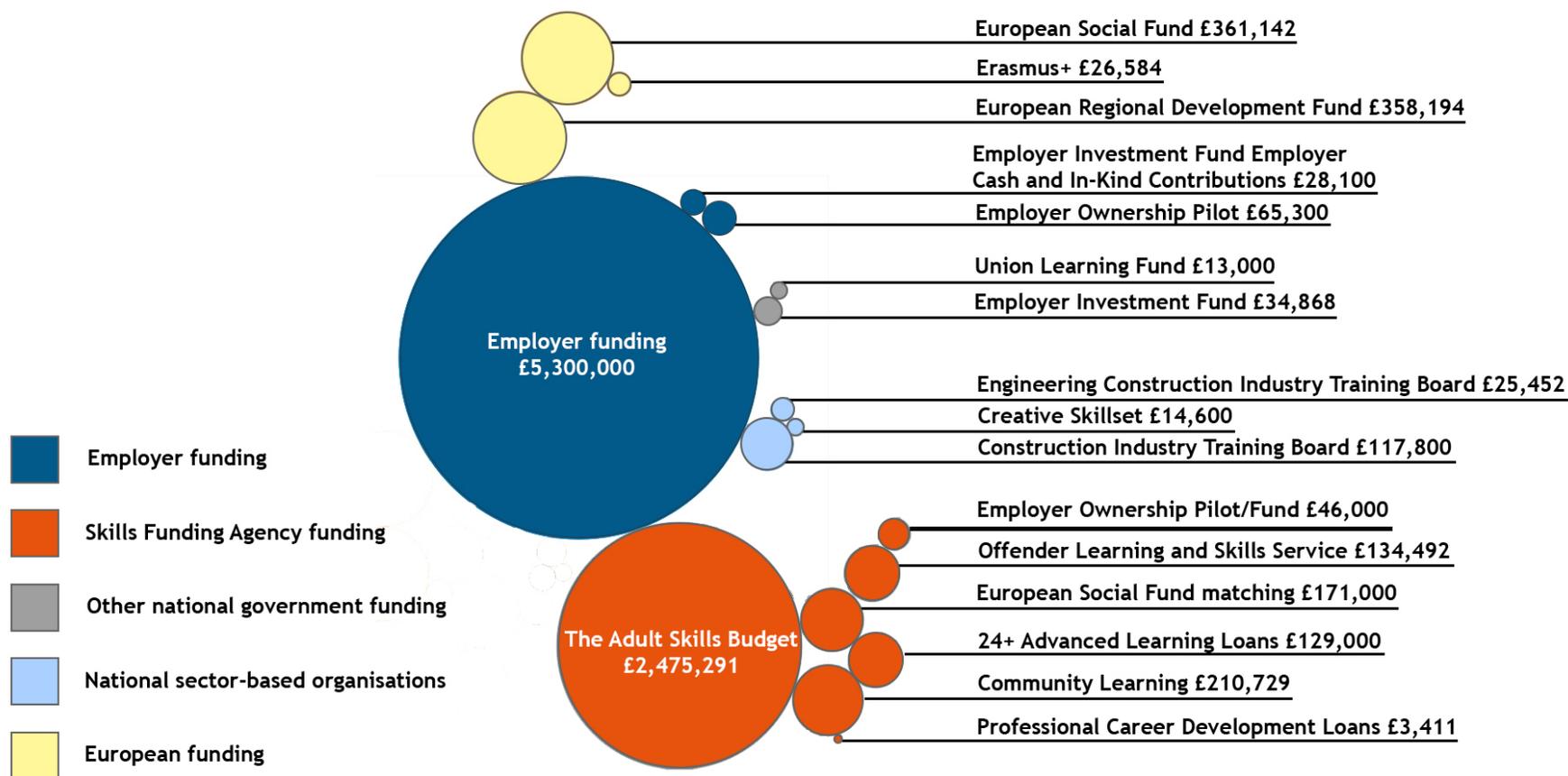
## 2. Investment in Adult Skills

This chapter provides findings from a review of publically available data into who invests in adult skills, the scale of that investment, and which individuals and what type of learning is funded.

### 2.1 Who invests in adult skills and how much?

A number of organisations and individuals invest in adult skills. These include organisations in the public, private and voluntary sectors at European, national, regional and local level, and learners themselves (see Figures 1 and 2). The scale of their contribution is discussed in turn below, starting with the largest sources of contribution.

The largest investors in adult skills are employers. The UK Commission's Employer Skills Survey (2013) found that employers in England invested £36bn in training in 2013/14, of which 51 per cent was expenditure on on-the-job training and 49 per cent was expenditure on off-the-job training. Employers have a range of costs to consider when funding training. These include fees to external training providers made in the form of a direct cash contribution, as well as trainee labour costs, and costs of covering staff time, and costs associated with managing training and development (see Figure 3). Taking solely the estimate of cash contributions covering fees to external training providers and costs of running training centres, which is arguably the type of training spend most similar to the Adult Skills Budget (ASB), employer investment in adult skills can be estimated at £5.3bn. The 2010 Continuing Vocational Training Survey (CVTS) found that the average amount spent by employers on CVT courses in 2010 was around £29,900, which was lower than in 2005 (£34,000). This total spend varied from £8,600 in organisations with between 10 and 49 employees to around £580,000 in organisations with 500 or more employees (BIS, 2013b).



**Figure 1: Sources and scale of investment in adult skills in England (£'000s) for 2013/14, counting employer spending on fees to external providers and training centre costs**

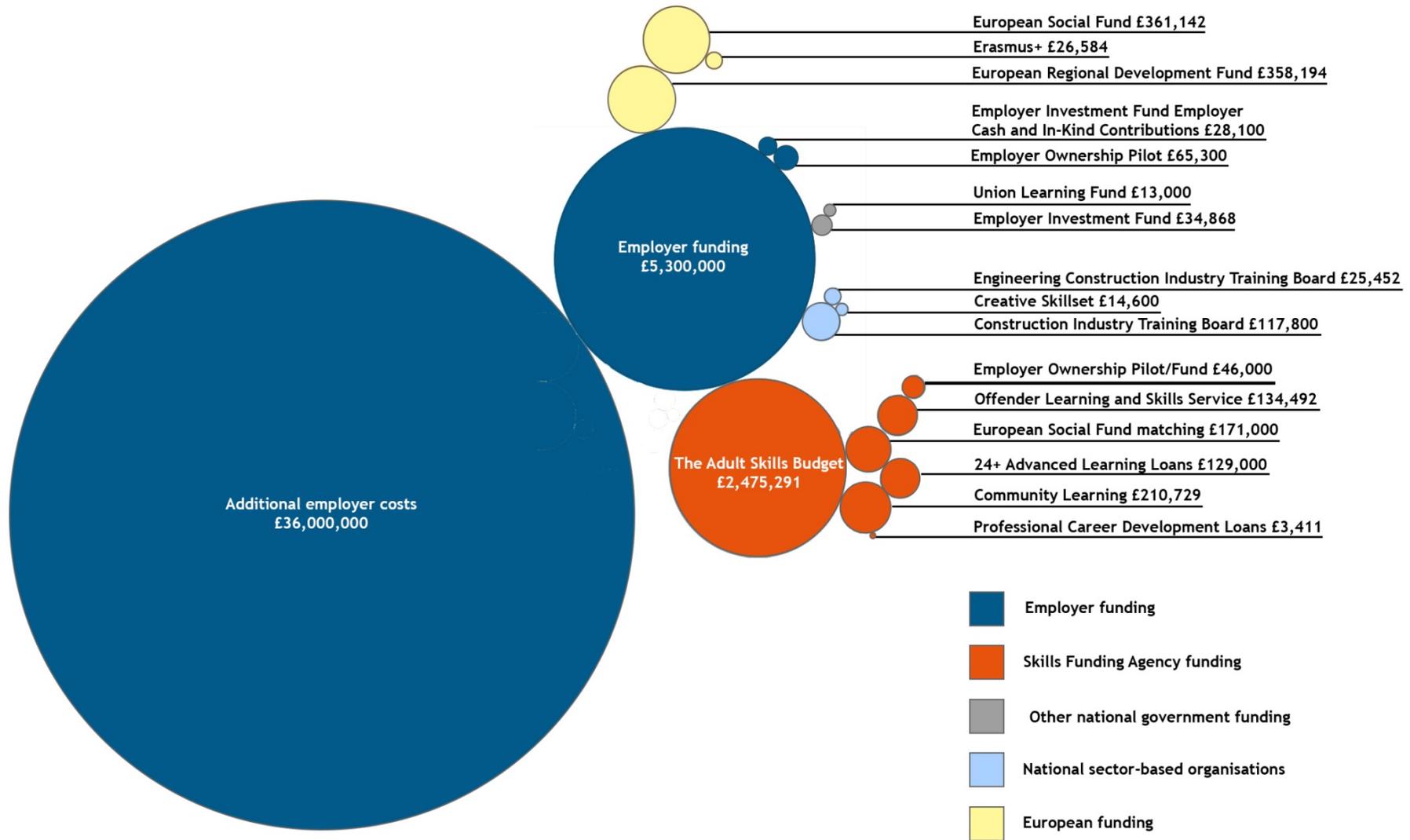


Figure 2: Sources and scale of investment in adult skills in England (£'000s) for 2013/14, counting all employer contributions (on and off the job training)

The Department for Business, Innovation and Skills' (BIS) Adult Skills Budget (ASB) is the second largest investment source for adult skills (£2.5bn in 2013/14). As well as a wide range of class-room based provision, the ASB funds training programmes such as Apprenticeships and other Work-based learning. Employers also contribute towards these training programmes (e.g. via wages, mentoring and in-house training). BIS also has other funding streams which, in 2013/14, invested in adult learning. These included Community Learning<sup>1</sup> (£0.2bn), the Offender Learning and Skills Service<sup>2</sup> (£0.13bn) and the Employer Ownership of Skills Pilot<sup>3</sup> (£0.05bn). Together, these other funding streams amounted to £0.52bn in 2013/14 (BIS, 2014g). These sources of funding are primarily administered by the Skills Funding Agency (SFA), although the UK Commission for Employment and Skills (UKCES) and Unionlearn<sup>4</sup> also use BIS funding to support learning opportunities.

Some of BIS funds, such as those available under the Employer Ownership of Skills Pilot and Employer Investment Fund, are routed directly through employers who have competed successfully to deliver training programmes of their own design as part of these initiatives. Public funds are made available to successful bidders on the condition of co-investment. The broad aim of such initiatives is to encourage employers to take greater responsibility for and ownership of the skills system, and make a greater contribution to high quality training programmes that meet their business needs. While funds are initially available from government to support these initiatives, it is envisaged that these new programmes of training will become, to a degree, self-sustaining and will require less public investment over time, once a viable market is established and demand from employers increases. For the first round of projects launched as part of the Employer Ownership of Skills Pilot, employers invested £65.3m; this was met with £44.9m in public investment from the SFA. For the second and third round of projects that were launched using the Employer Investment Fund, in 2013/14, employer investment including both cash and in-kind contributions totalled £28.1m, while public funding for these projects, administered by the UKCES, was £34.9m.

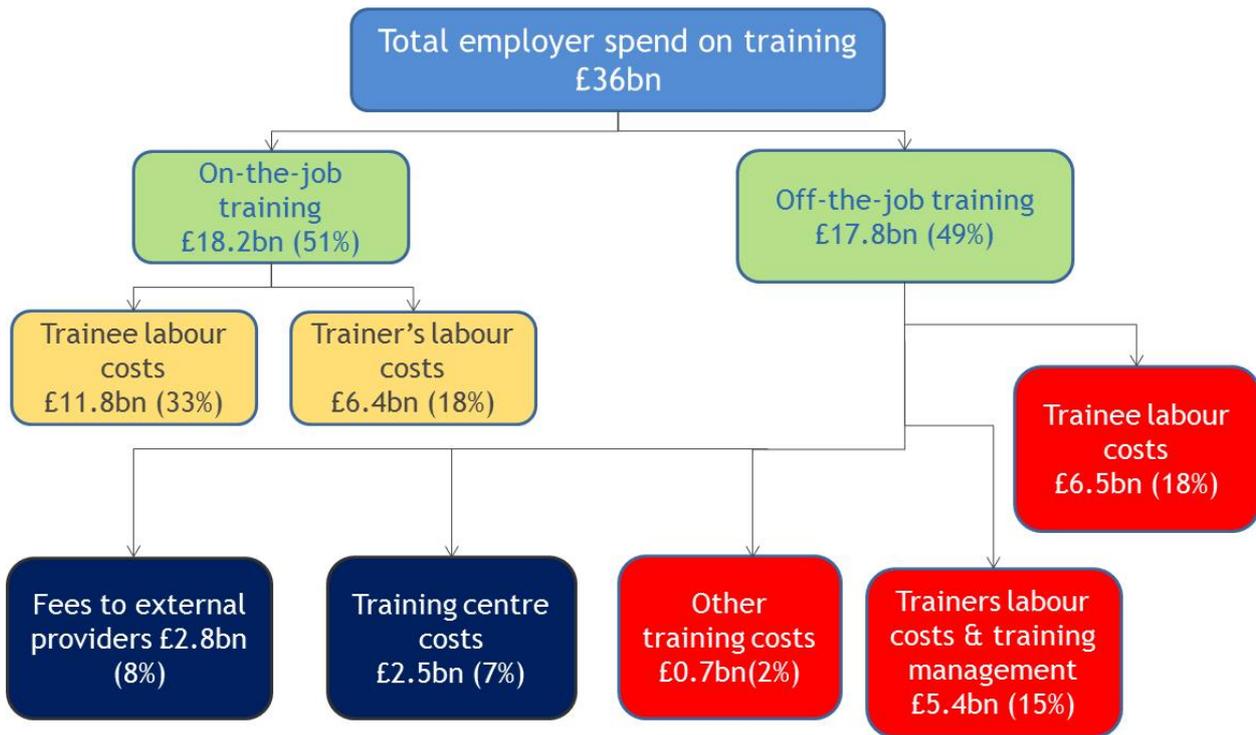
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<sup>1</sup> Community learning refers to community-based and outreach learning opportunities. These learning programmes are designed to help adults of all ages acquire a new skill, re-connect with learning, pursue an interest, prepare for progression to a formal course, and/or learn how to support their children more confidently.

<sup>2</sup> OLASS funding applies to adults (18 and over) in custody, including prisoners on remand. The budget funds vocational and employability skills programmes. Learners aged 18 to 23 are eligible for full funding through the OLASS programme for all learning aims up to and including level 3. Learners aged 24 or over are eligible for full funding for all learning aims up to and including level 2.

<sup>3</sup> The overall aim of the pilot is to test whether giving employers greater control over public funds, co-invested alongside their own, will increase their level of investment in training and the effectiveness with which these funds address their skills needs. The government is investing £340m over a four-year period in the pilot; this is being matched by significant contributions from employers. While the government has not been prescriptive about what these projects should cover, some of the most common challenges they have sought to address included: future or current skills gaps or shortages, a lack of appropriate entry routes into the sector, and a lack of capacity within the sector to provide training.

<sup>4</sup> Unionlearn is a learning and skills organisation established by the TUC. It assists unions in delivering learning opportunities for their members and manages the Union Learning Fund (ULF). The ULF is funded by BIS and aims to develop the capacity of unions to encourage greater take-up of learning in the workplace.



**Figure 3: Overview of employer spend on training**

The European Social Fund (ESF) invests in human capital development across the EU. Its target groups cover a wide range of beneficiaries, including the unemployed, young people and people in work. It has invested over £2.5 billion in England in the 2007-2013 programme, an estimated £0.36bn per annum. This is matched to a similar amount of national funding. Over this seven year period, roughly a third of these funds (£0.12bn per annum) were allocated to initiatives designed to help develop a skilled and adaptable workforce under Priority 2 of the England ESF programme (DWP, 2006). The European Regional Development Fund (ERDF) aims to strengthen economic and social cohesion in the EU. As part of its support for small and medium enterprises (SMEs), ERDF can fund the provision of training aimed at skills development, including apprenticeships. Over the last few years ERDF has invested £0.36bn per annum, although it is not possible to tell from the data source what proportion of this spending is invested in adult training (DCLG, 2013). Other smaller sources of European money invested in adult skills include the Erasmus+ programme in the field of Vocational Education and Training (£23 million in 2013/14, where applications far outstripped this budget) and its predecessor, the Leonardo da Vinci programme which spent £2 million in 2012/13 on practical projects in the field of vocational education and training. Initiatives ranged from those providing work-related training to individuals, to larger cooperation efforts (Erasmus+ UK Programme, 2015; EACEA, 2014).

From 2014/15 the European Structural and Investment Fund (ESIF), through which both ESF and ERDF will be channelled, will invest €6.9 billion.<sup>5</sup> This money will be split between the 39 Local Enterprise Partnerships (LEPs) in England through the Growth Programme and amounts to approximately £0.72bn of investment each year.

The Skills Strategy aims to encourage learners to take responsibility for their learning and to make a financial contribution. The available data estimating the financial contribution made by learners in further education are a little dated and come from a survey of the 2010/11 learner cohort. In this year, it is estimated that they invested £0.16bn (London Economics and Ipsos MORI (2013)). Females were more likely than males to have paid some or all of the cost of their learning (Table 1) (52% compared to 45% respectively).

**Table 1: The proportion of FE learners making a financial contribution to their learning, 2010/11**

	Proportion of female learners (%)	Proportion of male learners (%)
<b>Yes - paid all of cost</b>	32	26
<b>Yes - paid some of cost</b>	20	19
<b>No</b>	47	55
<b>Don't know</b>	1	1

Source: London Economics and Ipsos MORI, 2013

From 2013 learners aged 24 or over wanting to study an eligible Level 3 or Level 4 course have been able to apply for an Advanced Learning Loan (Apprenticeships were removed from this in 2014). BIS allocated a budget of £0.12bn in the 2013/14 financial year and £0.4bn in the 2014/15 financial year to these loans.

There are a range of other public sector organisations that make investments in adult skills. These include other government departments such as the Department for Work and Pensions (DWP) which made an estimated contribution of £0.15bn to adult skills in 2011/12 (House of Commons Library, 2011). In 2013/14 the DWP granted £0.17bn of match-funding to the ESF via the Skills Funding Agency (BIS, 2014g). The Ministry of Defence spend on training includes basic maths and English programmes, and two funds called Enhanced Learning Credits and Standard Learning Credits to which employees or service leavers (up to 10 years after they leave) can apply for help to fund learning (these amounted to £21 million and £1.9 million of investment in 2011/12 respectively) (House of

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<sup>5</sup> Part of the European Agricultural Fund for Rural Development (EAFRD) will also be channelled through the ESIF

Commons Defence Select Committee, 2013). In 2011/12, The Department of Health invested £0.01bn in workforce development via Skills for Care (formerly the Training Strategy Implementation fund) (Skills for Care, 2012). Data about the amount of funding from other government departments for adult skills is limited.

Some national sector-based organisations, such as the Construction Industry Training Board (CITB), the Engineering Construction Industry Training Board (ECITB), and Creative Skillset, offer funding and support for training. The CITB's training grants are raised by a training levy applied to employers in the sector. In 2013/14, the CITB grant funding totalled £0.12bn (CITB, 2014). In 2013/14 the ECITB invested £0.03bn on skills development including support costs for Apprenticeships, grants for NVQ qualifications and supervisory and management training and technical courses (ECITB, 2014). Creative Skillset operates a Skills Investment Fund that supports skill development across film, high-end TV, animation, games and visual effects. Employer contributions to the fund are collected via a voluntary levy (0.5% of the production budget up to a maximum amount of £39,500). In 2014, the Skills Investment Fund totalled £9.7 million (Creative Skillset, 2014).

The voluntary and community sector has a number of organisations that offer grants or bursaries for learners and some which use a range of income sources (including public donations) to provide services and training to develop adult skills, for example The Princes Trust. The voluntary and community sector also includes some Professional bodies and associations, such as The Institute of Hospitality. There appears not to be a single source that outlines the expenditure and investment in adult skills made by the voluntary and community sector. However, as of 9 March 2015, there were 2,131 charities and voluntary organisations registered with the Charity Commission as operating in England that included some form of education and training in their remit. To ascertain which of these charities are within the scope of this research with regards to their beneficiaries (i.e. adults) and training offered or supported, (i.e. up to Level 4 inclusive) would require a separate research exercise, so below we highlight some organisations that make a significant contribution in this area and provide case studies of two organisations.

The charity/voluntary sector contributes to adults' skills learning in three main ways:

1. Providing skills training and qualifications.
2. Providing bursaries to individuals for learning.
3. Providing grants to other organisations that provide training or bursaries

Charities often focus on specific or disadvantaged groups, e.g. offender learning.

There are several voluntary sector organisations that **invest significant resources in providing courses and qualifications for adults**. The following include examples of some of the largest charity providers or the main providers for their target beneficiary group or learning area (details of their financial expenditure are included in Table 2).

- City and Guilds, a registered charity, develops and delivers courses, qualifications and assessments for vocational skills, as well as providing bursaries to some learners in the UK and internationally. The courses are situated in a range of areas from Beauty and Complementary Therapy to Construction, or Leadership and Management Skills, and the City and Guilds Group includes the Institute for Leadership and Management. Also including basic English and maths, qualifications are covered from Entry Level to Level

8. Typically, they are delivered through approved centres or trainings, but blended learning is also offered, as are e-learning platforms. They are mostly funded by fees charged for their educational services and royalties from resources.

- The Workers' Educational Association (WEA) offers part-time education for adults from basic maths and English to cultural studies and community programmes. The majority of their funding comes from the Skills Funding Agency (66% in 2013/14) but they also receive donations from individuals and other charitable trusts.
- National Extension College (NEC) formerly managed by the Learning and Skills Network but now managed by the Open School Trust, provides distance learning from GCSE to Level 5 CMI management qualifications.
- The General Federation of Trade Unions Educational Trust (GFTUET) provides courses and training for members of trade unions including providing some bursaries, as well as some research in this area.
- The Marine Society provides training and educational resources for seafarers, and works with the NEC.
- YMCAfit offers training courses and apprenticeships in fitness instruction.
- Royal British Legion Industries (RBLI) delivers the Government's Work Programme to the Armed Forces Community, as well as their own programmes such as LifeWorks and Vict'r, but this expenditure is not disaggregated in their financial reporting.

**Table 2: Expenditure on educational/ charitable activities in 2013/14**

	City & Guilds	WEA	NEC	GFTUET	Marine Society	YMCAfit
<b>2013/14 (£000's)</b>	£103,214	£5,268	£987	£609	£459	£3,130

Sources: City and Guild of London Institute, The (2013), Workers' Education Association (2014), National Extension College (2014), General Federation of Trade Unions Educational Trust (2014), Marine Society and Sea Cadets (2014), YMCAfit (2014)

A number of charities **provide grants and bursaries to adult learners for skills training**. The following examples include some high profile charities that fund specific learner groups.

- The Family Action Educational Grants programme provides grants to learners on a low income over the age of 14 to participate in further education. Most of their funding comes from local councils and government departments; in 2014 they awarded approximately £248,000 in educational grants (Family Action, 2014).
- The Prince's Trust spent approximately £44,946,000 in 2013 on programmes aimed at young people aged 13 to 30 to help them into training, employment or starting their own business (Prince's Trust, 2014).
- The Prisoners Education Trust (PET) provides advice, funding and some materials to support prisoners in England and Wales to participate in distance learning ranging from basic skills, general education and training, to vocational qualifications and access to

higher education. In 2013, they awarded approximately £263,000 to learners (Prisoners Education Trust, 2014).

- The Soldiers' Charity (formerly the Army Benevolent Fund or ABF) provides bursaries to soldiers and ex-soldiers to retrain or start new careers (ABF The Soldier's Charity, 2014).
- The Help for Heroes Individual Recovery Plan (IRP) may also fund training courses (Help for Heroes, 2013).

A number of charities and trusts **provide one-off or regular grants to other organisations that carry out training and skills programmes with adults**. Grant giving organisations may not disaggregate their financial data to identify funding awarded to education and training; however, it has been possible to identify some organisations which have funded specific relevant programmes.

- The City Bridge Trust is a regional charity which, in 2014 awarded around £6,202,000 to fund programmes training the London voluntary sector, teaching English as a second language to adults, matching funding to Arts Apprenticeships, and programmes to tackle unemployment (City Bridge Trust, 2014).
- The British Legion receives some funding from the Ministry of Defence and awards grants to schemes addressing employment and training as one its three main strands (Royal British Legion, 2013).
- Help for Heroes contributes to the Skill Force programme which provides training and qualifications in mentoring to ex-service men and women (Help for Heroes, 2013).
- Some grant making trusts award funding to programmes and charities developing skills and training. For example, the Esmeé Fairbairn Foundation and Paul Hamlyn Foundation both awarded grants to several different programmes or organisations operating in these areas in 2014 (Esmeé Fairbairn Foundation, 2013; Paul Hamlyn Foundation, 2014).
- In 2014, the Gatsby Foundation funded projects focused on promoting technical training including supporting Technician Apprenticeships (Gatsby Charitable Foundation, 2013).
- The Rank Foundation supports a Youth Workers Apprentice programme and the RankGAP programme leading to a level 3 Youth Work/Informal Learning diploma (Rank Foundation Limited, 2014).

## Case study - The Prince's Trust

Established in 1976, The Prince's Trust supports 13 to 30 year olds who are unemployed or struggling at school and at risk of exclusion. The Trust identifies target groups including people leaving care, young offenders, educational underachievers and the long term unemployed.

The Prince's Trust currently offers six programmes open to younger adults that provide skills training, award grants for training, or provide capital for setting up a business.

**The Enterprise Programme** offers three years business support and training, and low interest loans (up to £4,000 for a sole trader, £5,000 for a partnership) to those aged 18-30 who are unemployed or working less than 16 hours a week. Last year, 8,000 people participated in the programme.

**The Team Programme** is a 12-week personal development course, offering work experience, qualifications, practical skills, community projects and a residential week. More than 70% of unemployed participants go on to jobs, training or education within three months of completing.

**Get Started** are short (5-8 days) courses for those aged 16-25 which use sport or the arts to inspire participants to develop skills, build confidence, and increase employability.

**Get Into** are short vocational courses for those aged 16-25 years that develop skills in a specific sector such as retail, customer service, construction, logistics, hospitality and cooking.

**Development Awards** are cash awards to enable people aged 14-25 to access education, training or employment.

**The Fairbridge Programme** offers individually tailored personal development for those aged 13-25 years, often with multiple needs such as homelessness, substance abuse, to gain personal and social skills needed to stabilise their life circumstances and move on to training or employment.

The Prince's Trust derives part of its income from public sector contracts for its programmes. This income includes local and national government, the Big Lottery Fund and other public sector sources. Since 2010/11, the amount varied in the range of £8-10 million but this represents a decreasing proportion of the charity's total income over time.

Income from public sector contracts 2010/11-2013/14	2010/2011 £000's	2011/2012 £000's	2012/2013 £000's	2013/2014 £000's
Income from public sector contracts	£8,487 (21.4%)	£10,012 (18.1%)	£10,139 (17.6%)	£9,553 (15.8%)
<b>Total income from all sources</b>	£ 39,599	£ 55,337	£57,699	£60,583

Sources: Prince's Trust 2010; Prince's Trust 2011; Prince's Trust 2012; Prince's Trust 2013 Prince's Trust 2014

### Case study - The Prince's Trust (cont.)

Overall spending on the programmes has increased considerably since 2010/11 (82%). Spending has increased for the Enterprise (43.9%), Get Started (88.9%), Get Into (55.4%), and Fairbridge (28.9%) programmes. The Team Programme and Development Awards have stayed at approximately the same levels of spending.

<b>Expenditure on relevant programmes 2010/11-2013/14</b>	<b>2010/11 £000's</b>	<b>2011/12 £000's</b>	<b>2012/13 £000's</b>	<b>2013/14 £000's</b>
<b>The Enterprise Programme</b>	£9,088	£8,878	£10,578	£13,078
<b>The Team Programme</b>	£6,352	£8,784	£5,450	£6,483
<b>Get Started</b>	£1,859	£2,631	£2,472	£3,512
<b>Get Into</b>	£4,369	£5,050	£5,013	£6,788
<b>Development Awards</b>	£2,916	£2,964	£2,356	£2,852
<b>The Fairbridge Programme</b>	-	£9,488	£13,384	£12,233
<b>Total for selected programmes</b>	£24,584	£37,795	£39,253	£44,946

Sources: Prince's Trust 2010; Prince's Trust 2011; Prince's Trust 2012; Prince's Trust 2013 Prince's Trust 2014

## Case study - Prisoners' Education Trust (PET)

Founded in 1989, the Prisoners' Education Trust (PET) supports people in prison in England and Wales to study distance learning courses through its Access to Learning programme. PET provides distance learning courses, arts and hobby materials, advice and support in subjects and levels not otherwise funded by the Offenders' Learning and Skills Service (OLASS) to approximately 20,000 prisoners each year. According to 2013/14 guidance, OLASS may fund training up to Level 5 which gives learners skills to find and stay employment after being released from prison.

PET funds a range of courses from GCSEs, A-levels, BTECs, vocational qualifications, and non-qualification based courses. Open University (OU) Access modules are funded by BIS and advice is offered on obtaining a student loan for OU study beyond the Access module.

Providers and qualifications that PET recognises as offering suitable distance learning courses include the OU, City & Guilds, CIPD business qualifications, National Extension College (NEC), NCFE fitness qualifications, Horticultural Correspondence College (HCC), and many others (Prisoners Education Trust, 2013a).

Some of the most popular courses in 2013 included Drug & Alcohol Abuse Counselling, Essential Book-keeping, Principles of Horticulture Level 2, Plumbing Installation Theory, Open University Access Module, AS level Law, Personal Trainer NCFE Level 3, GCSE French and BTEC Electrical Installation.

In 2013, PET had a total income of £986,136. The majority came from 'charitable trusts and corporate institutions' (46.5%) and 'Government sources' (42.0%). The type of corporate institutions that have provided funding to PET since 2011, and whose contribution was disclosed, were disparate and included financial firms (asset management/private equity), a law firm and a coffee chain.

<b>PET sources of income 2013/14</b>	<b>2013/14</b>	<b>%</b>
<b>Charitable trusts and corporate institutions</b>	£458,887	46.5
<b>Government sources</b>	£414,578	42.0
<b>Individuals, including Gift Aid and legacies</b>	£96,973	9.8
<b>Activities for generating funds including fundraising events</b>	£11,428	1.2
<b>Investment income and other income</b>	£4,270	0.4
<b>Total income</b>	£986,136	100.0

Sources: Prisoners Education Trust, 2014

### Case study - Prisoners' Education Trust (PET) (cont.)

In 2013, PET had a total income of £986,136. The majority of this (£677,322; 68.7%) was spent on the Access to Learning Programme funding distance learning for people in prison. Overall, this programme has maintained a similar level of funding since 2010.

### Spending on Access to Learning Programme, 2010/11 to 2013/14 financial years

	2010/11	2011/12	2012/13	2013/14
<b>Access to Learning*</b>	£639,219	£764,079	£652,774	£677,322

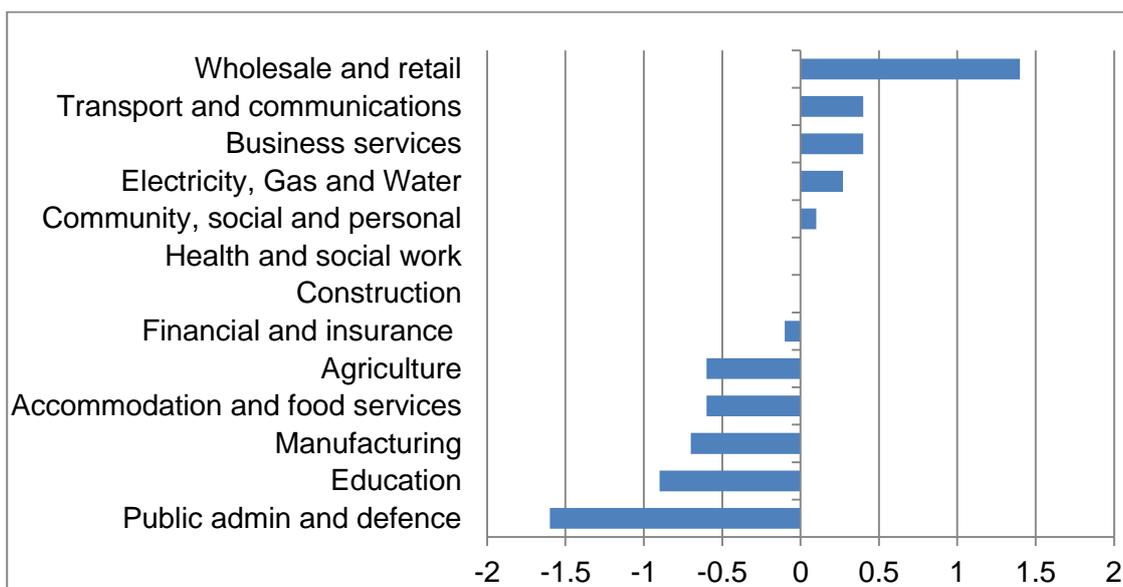
\* Prior to 2012/13 this has been calculated as the combined expenditure from Open University courses, Advice programme and General Education courses categories.

Source: PET 2011; PET 2012; PET 2013b; PET 2014

### Trends in investment over time

The financial data available are 'lumpy' with several data sources not providing consistent time-series data year by year. However, those data sources that are available in time-series suggest that there has been a decline in investment in adult skills, not only through the ASB, which fell by 16 per cent between 2010/11 and 2013/14, but also among employers.

Employer investment in skills (including on and off-the-job training) fell by seven per cent in England (-£2.6bn) between 2011/12 and 2013/14, although there was variation by sector. Sectors such as Public Administration and Defence, Education, Agriculture, Manufacturing and Accommodation and Food Services saw a decline in their training spend, reflecting decreases in public sector expenditure over the last few years. By contrast, other sectors such as Business Services and Wholesale and Retail saw their training spend rise (Figure 4).



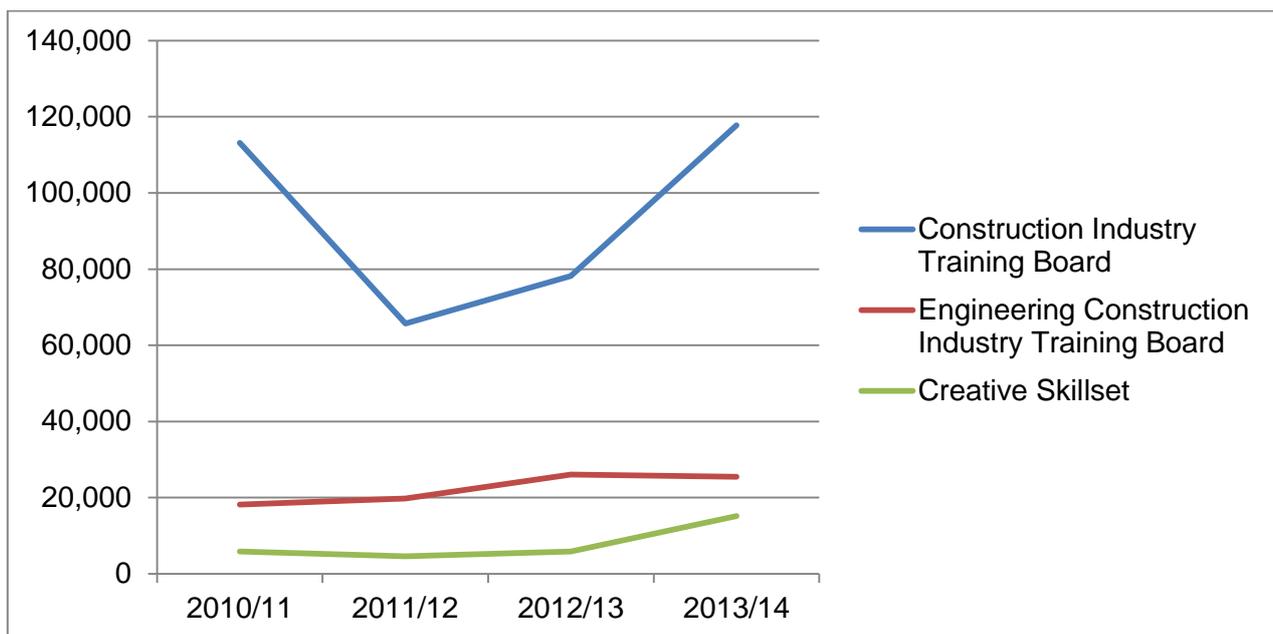
Source: UKCES, 2014; Davies et al 2012

**Figure 4: Change in employer training spend by sector (£bn), 2011 – 2013, UK**

Employer investment in on-the-job training fell more than investment in off-the-job training between 2011/13 (-11% compared to -2%). As such, off-the-job training made up a slightly larger share of total employer spend on workforce training and development in 2013 (49%). However, fees to external providers and training centre costs fell by 12 per cent (-£0.7bn) over this period.

By contrast, in 2013/14, the CITB expenditure on adult skills through the grant/levy scheme increased, reversing the recent trend of decline and rising to a higher level than in 2010/11. Their 2013 Annual Report notes that demand for grants reflects the wider market conditions in the construction sector and that, unsurprisingly, when the industry is in recession, the volume of grant claims falls, and when it recovers demand for grants increases. The Annual Report also notes that income from the Levy tends to lag behind the upturn in grant claims (CITB, 2014). Despite some fluctuations in the amount invested in training by Industry Training Boards over the period 2010-14, for the last financial year, the funding of adult skills from these sources was slightly above 2010-11 levels (Figure 5).

These sources of funding are used by Further Education Colleges and other training and education providers to finance the delivery of adult skills. The case study of the Grimsby Institute of Further and Higher Education highlights one example of reliance on sources of funding from the public sector and some challenges for diversification in income sources that this poses.



Sources: CITB 2011; CITB 2012; CITB 2013; CITB 2014; ECITB 2011; ECITB 2012; ECITB 2013; ECITB 2014; Creative Skillset 2011; Creative Skillset 2012; Creative Skillset 2013; Creative Skillset 2014

**Figure 5: Fluctuations in investment via the Industry Training Board Levy-Grant schemes (£000s)**

## Case study - Grimsby Institute of Further and Higher Education

### Overview

The Grimsby Institute of Further and Higher Education (GIFHE) is one of the largest providers in England. It is based in North East Lincolnshire, and is the main provider of vocational training in the region. The Institute offers a broad curriculum, including both full and part-time courses; its training options include classroom-based provision, Apprenticeships, community provision, business training and work-based training. GIFHE has its own Engineering and Renewable Energy Centre, and recently opened the Grimsby School of Art, a new £4m facility for the Institute's Creative Arts courses.

### Funding

GIFHE is heavily reliant on grant funding from government (GIG, 2014a, p.12). In 2013/14, the Institute received £34m in grants from the SFA, EFA and HEFCE, accounting for over two-thirds of GIFHE's total income for the financial year (£48.9m). GIFHE received £13.5m from the SFA, including £10m from the ASB; funds from the ASB thereby amounted to a fifth of the Institute's total income for the year.

GIFHE's other main source of income is from the tuition fees that are charged to further education (FE) and higher education (HE) students at the Institute. In 2013/14, the total fees paid by or on behalf of individual students studying at the Institute amounted to £10.5m (GIFHE, 2014a, p.13); fees paid by UK FE students were just over £2m.

### Skills Funding Agency Allocations to GIFHE 2013/14

Adult Skills Budget	16-18 Apprenticeships	Community Learning	19+ Discretionary Learner Support	24+ Advanced Learning Loans Facility & Bursary	ESF
£9,933,686	£1,540,625	£110,780	£604,482	£747,686	£695,866

The Institute also received a small amount of income from education contracts (£758,000), such as with the Local Education Authority and via other income streams (£3.9m), such as other grant incomes.

### Changing funding priorities and challenges

In light of this dependency on grant funding, GIFHE has recognised that it faces increasing financial pressures if, as expected, public sector funding cuts within the FE sector continue to be implemented (GIFHE, 2014a, p.12). For example, the total income GIFHE received from government declined by 17 per cent between 2012/13 and 2013/14 (GIFHE, 2014a, p.41). In order to partly mitigate this risk, the Institute has therefore committed to focus on priority sectors that will continue to benefit from public funding (GIFHE, 2014a, p.13).

## Case study - Grimsby Institute of Further and Higher Education (cont.)

Changes to the way in which government funding is administered has also created challenges for GIFHE. With regards to the ASB, the SFA have introduced further performance related measures that, in the view of the Institute, place greater restrictions on their ability to reallocate funds to meet demand. For instance, in 2013/14 the Agency, “substantially increased” its agreed target with GIFHE for the number of adult apprentices enrolled at the Institute (GIFHE, 2014a, p.5). GIFHE believe that this target is particularly restrictive in what is a, “nationally declining market” (GIFHE, 2014a, p.13). Further, GIFHE recently expressed concerns about the apparent negative impact that the introduction of Advanced Learning Loans for those aged 24 and over, undertaking courses at Levels 3 and 4, has had on learner recruitment among this cohort.

Going forward, GIFHE have recognised potential funding risks relating to the introduction of an employer-routed funding model for apprenticeships and new measures of success (e.g. learner destinations, progression and earnings change) for allocating college funding (SFA, 2014, p.30).

In response to these challenges, GIFHE has recognised that it will have to, “strive to continue to diversify its income streams” so that it is less reliant on government funding, as well as develop provision that is more responsive to the demands of local businesses and the wider community. In their strategic plan for 2014-2017 (GIFHE, 2014b, p.12), GIFHE stated that they hope to achieve these aims by:

- Developing a market-led curriculum that is focused on future business needs.
- Developing and provide a flexible and innovative curriculum that enables unemployed adults to progress onwards into either employment and/or further study.
- Working in partnership with a wide range of other providers to ensure a coherent approach to meeting the needs of employers and the community.
- Growing the number and range of employers that GIFHE work with and establish strategic and operational engagement.
- Growing distance learning income through the development of distance learning curriculum.
- Developing GIFHE’s International offer to target emerging markets within countries with a growing middle class.

## 2.2 Which individuals are funded?

Data detailing which types of learners undertake adult learning are limited to a number of investment sources which largely give figures for total participation rather than the proportion of training investment made to learners with specific demographic characteristics. This may give a false impression of where the money is spent if learners with lower levels of participation are undertaking more expensive courses. The most detailed data about learning participation are available for investments made by the ASB (and other BIS budgets). There are some limited data available about which individuals employers fund, and some national sector-based organisations, such as CITB, also provide limited data.

Compared to 2011/12, there were seven per cent fewer (-220,000) learners funded by the ASB in 2013/14, which is likely to reflect the decline in ASB spending over the same period

(SFA, 2014b, Table 1). This decline, and the priorities and funding rules outlined in the Skills Strategy relating to age and funding contribution appear to be shaping who participates in BIS-funded adult learning.

### Learners funded, by age

In 2013/14, participation by adults aged 25-49 fell by 10 per cent since 2011/12 and accounted for 54 per cent of learners funded through the ASB. Participation by learners aged 19-24 declined by just one per cent since 2011/12 and accounted for 26 per cent of learners (SFA, 2014b, Table 1).

Focusing on apprenticeships ASB-funded there was an increase in participation of 48,900 between 2010/11 and 2013/14 (+ 8% growth), with growth in take-up amongst 19-24 year olds greater than among those aged 25 or over (+36,800 compared to +12,100 learners) (SFA, 2014b, Table 5).

Participation in Community Learning fell by four per cent (-25,600 learners) between 2011/12 and 2013/14. There was a fall in participation across all age groups, except among Community Learners aged 45-59 where there was an increase of two per cent (2,600 learners) (SFA, 2014b, Table 9).

These trends are not found in the Labour Force Survey (LFS) data which captures the number of individuals who, in the previous three months, have taken part in any education or any training connected with their job or a job that they might do in the future where the age profile of learners remained static between 2011/12 and 2013/14 (Table 3). The table also highlights that people aged 18-34 are more likely to participate in learning related to employment than people aged 35-64. Benefit claimants participating in FE in 2012/13 were younger than learners identified in the LFS and the population overall: 27 per cent were aged 19-24; 57 per cent were aged 25-49; and 17 per cent were aged 50 or over (BIS, 2014e).

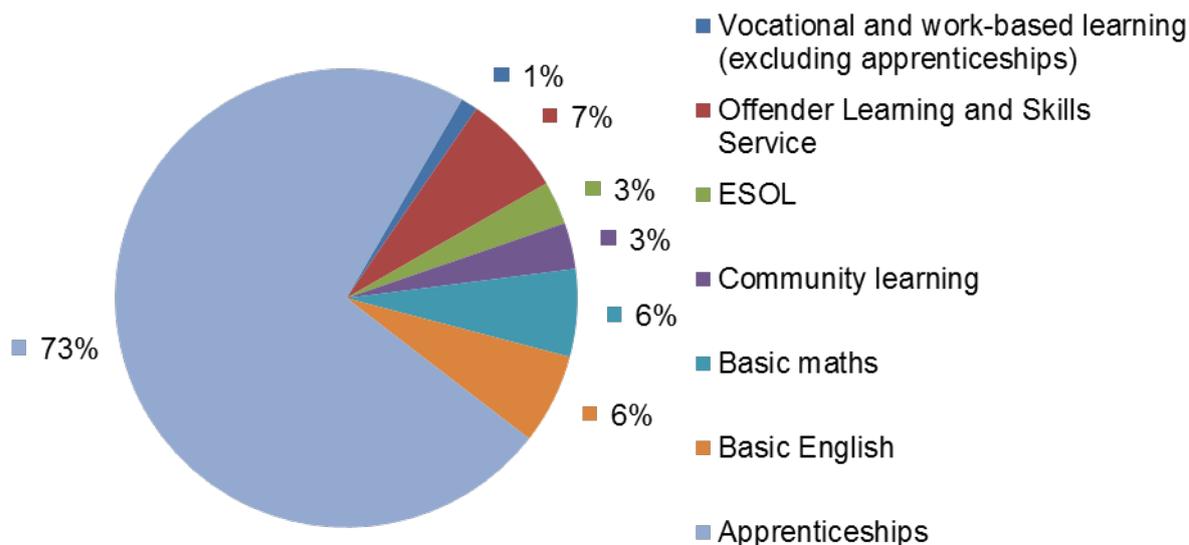
**Table 3: Number of individuals learning in the last three months for their job or a job they may do in the future, by age, 2011/12 and 2013/14**

Age	Number of learners 2011/12	Number of learners 2013/14	Change in number of learners	% of learners 2013/14	% of population
18-24	590,000	593,000	3,000	17	15
25-34	862,000	889,000	27,000	26	22
35-49	1,242,000	1,268,000	26,000	36	34
50-64	656,000	724,000	68,000	21	29
<b>TOTAL</b>	<b>3,350,000</b>	<b>3,474,000</b>	<b>124,000</b>	<b>100</b>	<b>100</b>

Source: ONS, 2014; Census 2011

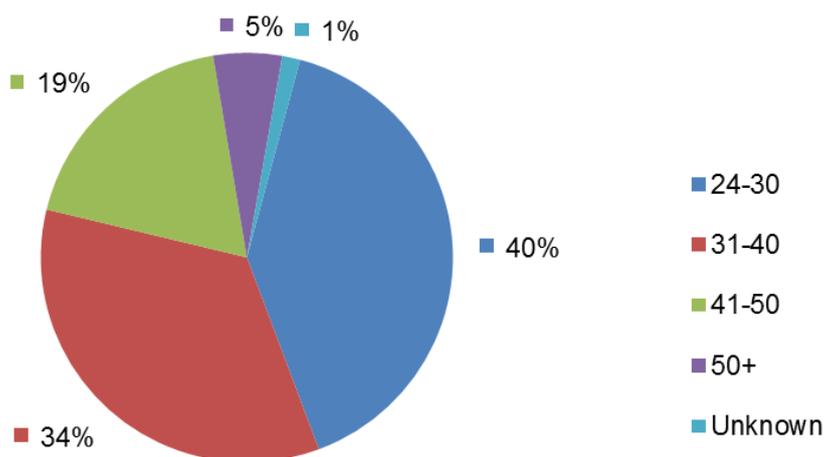
Two sources of data give an indication of financing learning by age group. Figure 6 illustrates the proportion of BIS funding for learners aged 19-24 by learning type. The majority of funding for this age group is spent on apprenticeships (73%). Basic English and Basic Maths each account for six per cent of spending.

In 2013/14, there were 70,940 applications to an Advanced Learning Loan. Advanced Learning Loans were most likely to be taken out by the 24-30 age group (see Figure 7). Provisional data for 2014/15 reflecting take-up between April and December 2014 followed a similar trend.



Source: BIS, 2014g

**Figure 6: Proportion of BIS funding for learners aged 19-24, by learning type**

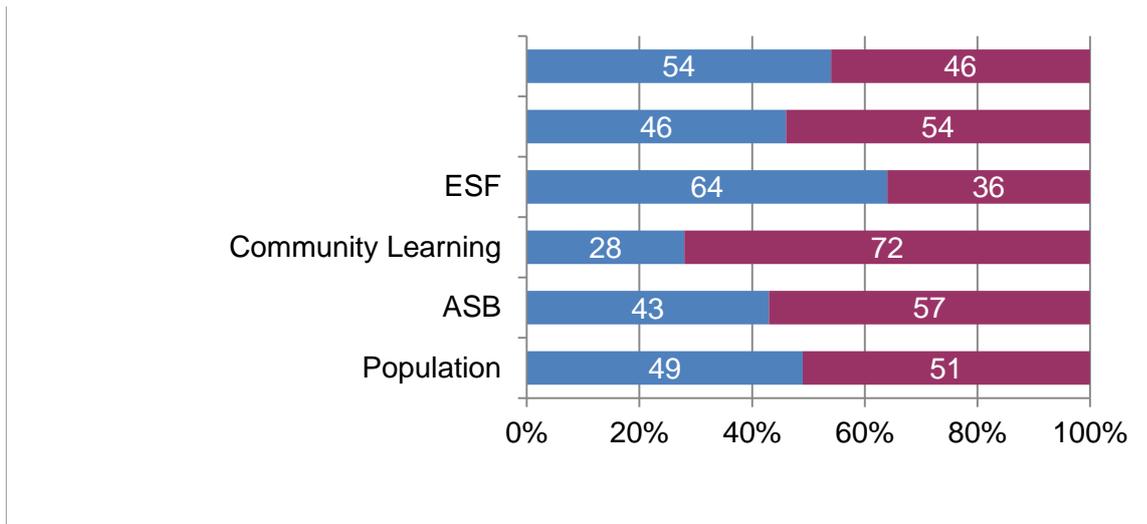


Source: BIS 2014h; BIS 2015

**Figure 7: Applications for Advanced Learning Loans by age (2013/14)**

## Learners funded, by gender

Participation in learning by gender varies by funding stream and therefore learning type (see Figure 8). Female learners are more likely to access learning through Community Learning (72% of these learners are female), and are least likely to access ESF-funded learning (36% of these learners are female). Males learners are slightly under-represented through ASB-funded learning and in job-related training received during the past three months (funded through a range of sources). Of benefit claimants learning in the FE sector, 54 per cent were male and 46 per cent were female (BIS, 2014b).



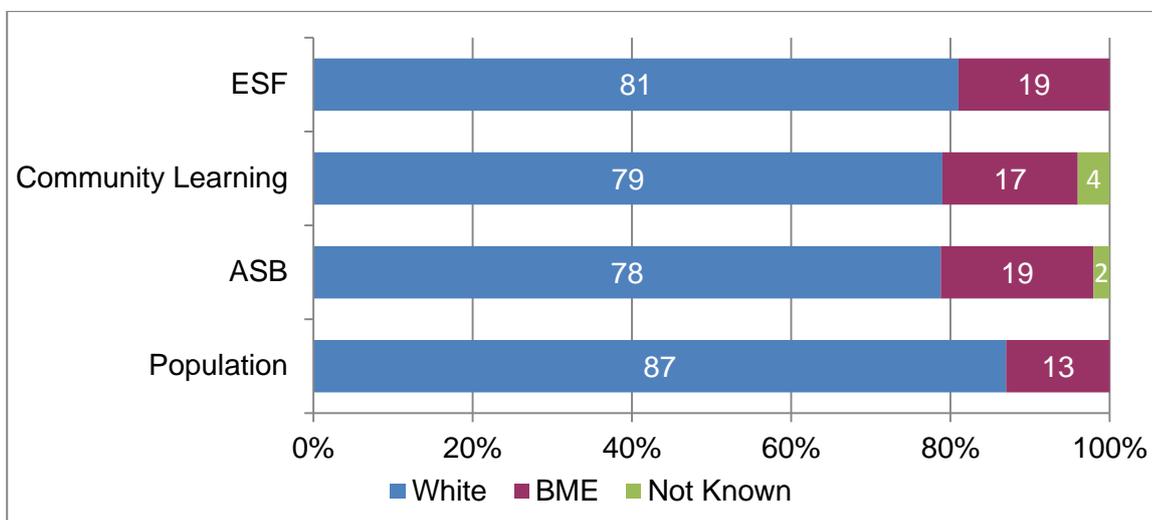
Sources: Census, 2011; SFA 2014b, Table 2; DWP, 2013; ONS, 2014; BIS, 2014e

**Figure 8: Percentage of learners participating in adult learning 2013/14 by gender, and funding source**

Advanced Learning Loans were most likely to be applied for by females (75% compared to 25% by males). Provisional data for 2014/15 reflecting applications between April and December 2014 followed a similar trend.

## Learners funded, by ethnicity

Participation in learning among Black and Minority Ethnic groups was higher than the proportion of BME adults in the population in several funding streams (see Figure 9).



Sources: Census, 2011; SFA 2014b, Table 2; DWP, 2013

## **Figure 9: Percentage of learners participating in adult learning 2013/14 by ethnicity, and funding source**

### **Learners funded, by prior level of qualification**

Survey data for 2011/12 suggest that learners studying for a Full Level 2 qualification with no prior qualifications or qualifications below a Full Level 2 made up a greater proportion of learners in Work-based learning and Classroom-based learning than learners undertaking an Apprenticeship (34%, and 33%, compared to 29%) (BIS, 2013). Survey data from a year later also showed that Family, Literacy, Language and Numeracy programmes had a higher participation rate among learners with no prior qualifications (46%) (BIS, 2014d).

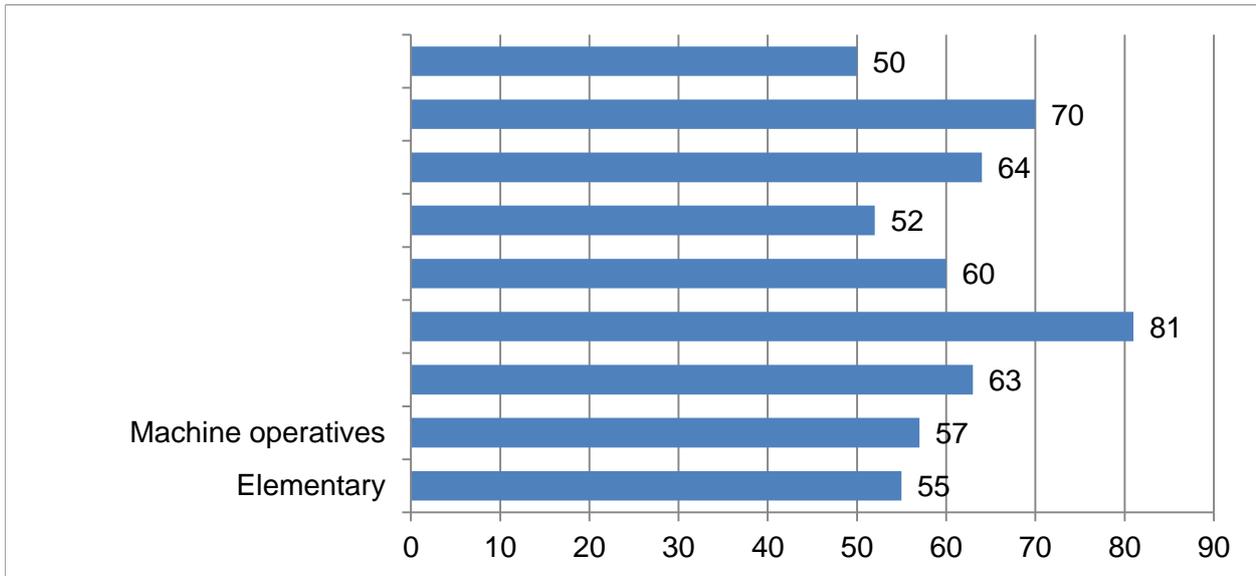
The same pattern has been observed in participation in Full Level 3 qualifications, with those with low or now prior qualifications making up a higher proportion of Work-based learners and Classroom-based learners than learners undertaking an Apprenticeship (19% and 19% compared to 12%) (BIS, 2013).

Learners that were funded by grants were more likely to have higher levels of prior qualifications than learners funded by 24+ Advanced Learning Loans (36% had a Level 4 or 5 qualification compared to 28% of 24+ Advanced Learning Loans learners).

### **Learners funded, by employment status**

The Employer Skills Survey (ESS) shows that in 2013, 62 per cent of the workforce was trained (14.1m learners), an increase from 54 per cent of the workforce and 12.3m learners in 2011. However, there has been a fall in the number of training days per trainee from 7.9 to 6.7 days, suggesting a lower investment per employee or training episode (UKCES, 2014). The CVTS undertaken in 2010 found that the average number of hours spent on CVT courses by employers during was 1,020 (statistically similar to the 2005 average of 1,034). The average number of hours spent on CVT courses per employee fell between 2005 and 2010 and was 7.5 hours (slightly below the average of 8.7 hours in 2005). The average number of hours spent on CVT per participant was 24 (above the average of 21 in 2005), with the inference that employers allocated the same volume of training to a slightly fewer employees (BIS, 2013b).

There are also patterns of employer investment by occupation captured by the ESS. Figure 10 shows investment in the training of all occupational groups, but some variation, with employees in the Caring, Leisure and Other Personal Services and those in Professional occupations most likely to receive training and employees in lower level occupations such as Elementary and Administration and Clerical least likely to receive employer-funded training (UKCES, 2014).



Source: ESS, 2013 in UKCES 2014

### Figure 10: Occupations receiving training by employers

In 2012/13, 645,800 benefit claimants started training with a FE provider. Nearly three in four of these claimants (73%) were claiming Jobseeker’s Allowance (JSA), with the remainder claiming Employment Support Allowance (ESA) or other benefits, such as Income Support (BIS, 2014e).

Fewer learners funded through 24+ Advanced Learning Loans were in employment than in the comparison non-loans group (64% compared to 75%) and were more likely to be studying part-time (40% compared to 17%) (Adams et al, 2016).

### Learners funded, by area of deprivation

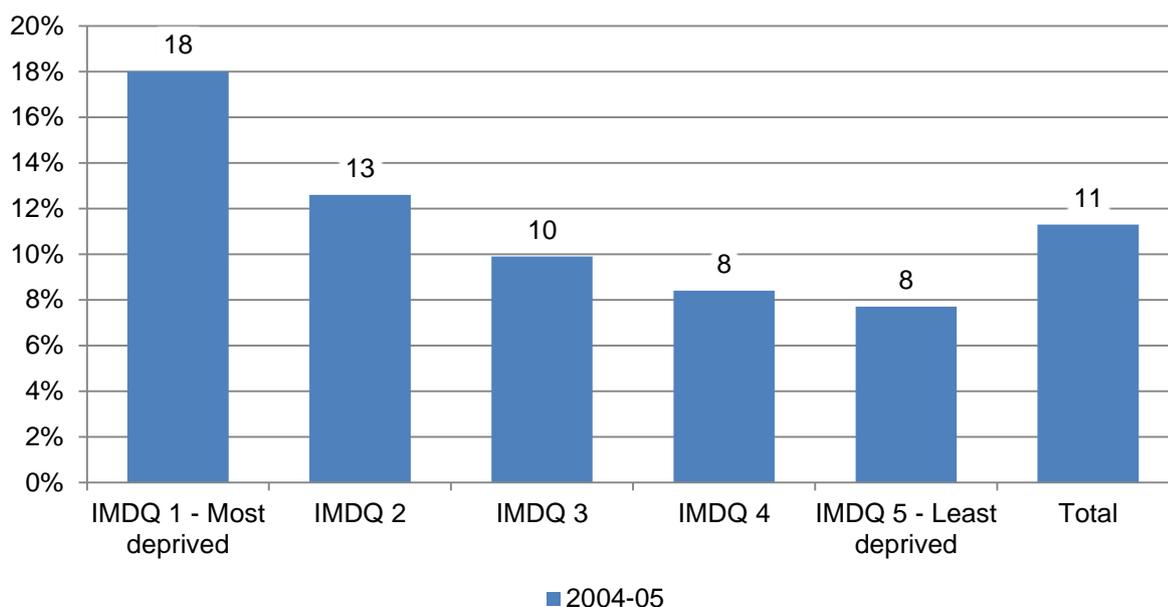
One source has linked learners funded by the Skills Funding Agency (via the Individualised Learner Record (ILR)) to the Index of Multiple Deprivation (IMD<sup>6</sup>). This analysis shows that there is an over-representation of adult learners supported by Skills Funding Agency providers and an under-representation of those from the least deprived areas. In 2013/14, nearly one in three learners (31%) were from the most deprived areas, and a further 23 per cent are from the areas in the next quintile, while these areas only account for 39 per cent of the adult population. Only 14 per cent of learners are from the least deprived areas, compared with 20 per cent of the adult population (Gloster et al, 2015).

ESF co-financed learning is most heavily skewed towards the most deprived areas, which is to be expected as most ESF money is allocated to less economically developed regions.

<sup>6</sup> The IMD 2010 consists of 38 indicators across seven domains. These are Income, Employment, Health and Disability, Education, Skills and Training, Barriers to Housing and other services, Crime, and the Living Environment.

More than two-thirds of learners (67%) in ESF co-financed learning are in the bottom two quintiles of deprived areas. Adult Skills Funding is also heavily skewed towards deprived areas, with 57 per cent of learners from areas in the bottom two quintiles.

Figure 11 illustrates participation in learning and training as a proportion of the population in each quintile, and shows that the proportion of adults participating in Skills Funding Agency funded learning and training decreases as deprivation decreases, from 18 per cent of adults in the most deprived areas to eight per cent of those in the least deprived areas.

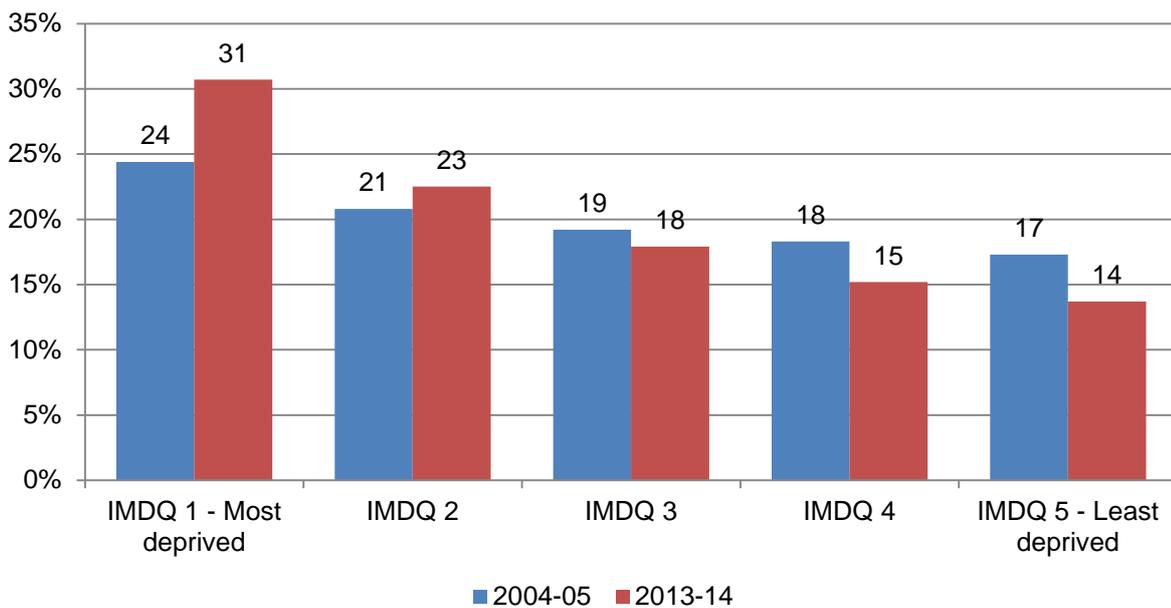


Source: Gloster et al, 2015, ILR 2013/14; 2011 Census of Population

### Figure 11: Learners as a proportion of the adult population by IMD quintile, 2012/13

The proportion of learners from the bottom two quintiles has increased between 2004/05 and 2012/13, while the proportion from the upper three quintiles has decreased (Figure 12). This shift is observed across most types of learning/funding models:

- In Community Learning there were more learners from the least deprived areas than from more deprived areas in 2004/05, but by 2013/14 this situation had reversed.
- In FE 16-19 Learning there was a small increase in the proportion of learners from the bottom two fifths of areas, from 47 per cent in 2004/05 to 50 per cent in 2013/14.
- In Adult Skills Funding Learning the proportion of learners from the bottom fifth of areas increased from a quarter (25 per cent) in 2004/05 to a third (34 per cent) in 2013/14.
- The proportion of learners in ESF co-financed learning from areas in the bottom fifth of areas increased from a third (33 per cent) in 2004/05 to nearly four in ten (39 per cent) in 2013/14.
- However, in learning funded by Other funding streams, or that which did not attract any SFA/EFA funding, the proportion of learners from the most deprived areas decreased slightly and there were increases in the proportions from the least deprived areas.



Source: Gloster et al, 2015, ILR 2004/05 and 2013/14

**Figure 12: Profile of learners by IMD quintile, 2004/05 and 2013/14**

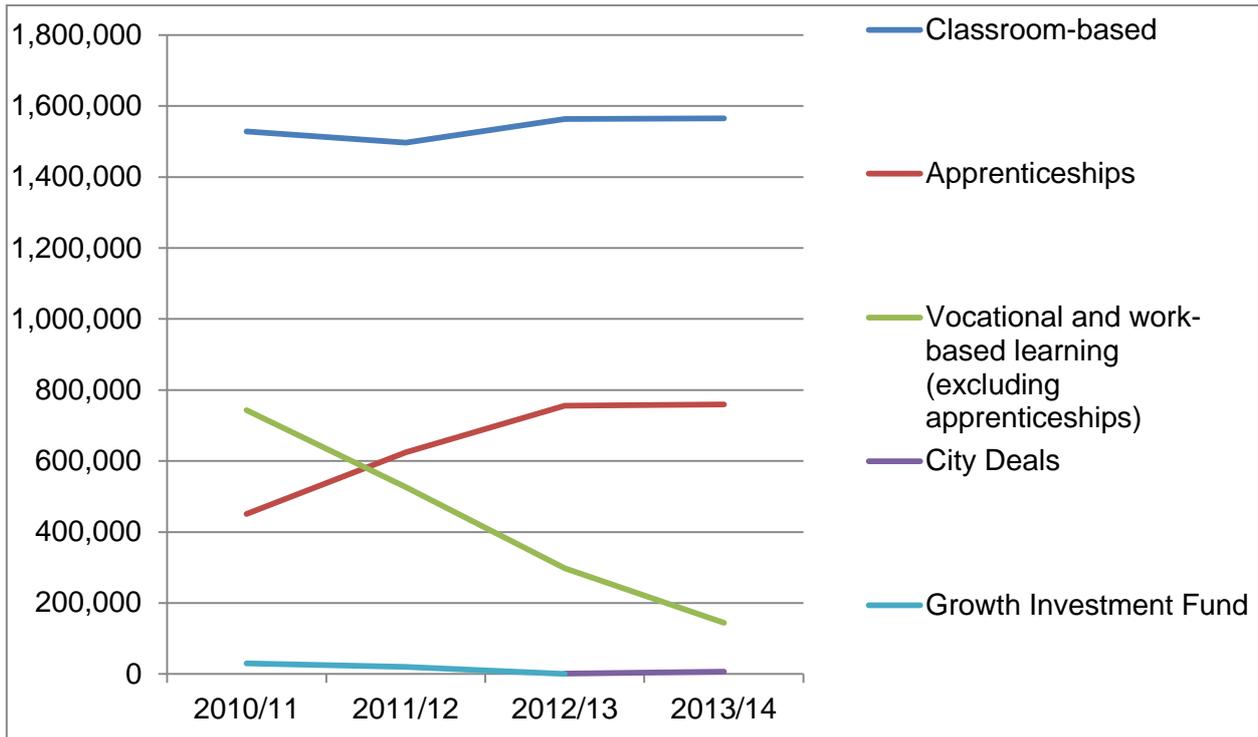
### 2.3 What learning is funded?

Data detailing the type of learning funded are limited to a few key sources. These sources describe and classify the nature of the learning funded in different ways which, to some degree, limits comparability.

Between 2010/11 and 2013/14, the ASB spend on vocational and work-based learning (excluding apprenticeships) fell by 81 per cent, and Apprenticeship spending increased by 68 per cent. Spending on Classroom-based learning rose slightly by two per cent and remained the largest budget within the ASB, accounting for two-thirds of overall investment (Figure 13). Of this overall spend, approximately £0.1bn was spent on each of the following; Basic English, Basic Maths and English for Speakers of Other Languages (ESOL<sup>7</sup>).

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<sup>7</sup> These terms are used in the Skills Funding which does not give a definition of 'basic'. It is likely that it refers to English and Maths learning below Level 2.



Sources: SFA 2011; SFA 2012; SFA 2013; SFA 2014

**Figure 13: Adult Skills Budget spend by training type (£000s), 2010/11 – 2013/14**

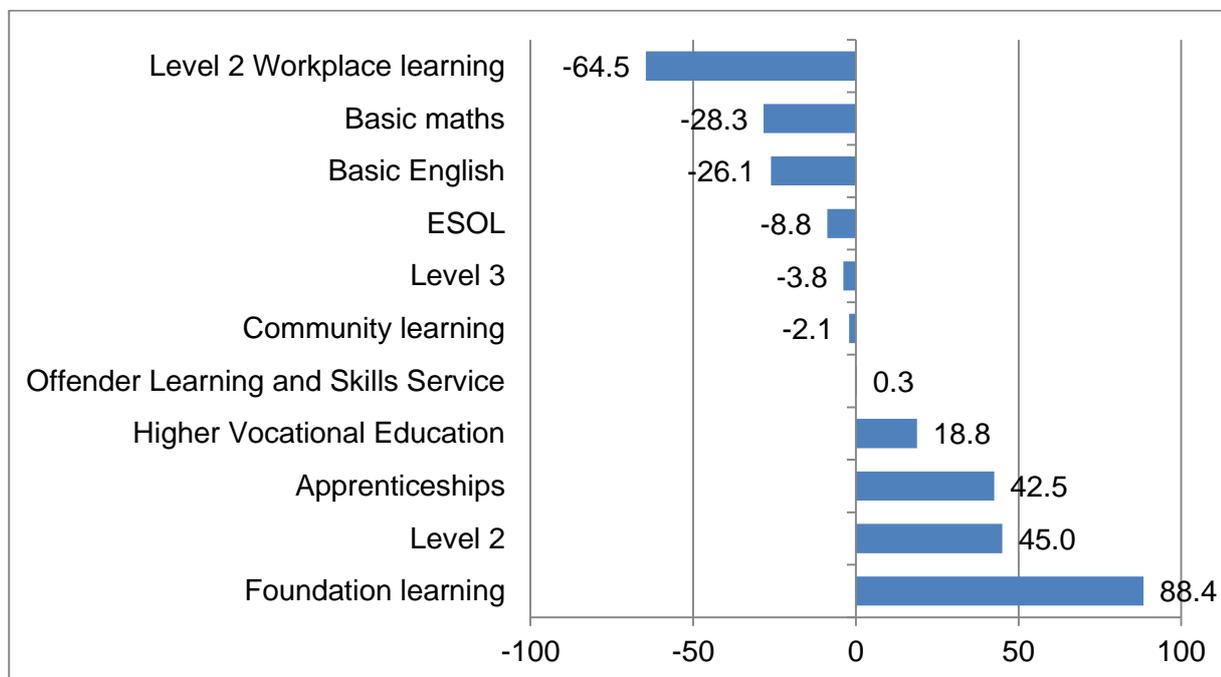
There has been a change in the number of learners by provision type and level between 2010/11 and 2012/13, and this is broadly a reflection of changes to levels of funding outlined above. For instance, the number of learners taking vocational and work-based learning at Level 2, excluding apprenticeship programmes, declined by 64 per cent between over this period. The number of individuals undertaking an Apprenticeship, meanwhile, increased by 43 per cent reflecting a large rise in the level of public sector funding for such programmes and an increased emphasis on Apprenticeships in Government policy.

In terms of classroom based provision, the number of learners undertaking Basic English and Basic maths courses fell by 26 per cent and 28 per cent, respectively, between 2010/11 and 2012/13. Using a different source of funding information to that used in Figure 13, this corresponded with a 10 reduction in funding for Basic English courses and a 5 per cent reduction in funding Basic maths courses over this period. However, this could be a reflection of the extent to which these qualifications are embedded in other programmes, There was also a slight overall decline in the number of learners taking ESOL courses (9%), despite a 10 per cent increase in funding, Disaggregating participation figures by age, this decline was more marked among learners aged 19-23 years old (18.3%).

The amount spent on Foundation learning courses, meanwhile, saw the largest increase in funding of all classroom based provision: 52 per cent between 2010/11 and 2012/13. The number of learners participating in such programmes also rose substantially by 88 per cent. Participation figures disaggregated by age suggest that this rise was driven by increased take-up among 19-23 year olds; the number of learners in this age group participating in foundation learning increased by 126 per cent (+85,600 learners). Other areas of classroom based provision that saw increased investment included Level 2 courses where funding rose by a fifth, while the number of learners on such programmes

increased by 45 per cent. Higher Vocational Education courses also saw heightened participation (18.8%), following a small increase in funding (5.7%).

The number of learners undertaking community learning and OLASS programmes remained relatively static, as did the amount of funding allocated to such programmes.



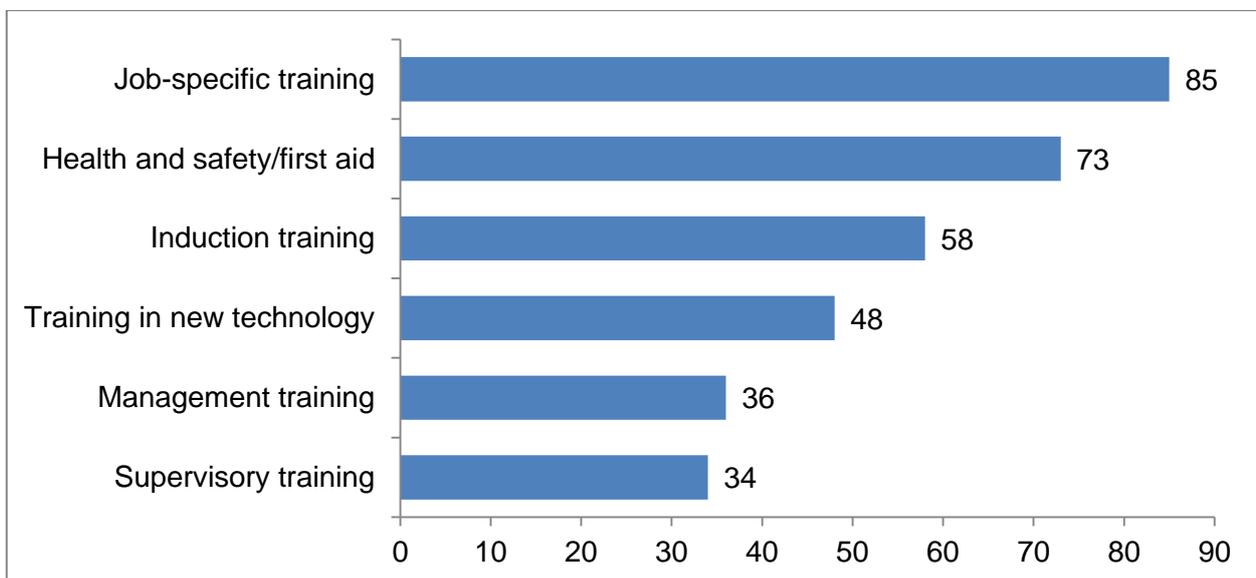
Source: BIS, 2012; BIS, 2014g

**Figure 14: The change in the number of learners by provision type and level between 2010/11 and 2012/13**

Benefit claimants undertaking FE Courses in 2012/13 were most likely to be undertaking learning at Level 1 (42% of learning aims), Entry Level and Level 2 courses accounted for 23 per cent and 24 per cent of all learning aims respectively, and four per cent of learning aims were at Level 3 (7% of learning aims did not have a level assigned) (BIS, 2014e). Of the learning aims at Level 2 or below, 15 per cent were English and Maths, 6 per cent were ESOL, and 79 per cent were for other types of learning (BIS, 2014e). Claimants studied a range of course types. The most popular programmes were:

- Preparation for Life and Work (Foundations for Learning and Life) 24%
- Preparation for Life and Work (Preparation for Work) 21%
- Information and Communication Technology 10%
- Health, Public Services and Care 9%
- Retail and Commercial Enterprise 8%
- Business, Administration, Finance and Law 7%

Data about the learning employers fund are collected through the ESS. In the 2013 survey, two-thirds of employers (66%) said they provided some training to staff over the past year. Of those that provided training, 47 per cent said a member of their staff trained towards a nationally recognised qualification in the past 12 months (31% of all employers). However, the ESS does not ask whether or not the employer made a financial contribution to this course. Of those employers that provide training, 85 per cent funded or arranged job-specific training, and 73 per cent provided Health and Safety or First Aid training (Figure 15). Employers have a range of motivations to train, including meeting legal requirements and ensuring staff are competent in their job roles in order to meet organisational needs and this is reflected in the type of training they fund and arrange. The CVTS 2010 found that 28 per cent of all hours on CVT courses were devoted to mandatory training (such as that related to health and safety), and that 31 per cent of all hours on CVT courses were on courses leading to a nationally recognised qualification (BIS, 2013b).



Source: ESS, 2013, in UKCES, 2014

**Figure 15: Type of training funded by employers**

A survey of employers found that just over a fifth (22%) of employers with current apprentices said that they had paid fees to a training provider for the cost of Apprenticeship training. By apprenticeship framework, the proportion of employers paying fees for the cost of training current apprentices divides into two groups. The first group consists of employers who had provided the more 'traditional' frameworks of Engineering & Manufacturing Technologies and Construction, Planning & Built Environment (alongside Agriculture, Horticulture & Animal Care and Information & Communication Technology) where around one in three employers had paid fees to training providers. In the other group were employers who had provided frameworks in Health, Public Services & Care, Retail & Commercial Enterprise, Leisure, Travel & Tourism, and Business, Administration & Law, where the proportion of employers who had paid fees was around one in five or less (Tu et al, 2013).

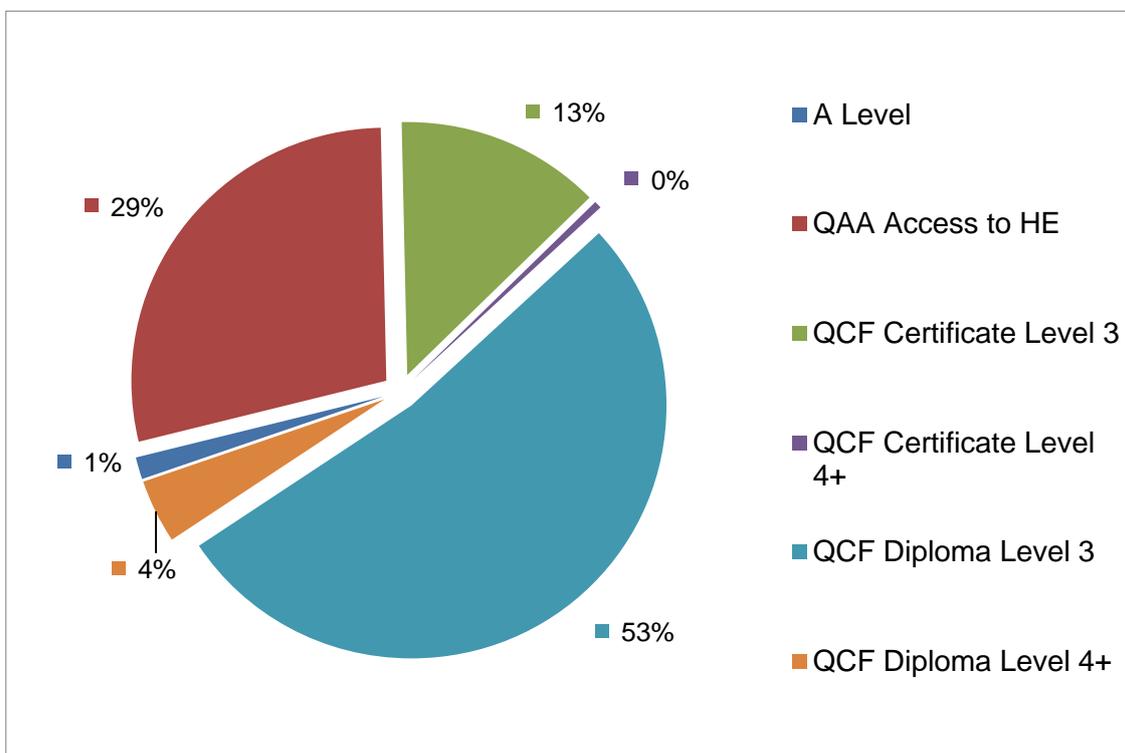
The more apprentices an employer currently had, the more likely they were to have paid fees (31% of those with more than 10 apprentices had paid fees), as were larger employers (25% of those with 25 or more employees). Length of involvement with

Apprenticeship programme also increased the likelihood of paying fees for current apprentices (Tu et al, 2013)

The national sector-based organisations focus on supporting vocational education and training. Just under half of the CITB grant (£50 million) was invested in apprenticeship grants, and just over half (£67.1 million) was spent on grants that supported other activity such as other vocational qualifications and supporting the development of training and development plans (CITB, 2013). In 2011/12, two-thirds (67%) of the ECITB expenditure was invested in apprenticeships and 20 per cent on skills and technical expenditure, and 13 per cent on supervisory management training (ECITB, 2012).

In 2013/14, Advanced Learning Loans applications were primarily to fund Level 3 learning. Over half were to fund Diplomas at Level 3, and 28 per cent were to support Access to Higher Education qualifications (which are Level 3). Only five per cent of loans were used to fund a Level 4 qualification (see Figure 16). This is reflected in the learner participation figures for 2013/14, which show that 95 per cent of learners that received an Advanced Learning Loan were undertaking courses at Level 3 (SFA, 2014b, Table 12).

Early analysis of the Individualised Learner Record (ILR) has indicated that, compared to the same period in the 2012/13 academic year, there was a drop by almost half in the volume of learners aged 24 or over on courses that were eligible for the loan funding (Adams et al, 2016). Higher proportions of loans learners were working towards Access to HE courses, while non-loans learners were more likely to be working towards Level 4 courses. Similar proportions of the two groups of learners were studying Level 3 qualifications. Private and voluntary sector providers have seen comparatively low levels of take-up of the loans and this is linked to their qualification offering (i.e. few offer access to HE courses) (Adams et al, 2016).



Source: BIS, 2015

**Figure 16: Applications to Advanced Learning Loans by course type (2013/14)**

The Employer Ownership of Skills Evaluation Round 1 has delivered substantially fewer learning starts than anticipated at the outset (just 37% of those planned at the interim stage). The projects planned to deliver 10,000 apprenticeships and 90,000 non-apprenticeship qualifications and credit frameworks (QCF) and non-QCF learning interventions between them (Diamond et al 2015).

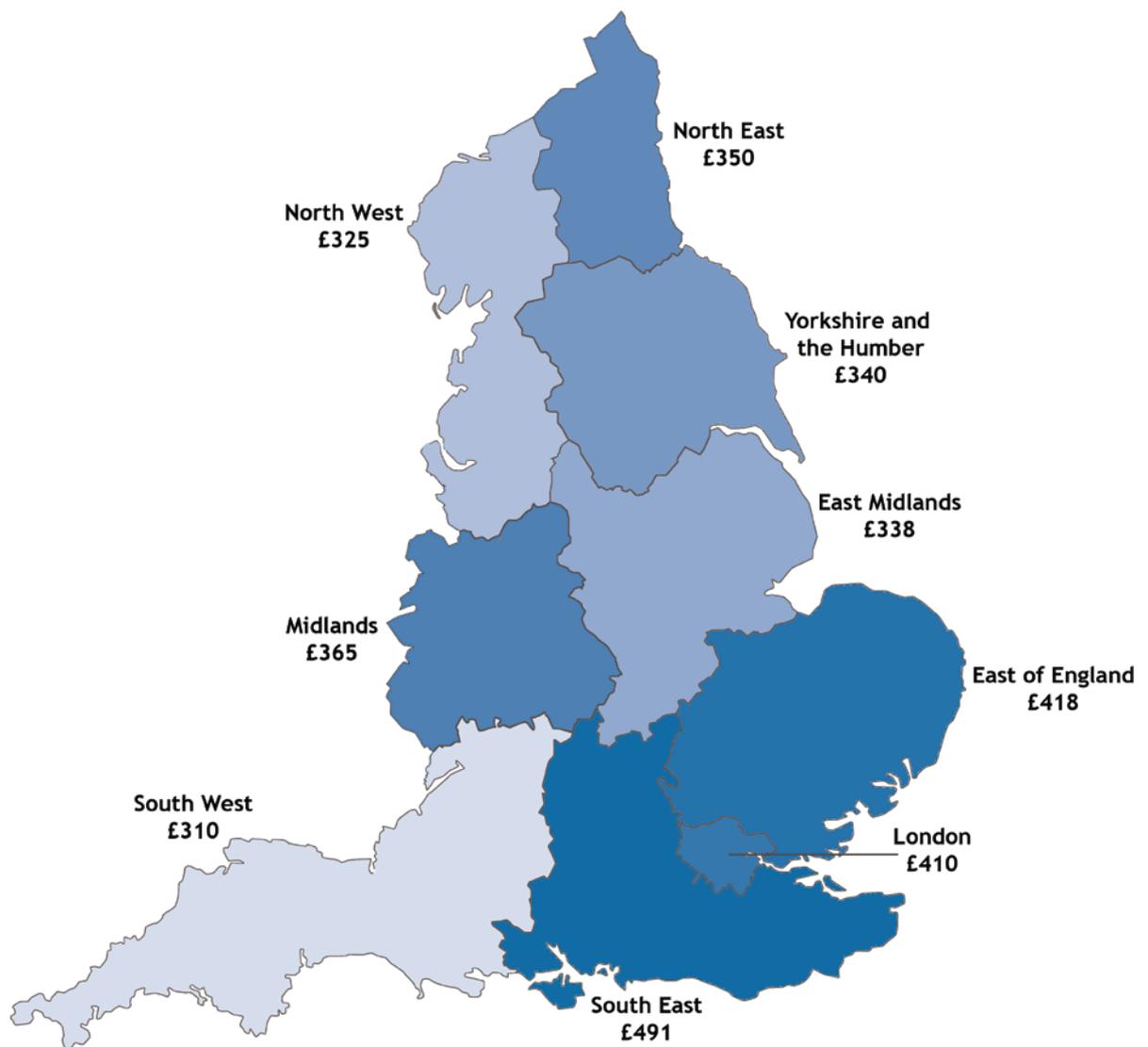
A further breakdown of the skills and qualifications employers invest in could potentially come from an analysis of the Labour Force Survey (LFS), although to date we have not found these analyses available in the public domain.

## 2.4 The geography of adult skills funding

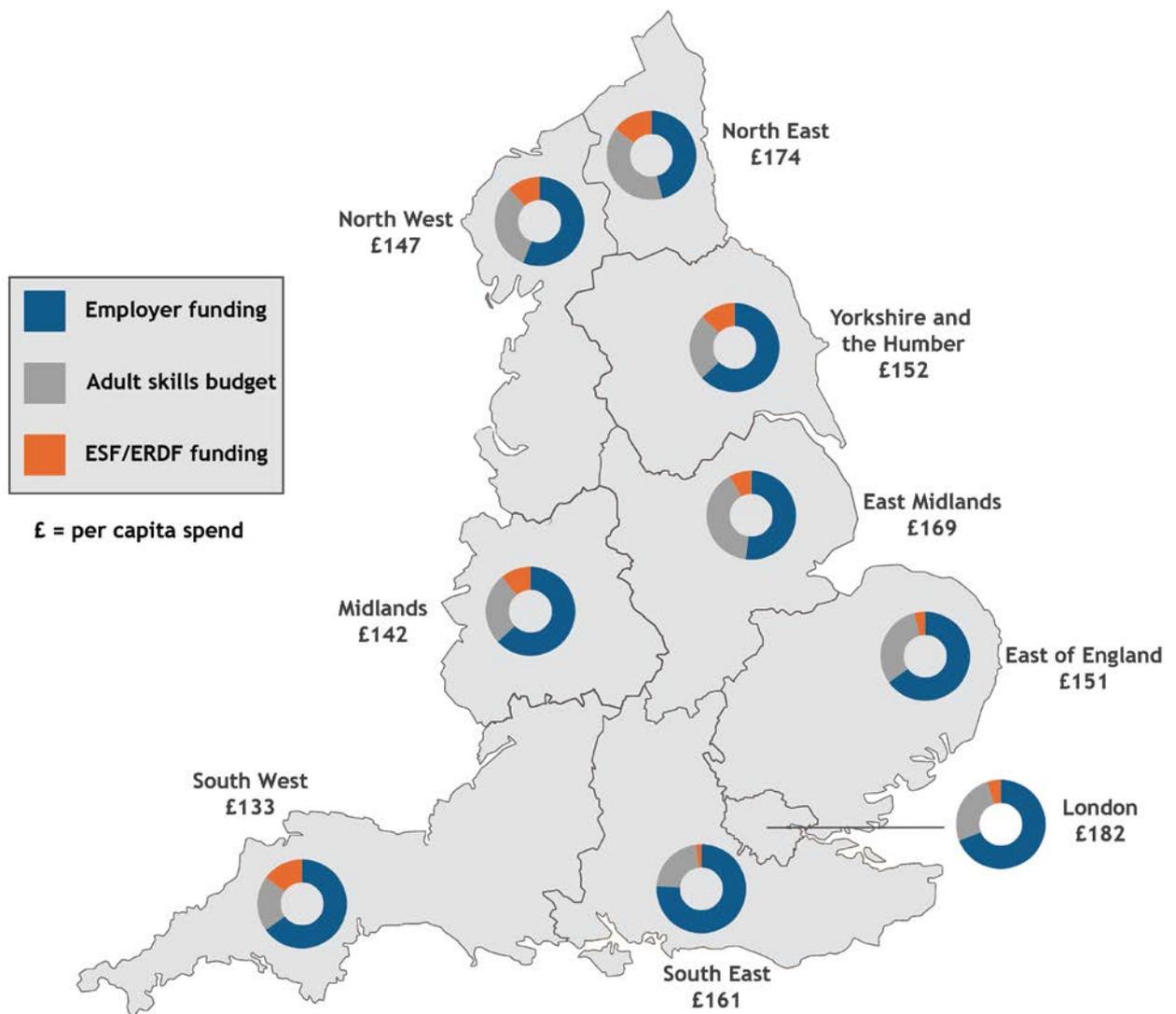
Data about adult skills investment at a regional or sub-regional (i.e. Local Enterprise Partnership) level has several gaps across the various funding sources. However, there are data for the three largest sources of investment by region: Employers; the ASB and; the ESF and ERDF.

The ESS illustrates **considerable regional variation** behind the overall seven per cent fall in investment. For example, between 2011/12 and 2013/14 South East, Yorkshire and Humberside, and East Midlands all saw an increase in employer investment (by 4, 3 and 2% respectively), while other regions, such as London and the North West saw a fall (-6 and -2% respectively). The employer spending per trained employee also varied by region (see Figure 18).

For all regions, employers provide the largest source of investment in skills. However, the proportion of investment from each of the three main sources varies between regions, with some relying on a larger share of funding from public sources (the ASB and ESF/ERDF) than others. For example, in the South East, 76 per cent of investment in skills from the largest three sources comes from employers; while in the North East region employer investment makes up 46 per cent of the total investment in adult skills (see Figure 17).



**Figure 17: Employer spending (by location) per trained employee, data from the UK Commission's 2013 ESS**



**Figure 18: The regional proportion of investment in adult skills from the three largest funding sources: employers, the ASB and ESF/ERDF (£'000s) for 2013/14**

The LEPs receive monies that can be spent on adult skills from a range of sources. There appears not to be a single source of data that details how LEPs invest their money, so the following two case-studies below highlight some of the sources of monies that LEPs are accessing and the types of skills-related work they are funding.

## Case study - Liverpool City Region LEP

### Overview

The Liverpool City Region (LCR) LEP was established in March 2012 and represents six Local Authority areas. It is one of the most heavily private sector orientated LEPs in England, with a private sector led board and a membership model that comprises many of the region's major organisations. The LEP originally set itself three high-level objectives that it hoped to achieve on behalf of its partners:

1. Growth – both in terms of absolute output (GVA) but also in jobs
2. Increased productivity
3. A rebalanced economy – with an increased emphasis on private sector employment

### Skills issues

The LCR LEP's 2013 Skills for Growth report identified a skills deficit within the local labour market. A bespoke analysis of the 2011 UKCES Employer Skills Survey showed that, of the 13 per cent of Liverpool City Region employers actively recruiting at the time of the survey, 40 per cent of employers with vacancies considered that one or more were 'hard to fill'. This issue was particularly pertinent for employers seeking to fill high skill positions. Further, among their existing workforce, 70 per cent of employers in the Liverpool City Region (compared to 60 per cent of employers nationally) believed that skills gaps amongst their staff impact on their organisation's performance. The annual report concludes that these findings indicate, "a clear need for up-skilling the existing workforce which could be met through workforce training and development" (LCR, 2013, p.32).

To address these issues, the LEP agreed that a business-led LCR Employment and Skills board should be responsible for the implementation of the Region's Employment and Skills Strategy. The Strategy established three aspirations:

1. For LCR to become England's top performing City Region in terms of learning, employment and skills outcomes for 14-24 year olds
2. To reduce by half the number of LCR's deprived wards in England's worst performing 10%
3. For LCR to become a leading City Region outside of the South East in terms of the proportion of graduates and Level 4 qualifications in its workforce

### Initiatives

In order to achieve these aspirations, LCR Employment and Skills board has sought to influence existing provision in the region to better address the skills needs of employers and enhance the competitiveness of the labour market through a number of initiatives, whose budgets together total £77.7 million.

The Skills for Growth Bank is an Employer Ownership Pilot project (under Round 1) funded by the Skills Funding Agency. This business owned mutual gives greater control of public sector grants to businesses, which they can use alongside their own training budgets and investments to enhance their buying power with training providers.

## Case study - Liverpool City Region LEP (cont.)

The bank can be used to fund apprenticeships, pre-employment training and other workforce development (accredited and non-accredited). Through a competitive bidding process, individual companies or groups of employers can apply for grants to train individual staff members or for a wider workplace training programme. Applicants can apply for any amount between £1,000 and £1 million. A typical award from the bank accounts for up to 60 per cent of the costs of training; the remaining 40 per cent must be paid via employer co-investment. It was envisaged that the initiative will provide up to £32 million of public and private funds in control of employers (LCR Employment and Skills Board, 2013, p.15). The bank has also sought to simplify the process of purchasing training from a provider, by creating a single online marketplace for the region with search and comparison tools.

LCR LEP recently secured significant additional funding through the Local Growth Deals, which were announced in July 2014. This committed £4.6 million over the next three years (subject to Departmental budgets being available in 2016-17 and 2017-18). These funds will support co-investment in a redesigned Skills for Growth Bank, which will help test the implementation of the new employer-routed funding model. As of July 2014 the Skills for Growth Bank had achieved the following (LRC, 2014, p.8):

1. 86 funding applications had been approved
2. 4,325 learners had started on programme with 149 Apprenticeship starts, with the balance being for other accredited training
3. Grant offers totalled £2,067,728.01
4. The bank had received approximately £1.4 m cash co-investment from employers and £0.15m of in-kind investment

As part of the Local Growth Deal, LCR also secured £41.1 million for investment in skills infrastructure in the region. The Skills Capital Investment fund is open to FE Colleges and other approved training providers to improve their learning facilities in line with the skills strategy of the LCR. Funds are awarded through a competitive bidding process, and are available through four strands of activity:

Strand 1: £23.6m is available for improvements to buildings and facilities with a focus on FE colleges with inadequate estate. Funds are also available to the wider FE sector to improve the quality of teaching and learning delivered, and to facilitate employer engagement and the removal of curriculum constraints that will enable more skills facilities to become available that reflect the region's growth priorities.

Strand 2: £4m to improve the conditions in facilities where skills training is delivered.

Strand 3: £7m to invest in equipment to ensure that people are being trained on equipment used by businesses.

Strand 4: £6.5m to create a revolving fund for FE Colleges to invest in their plant and facilities to reduce their carbon impact.

## Case study - Solent LEP

### Overview

Solent LEP covers Central South Hampshire; this includes the port cities of Southampton and Portsmouth, as well as the Isle of Wight. The partnership is led by the business community and is supported by local stakeholders from the FE and HE sector, the not-for profit sector, three unitary authorities, eight district councils and one county council. The aim of the LEP is to create a platform for sustainable economic growth by focusing on a number of key levers. This includes investing in skills, making certain that businesses in the region are able to source their skill requirements, and promoting greater job creation for the local population.

### Skills issues

Broadly speaking, the Solent labour market is currently in a strong position. The region benefits from a mixed economy, and a significant share of employment is highly skilled (45.8%, higher than the England average of 44.1%) (Solent LEP, 2014, p.12). With regard to skills shortages, just 5 per cent of local employers had one or more vacancy that was hard to fill. However, a fifth of Solent LEP employers (8,500) reported skills gaps among their existing workforce, with around 35,000 employees judged not to be fully capable in their jobs (5.3% of total employment in the area).

Further, the total number of jobs in the region is projected to rise by 6.2 per cent between 2010 and 2020 (Solent LEP, 2014, p.13). This will include a shift towards high-level occupations, with increased demand for higher level skills and qualifications. Currently, while a high proportion of the Solent workforce is qualified at intermediate levels (Level 2 and Level 3) compared to the rest of England and indeed the South East, a lower proportion are qualified to Level 4 and above compared to these areas (32%).

In order to address these issues, and thereby help meet Solent LEP's future growth targets, the body has identified a number of priorities that aim to up-skill the future workforce, match young people's career ambitions to employers' projected needs, raise business investment in skills and improve the responsiveness of the skills system to the local economy (Solent LEP, 2014, p.18).

### Initiatives

Funds for various initiatives that have been primarily acquired through the **Local Growth Deal** agreed in 2014 will help to facilitate the achievement of these broad aims. Together, these funds total £26.7 million.

The Deal included a **Skills Capital Investment** package designed to improve provision in the growing sectors of marine, maritime and advanced manufacturing. Central government has committed to invest £9m in upgrading facilities at Eastleigh College, where a new Advanced Technology block will be developed, with Solent LEP having committed £3.4m. It is envisaged that this investment will increase the number of young people enrolling on STEM courses by 10 per cent annually between 2014 and 2020. Further, the government has committed to investing £10.9m towards the development of a new centre of excellence focused on the growth area of composites on the Isle of Wight. Solent LEP will contribute £1.3m towards this initiative, including £500,000 in equipment donated by employers. The centre will be supported by the global engineering company, GKN and will be based alongside their high-tech facilities.

### Case study - Solent LEP (cont.)

Together, Solent LEP and government have committed £600,000 to support the delivery of the **Solent Growth Hub**. This initiative was launched as part of the Southampton and Portsmouth City Deal. It is promoted as a single information source for business on growth initiatives in the region. The hub directs employers towards national and local sources of support to develop their business, in line with Solent LEP's priorities. This includes several funding sources.

The Solent **Employer Ownership of Skills Programme** opened in September 2014. It is a competitive fund of £1.5m, specifically targeted at marine businesses. Employers in this sector can apply for funding to help them invest in their current and future workforce, creating jobs and raising skill levels in the region.

## 3. Returns to Adult Skills

This chapter provides the synthesised findings of a Rapid Evidence Assessment (REA) about the returns to adult skills in the UK. Benefits fall under three areas: individual benefits accrued to the learning, benefits that accrue to employers and wider benefits that accrue to society as a whole. Furthermore, individual benefits are considered under seven separate themes: entry into work, progression in work, earnings premiums, progression in learning, skills acquisition, benefits to learners' families and children and, finally, wider individual benefits. Each is discussed in turn below.

### 3.1 Individual benefits

#### Entry to work

Generally, adult learning was shown to be associated with increased rates of entry into work. The table below shows some examples of these associated returns, as well as their variation according to level of learning, qualification type, age and gender of learner and the length of time post-learning (see Table 4)

Generally, participation in adult learning was associated with enhanced rates of **entry into work**, and qualifications in particular may be a strong predictor of being employed (Conlon and Patrignani 2013; Dorsett et al 2010; 2011; CE and IER 2013; Devins et al 2011). Moreover, in the Armed Force context it was felt that 'civilian' qualifications assisted personnel with the transition into alternative work (House of Commons Defence Committee, 2013). The findings of many studies also suggest that – to a greater or lesser degree – higher levels of learning may be associated with increased rates of entry into work (Higton et al 2013; Samek Lodovici et al 2013; Bibby et al 2014; Conlon and Patrignani 2013). For example, Level 1 achievers were found to spend an average of one and a half weeks more in employment than non-achievers four years post-completion (Wiseman et al 2013).

However, the findings are more nuanced than a straightforward interpretation of this trend would indicate. For example, rather than revealing a uncomplicated positive relationship between entry to work and learning level, the unemployment and inactivity rates of male and female learners who upgraded their qualification level has been found to fluctuate or plateau, as did that of male learners studying at or below the level of their initial qualification (Dorsett et al 2010; 2011). More complex econometric analysis demonstrated that learning which leads to upgrading is more potent, with a positive employment effect manifesting three years post-study after an initial negative effect (Dorsett et al 2010; Dorsett et al 2011). The dynamic nature of rates of entry into work was further demonstrated in the evidence base. Returns to vocational qualifications appeared initially to be negligible but then gradually increased over the ensuing seven year period (CE and IER 2013). Additionally, more recent apprenticeship completers (those doing so in the two years prior to being surveyed) were more likely to be in employment than those completing three years previously (Higton et al 2013). Furthermore, alternative research found individuals with lower levels of educational attainment were as or more likely to be in permanent employment compared to those completing higher level qualifications (London Economics and Ipsos MORI 2013b).

**Table 4: Entry into work associated returns**

Work entry returns to adult learning				
<p><b>Returns to Level 2 and 3 apprenticeships and other vocational qualifications</b></p> <p>Employment returns relative to Level 1 qualifications. Significant at the 1% level.</p> <p><i>Samek Lodovici et al (2013)</i></p>	Level 2	Level 2 & Recognised Apprenticeship	Level 3	Level 3 & Recognised Apprenticeship
	3.9%	6.8%	7.4%	9.7%
<p><b>Returns to upgrading qualification level in 19+ FE provision</b></p> <p>Implied employment premia</p> <p><i>Cambridge Econometrics and IER (2011)</i></p>	Below Level 2 to Level 2	Level 2 to Level 3	Level 1 to Level 3	
	5.4%	2.1%	7.7%	
<p><b>Returns to Level 1 to 4 qualifications in 19+ FE provision</b></p> <p>% achieving sustained positive destination rates</p> <p><i>BIS (2014f)</i></p>	Employment only	Learning only	Learning and employment	
	51	11	10	
<p><b>Returns to Level 3 vocational qualifications</b></p> <p>Employment premia. Compared to an individual with no formally recognised qualifications</p>	RSA Level 3	City and Guilds Level 3	BTEC Level 3	NVQ Level 3
	4.9%	3.7%	5.5%	2.9%

<b>Work entry returns to adult learning</b>				
<p>Marginal employment returns Compared to Level 2 academic or vocational qualifications. All results significant at the 1% level</p> <p><i>Conlon et al (2011)</i></p>	<p>5.8% Men: NS Women 6.8%</p>	<p>13.6 Men: 10.9% Women: 3.8%</p>	<p>7.6% Men: 5.4% Women: 8.3%</p>	<p>15.2% Men: 8.7% Women: 16.8%</p>
<p><b>Returns to learning below Level 2</b></p> <p>Estimated impact of achieving qualification</p> <p><i>Wiseman et al (2013)</i></p>	<p>Entry Level Learners aged 19 to 24</p> <p>1.5 % point increase Not significant</p>	<p>Level 1 Learners aged 19 to 24</p> <p>3.3 % point increase Significant at the 0.1% level</p>	<p>Entry Level Learners aged 25 and over</p> <p>1.1 % point increase Significant at the 1% level</p>	<p>Level 1 Learners aged 25 and over</p> <p>0.8 % point increase Significant at the 0.1% level</p>
<p><b>Returns to Level 1 to 4 vocational qualifications</b></p> <p>Impact on employment outcomes. Significant at the 1% level</p> <p><i>Conlon and Patrignani (2013)</i></p>	<p>Level 1</p> <p>1 year: 2.4% 3 years: 3.4% 5 years: 3.6% 7 years: 3.7%</p>	<p>Level 2</p> <p>1 year: 3.0% 3 years: 4.0% 5 years: 4.1% 7 years: 4.5%</p>	<p>Level 3</p> <p>1 year: 2.2% 3 years: 3.8% 5 years: 4.6% 7 year: 5.1%</p>	<p>Level 4</p> <p>1 year: 2.9% 3 years: 4.6% 5 years: 4.6% 7 years: 5.6%</p>
<p><b>Returns to upgrading qualification level for male learners aged 25 to 60</b></p> <p>Marginal employment probabilities</p> <p><i>Dorsett et al (2010)</i></p>	<p>Upgraded education level in the last year</p> <p>-5.7%</p>	<p>Upgraded education level two years ago</p> <p>-3.7%</p>	<p>Upgraded education level three years ago</p> <p>-0.6%</p>	<p>Even upgraded education level</p> <p>5.5%</p>

The picture is further complicated by age. Looking at FE at aggregate level, whilst learners aged 19 to 24 and 25 to 49 had similar employment rates, learners aged 50 and older had lower employment rates (BIS 2014f). Likewise, where it was found that Full Level 2 and 3 completers had higher employment rates than Level 2 or 3 achievers, the latter cohort were on average five and 10 years older (Bibby et al 2014). However, apprenticeship learners in the 16 to 18 cohort were more than twice as likely to be unemployed than those aged 25 and over (Higton et al 2013). In addition, younger learners were found to be more likely to have broken employment pathways or be in temporary or part-time work (Anderson et al 2011; London Economics and Ipsos MORI 2013b). Elsewhere the findings were less clear-cut. Whilst it was noted that City and Guilds qualifications hold greater benefits for younger learners, the employment effect of Level 2 and 3 NVQs increased with age (Conlon et al 2011). Attitudinally, there were also found to be differences, as older ESF-funded learners were less likely to indicate that they felt they would find work in the following six months (Anderson et al 2011). This may in part intersect with the suggestion that, whilst it is necessary to facilitate training for older workers to support re-entry into work, this can be challenged by a potential lack of confidence or willingness to participate (Devins et al 2011).

Considering gender, some evidence shows female learners on average to have higher rates of employment, for example both in FE in general and specifically in ESF-funded contexts (where additionally women had greater percentage point increases in their employment rates between the pre- and post-training periods) (Bibby et al 2014; Anderson et al 2011). Where results were also disaggregated by qualification type, the trend remained partly similar, with Level 2 and 3 NVQ qualifications associated with particularly strong returns for women and Level 1 RSA qualifications somewhat less so (Conlon et al 2011). In contrast, the benefits correlated with City and Guilds attainment was notably concentrated amongst male learners (Conlon et al 2011). However, other research considering all FE qualifications found sustained employment rates were equal between men and women, although it was noted the latter cohort had higher sustained positive destination rates into further learning (BIS 2013f). In contrast to the above findings, multivariate analysis of ESF-funded learning showed that being male was positively associated with being in employment (Anderson et al 2011). It is important to note that the nature of work is obscured in these findings; this is particularly important as it has been found that greater proportions of women are in part-time work (Bibby et al 2014; London Economics and Ipsos MORI 2013b).

For some analyses, certain disciplines of study were found to be associated with higher sustained employment rates. For example, Business, Administration and Law completers (across levels and types of provision, including apprenticeships) were found to have a greater likelihood of being employed and in full-time work (BIS 2014b; Higton et al 2013). Construction, Planning and the Built Environment was instead found to have completers more likely to be temporary or casual work – although the greater numbers of self-employment were noted (Higton et al 2013). Furthermore, and in contrast to the findings outlined above concerning gender, learners from male-dominated sector subject areas (SSAs) were found to have greater three to five year employment probabilities than those from female-dominated SSAs (Bibby et al 2014). However, it was found elsewhere that the benefits of FE qualifications demonstrated little variation by sector (CE and IER 2013).

Bearing in mind the current emphasis on apprenticeships, estimates indicate there are significant employment returns associated with all forms of apprenticeships. However, Advanced level programmes were associated with higher returns than recognised trade

apprenticeships. Moreover, traditional apprenticeships only produced significant premia for men, while women were found to do relatively well from Foundation level apprenticeships (Conlon et al 2011). It is additionally of note that apprenticeship completers were found to experience stronger returns than achievers of non-apprenticeship qualifications of the same level and individuals completing skills courses (Samek Lodovici et al 2013; BIS 2014f). However, it was noted that as apprentices are employed during study, even non-achievers will have a higher probability of continuing in employment, although at a much lower wage (Bibby et al 2014).

External factors can influence the effectiveness of training in relation to entering work, not least its vocation orientation or the local labour market conditions (Anderson et al 2011; Wiseman et al 2013). It was noted that providers that had high proportions of learners claiming JSA or ESA (WRAG) were likely to have lower rates of progression into work (BIS 2014f). However, where these learners had entered work, one study found there was a strong likelihood of sustained employment (Adams et al 2011). Furthermore, a greater link between courses and real-life work contexts may enhance returns, as can careful matching of employers and learners on work experience, or use of employer engagement officers (Johnson et al 2011; Ofsted 2010). However, where learners lack relevant experience to complement training – or undergo training unrelated to labour market demand, this can be associated with diminishing returns (Johnson et al 2011). In addition, where participants in ESF-funded training were ‘made to go’ on a course or felt it was irrelevant or at the wrong level, this was found to be associated with lower employment rates (Anderson et al 2011). Furthermore, concerns about giving up caring responsibilities, or perceiving a shortfall between future earnings and ensuing costs such as childcare can negatively impact entry into work (Swain et al 2014).

An important discourse to end with is the attitudes of learner regarding their employment prospects. Where apprenticeship learners remained out of work or in further learning following completion, over two-thirds felt the experience had improved their chances of finding work in the future (Higton et al 2013). Younger learners undertaking traineeship programmes expressed similar views, with 57 per cent stating that the training had greatly improved their chances of finding paid employment, while 28 per cent said that it had improved their chances a little (Coleman et al, 2015b). Trainees also saw a positive impact on their confidence and readiness for work, and many (58%) stated that the traineeship had made them more likely to apply for an apprenticeship. Both community and ESF-funded learners also reported increased ‘soft’ skills around employability, and enhanced prospects as their basic skills course provided a stepping stone to a new qualification and thus further job opportunities (Harding et al 2014; Dickinson and Lloyd 2010; SQW Ltd et al 2013a; 2013b). However, in the case of the latter, this did not necessarily translate into hard outcomes such as jobs (Harding et al 2014; Dickinson and Lloyd 2010; SQW Ltd et al 2013a; 2013b). Indicative longitudinal analysis did indeed show that in the case of training that led to sector-specific certificates, cards or licences, initial positive soft outcomes had not necessarily fed into long-term employment outcomes (Adams et al 2011).

### **In work progression**

Much of the evidence around progression in work centred on learner surveys, with respondents indicating a range of benefits including greater responsibilities (including managing others), pay rises, promotions, new work or increased job satisfaction. The table below provides some indicative examples of the proportions of respondents which reported such benefits (see Table 5).

**Table 5: In work returns**

In work returns to adult learning				
<b>Returns to Level 2 and 3 apprenticeships</b>	Level 2	Level 3	Engineering and Manufacturing Technologies	Health, Public Service and Care
% doing a job with more responsibilities	73	76	83	75
% supervising others	35	46	38	38
% received a promotion	40	47	46	43
Higton et al (2013)				
<b>Returns to ESF-funded learning, Entry Level to Level 3</b>	Moved to a permanent contract	Received a pay rise	Taken on responsibility for managing people	Improved job security
% of employees	25	64	36	69
Anderson et al (2014)				
<b>Returns to 19+ FE provision, Entry Level to Level 4</b>	Got a better job	Received a promotion	Increased job satisfaction	Better job security
% of completers	31.2 Men: 34.8 Women: 28.8	14.5 Men: 17.9 Women: 12.2	57.8 Men: 58.2 Women: 57.5	43.4 Men: 48.7 Women: 39.9
<b>Returns to learning below Level 2</b>	Level 1 learners	Below Level 1 learners	Obtained a qualification	Did not obtain a qualification
% of respondents in work before and after training who obtained a new job at higher pay	35	30	35	36
Wiseman et al (2013)				

In work returns to adult learning				
<b>Returns to Community Learning (Wider Family Learning and Family English, Maths and Language programme elements)</b>	Better able to do job	New job/changed to different type of work	Pay rise, promotion or different type of work	Stayed in job they might have lost without the course
% of learners	37	19	11	6
<i>Harding and Ghezelayagh (2014)</i>				

In contrast to the evidence base concerning progression into work, when it came to **in-work** progression, findings concerned ‘softer’ outcomes: perceptions of both one’s own skills and the connection between these and promotion (Vorhaus et al 2012a; 2012b; Harding and Ghezelayagh 2014). It was noted that adult learning is strongly valued by those in employment: employees feel it improves the way they work, increases job security and enhances future job prospects (EU Skills Panorama 2014). Both in and out of work, learners from a wide range of training contexts (apprenticeships, work-related learning and basic skills training in community learning and Armed Forces contexts) broadly felt the experience prepared them to progress in work and inspired confidence in potential career progression (Higton et al 2013; Ofsted 2010; Vorhaus et al 2012b; Harding and Ghezelayagh 2014). Community learning in particular was found to raise aspirations: ranging from stepping up from unskilled work to attaining a management position (SQW Ltd et al 2013b). Basic skills training in the Armed Forces context demonstrated more variation, as personnel were more engaged with the idea of learning for progression where they were aware of entry requirements for progression, such as reaching at least Entry Level 3 to enter the second training phase, or if they had a learning difficulty or disability (Vorhaus et al 2012b; House of Commons Defence Committee 2013).

Employers providing in-work training designed to address industry specific skills shortages believed that, as a result of engaging in the programme, trainees had enhanced their career prospects within the business and the wider sector (Diamond et al, 2015). Trainees also seen to be better placed to make more informed career decisions as a result of undertaking the training, due to their enhanced awareness of the industry and its skill requirements, and it was reported that many had acquired key employability skills, such as enhanced confidence and the development of team building skills (Diamond et al, 2015

Comparatively evidence of ‘hard’ outcomes is more limited. Nevertheless, it has been stated that access to training is crucial to provide opportunities to move out of low pay (Devins et al 2011). Available evidence suggested small to moderate returns from community learning in terms of receiving higher pay, a promotion or new responsibilities at work (Swain et al 2014; Harding and Ghezelayagh 2014; Harding et al 2014). Greater proportions of ESF-funded learners noted similar benefits (pay rises, taking on higher skilled work or management responsibilities), although the proportions doing so decreased with age (Anderson et al 2011). Older learners were also less likely to cite such outcomes following work-focused training through the Six Month Offer; however overall two-thirds of participants in the Six Month Offer who were in work did report progression in salary, hours, responsibilities or contract type (Adams et al 2011). This cohort was additionally less positive about opportunities for advancement in their current role and saw fewer opportunities for promotion (Adams et al 2011). More positively, three-quarters of apprenticeship completers noted that their role now encompassed greater responsibility as a result of completing the programme. This was particularly true for framework completers in Engineering and Manufacturing Technologies and Planning and the Built Environment (Higton et al 2013). Additionally, in-work ESF-funded learners in one study reported that their training was helpful or invaluable in progressing their career, whilst a later study found male participants were more likely to report a greater sense of job security. At the same time, female learners were more likely to move to a permanent contract or take on higher-skilled work (Dickinson and Lloyd 2010; Anderson et al 2011). ESF-funded learners who were lone parents were also more likely to report heightened job security (Anderson et al 2011).

## Wage premiums

Generally engagement in adult learning was associated with moderate to substantial earnings returns, which were differentiated by learning and learner characteristics as well as diminishing or increasing over time. The table below demonstrates some example wage premiums to learners following learning in FE (see Table6).

**Table 6: Wage returns**

Wage returns to adult learning				
<p><b>Returns to Level 2 and 3 apprenticeships</b></p> <p>Average take-home salary</p> <p><i>Higton et al (2013)</i></p>	<p>Average following tax and NI deductions</p> <p>£14,563</p>	<p>Engineering &amp; manufacturing technologies</p> <p>£18,305</p>	<p>Level 3 completers</p> <p>£16,294</p>	<p>Level 2 completers</p> <p>£13,507</p>
<p><b>Returns to Level 2 and 3 apprenticeships and other vocational qualifications</b></p> <p>Earnings premiums. Level 2 as compared to Level 1 and Level 3 as compared to Level 2.</p> <p>Lifetime earnings present values</p> <p><i>Samek Lodovici et al (2013)</i></p>	<p>Level 2</p> <p>6%</p> <p>Level 2</p> <p>£92,000</p>	<p>Level 2 with apprenticeship</p> <p>15.1</p> <p>Level 3</p> <p>£147,000</p>	<p>Level 3</p> <p>15.5%</p>	<p>Level 3 with apprenticeship</p> <p>22.9%</p>
<p><b>Returns to Level 1 to 3 vocational qualifications</b></p> <p>Average earnings premiums over time</p> <p><i>Conlon et al (2011)</i></p>	<p>City and Guilds</p> <p>Level 3: 11.1% Level 2: 4.4% Level 1: NS</p>	<p>BTECs</p> <p>Level 3: 13.8% Level 2: 4.3% Level 1: 4.1%</p>	<p>NVQs</p> <p>Level 3: 4.5% Level 2: -5.2% Level 1: -6.2%</p>	

<b>Wage returns to adult learning</b>				
<p><b>Returns to learning below Level 2</b></p> <p>Impact of achieving relative to non-achievement</p> <p><i>Wiseman et al (2013)</i></p>	<p>Learners aged 19-24 Entry Level</p> <p>6.5% Not significant</p>	<p>Learners aged 19-24 Level 1</p> <p>11.1% Significant at the 0.1% level</p>	<p>Learners aged 25 and over Entry Level</p> <p>1.4% Not significant</p>	<p>Learners aged 25 and older Level 1</p> <p>3.3% Significant at the 0.1% level</p>
<p><b>Returns to Level 1 to 4 vocational qualifications</b></p> <p>Impact of achieving relative to non-achievement. Significant at the 1% level unless noted.</p> <p><i>Conlon and Patrignani (2013)</i></p>	<p>Level 1</p> <p>1 year: 4.0% 3 years: 2.7% 5 years: 3.0% 7 years: 3.3%</p>	<p>Level 2</p> <p>1 year: 4.3% 3 years: 2.3% 5 years: 2.4% 7 years: 5.0%</p>	<p>Level 3</p> <p>1 year: -0.4% NS 3 years: 1.0% significant at the 5% level 5 years: 3.6% 7 year: 6.5%%</p>	<p>Level 4</p> <p>1 year: 3.9% 3 years: 5.8% 5 years: 8.5% 7 years: 11.9%</p>
<p><b>Returns to Level 2 and 3 apprenticeships and other vocational qualifications</b></p> <p>Earning premia after qualification attainment one and three years after study</p> <p><i>BIS (2014c)</i></p>	<p>Intermediate apprenticeship</p> <p>1 year: £14,700 3 years: £16,800</p>	<p>Advanced apprenticeship</p> <p>1 year: £16,800 3 years: £18,900</p>	<p>Full Level 2 Skills</p> <p>1 year: £16,100 3 years: £17,100</p>	<p>Full Level 3 Skills</p> <p>1 year: £15,200 3 years: £15,800</p>

Despite variation in magnitude, clear **wage premiums** are associated with adult education, often differentiated by level of learning, delivery format, qualification type, subject and age or gender. In addition, they prove to be dynamic so may intensify or erode over time. Therefore, they may take time to manifest (Conlon and Patrignani 2013; BIS 2014c; Blanden et al 2012; Samek Lodovici et al 2013). For example, around one-third of more recent apprenticeship completers reported a pay rise, increasing to nearly three-quarters of long-term completers (Higton et al 2013). Furthermore, it has been suggested that although there is a large body of evidence around the earnings returns to qualifications, returns to training and skills more generally are more problematic to estimate. Indeed, it had been found that learners who obtain a qualification are more likely than those that do not to experience an increase in earnings (Devins et al 2011, Wiseman et al 2013). The effect of qualification attainment has been found to be particularly strong when this leads to an upgrading of education level (Dorsett et al 2010; 2011).

First, regarding the level of learning, much of the evidence base suggests that the higher the level of learning the greater the returns (London Economics and Ipsos MORI 2013b; Conlon and Patrignani 2013; Dorsett et al 2010; 2011). For example, whilst learning below Level 2 overall was associated with modest increases in earnings – a few pounds per week – learners at Level 1 were more likely to have a pay rise than those learning at a lower level (Wiseman et al 2013). Likewise, strong returns to Level 1 qualifications were found when compared to individuals with no formal qualifications, with women in possession of RSA qualifications performing particularly well (Conlon et al 2011). Intra-level differences were also found. Compared to Full Level 2 or 3 qualifications, attainment of Level 2 and 3 qualifications falling below the standard to be considered ‘full’ was related to notably lower returns compared to non-achievers (Buscha and Urwin 2013). The relationship may partly be explained by the generally lower levels of unemployment associated with higher levels of learning, and the connection between higher levels of learning and improved occupational status (Musset and Field 2013; Blanden et al 2010). The trend is complicated however, as elsewhere various incidences of Level 2 learning were shown to provide stronger returns than comparable study at Level 3 (Conlon and Patrignani 2013; BIS 2014c, Bibby et al 2014). In addition, earnings at higher levels of learning have been demonstrated to be less differentiated by gender; however, the poor returns for women particularly at lower levels remain concerning (Buscha and Urwin 2013, Bibby et al 2014).

Findings are additionally nuanced when the level of learning is considered in conjunction with qualification type. For example, negligible returns were found to be associated with Level 1 and 2 NVQs, compared to the greater returns from NVQ Level 3 qualifications (Blanden et al 2010). Level 2 NVQs returns were further estimated to be negative for men and women in ‘higher grade’ occupations. Specifically, the (better) insignificant overall returns for men, insignificant and poor returns for women overall, while their returns are only positive and statistically significant (compared to Level 1) for men in skilled trades (Conlon et al 2011). Some historic research has also demonstrated that vocational qualifications underperform compared to academic qualifications. Vocational qualifications at Level 2 – aside from BTECs – were associated with lower returns than GCSEs (Devins et al 2011; Conlon et al 2011). Alternatively, it was noted that there were higher returns to maths and English certificates than from key skills, as well as higher returns from combined courses (Bibby et al 2014).

However, elsewhere it was noted that workplace and work-related learning was associated with positive returns, such as where ‘other’ categories of qualifications – assumed to most

likely consist of accredited work-related training – had beneficial returns in terms of hourly earnings for women (Blanden et al 2010). Additionally, two-thirds of participants from the Six Month Offer said their level of earnings meant they were better off than claiming JSA, although the remainder were no better or worse off (Adams et al 2011). Further variation between levels of learning was noted in this context. Certain studies found significant and higher returns to workplace and accredited work-related training, whilst elsewhere this only pertained to Level 2 and Full Level 3 qualifications (Conlon and Patrignani 2013; Blanden et al 2012; Bibby et al 2014). Whilst the returns to Level 2 qualifications showed fundamentally very little difference according to mode of delivery, Level 3 learning delivered through combined classroom and work-based learning delivered (marginally) greater returns than through workplace learning alone (Conlon et al 2011).

More even findings were highlighted around apprenticeship learning. It was consistently demonstrated that not only were apprenticeships associated with increased earnings, but also that Advanced level programmes corresponded to greater returns than Intermediate level courses (National Audit Office 2012; BIS 2014c; BIS 2014b, Higton et al 2013, Buscha and Urwin 2013, CE and IER 2013). Indeed, econometric analysis demonstrated that despite the positive wage effect of FE learning at Level 2 (and the larger returns at Level 3), the apprenticeship returns at these levels were greater still (Samek Lodovici et al 2013). Disaggregated analysis also showed that compared to individuals in possession of Level 1 or 2 qualifications, both Foundation level and recognised trade apprenticeships have greater returns, with Foundation level apprenticeships have even higher returns (Conlon et al 2011). Furthermore, where employment was connected to the discipline of apprenticeship study, earnings premia were higher than for those working in an unrelated sector (Higton et al 2013).

Findings disaggregated by discipline compel a consideration of how gender intersects with wage returns. Some evidence shows the largest earnings increases are associated with vocational qualifications in traditionally male-dominated sector subject areas such as *Engineering, Construction, Planning and the Build Environment or Gas and Power Industries*, whilst *Teaching and Learning in the Classroom, Childcare or Art, Design and Media* demonstrate lower returns (Conlon and Patrignani 2013; BIS 2014c; BIS 2014b, Higton et al 2013, Bibby et al 2014, Conlon et al 2011, CE and IER 2013). This presents a gendered picture of wage returns, with studies reporting higher average take-home salaries for men than women (Higton et al 2013, Buscha and Urwin 2013). Several factors are however important to consider. Firstly, certain types and levels of learning may be related to higher rates of progression, thus effecting earnings returns (BIS 2014c). For example, a cohort of female Level 3 earners was found to include individuals progressing to HE, thus depressing the estimations of wage returns (Buscha and Urwin 2013). Secondly, studies have found that the returns to women – or to female-dominated SSAs – are realised over a much longer period of time (Blanden et al 2012; 2010). For example, long-run returns to female learners have been found to be several percentage points higher than those for men 10 years after learning, and they only became distinguishable from zero three years post-learning (Blanden 2010).

Findings around age demonstrate, once again, notable variation. Some evidence suggests there are higher returns for younger learners: one study found FE learners aged 19 to 24 had greater premia, whilst another noted that although female learners aged 40 experienced increased earnings following lifelong learning (whether or not it led to upgrading), the rate is a few percentage points lower than for learners aged 25 (Bibby et al 2014; Conlon and Patrignani 2013; Dorsett et al 2011). Other findings complicate the

picture. Directly contesting this trend, one study of FE learners found that those receiving the lower earnings of less than £10,000 were substantially more likely to be aged between 19 and 24 than aged over 40 (London Economics and Ipsos MORI 2013b). Furthermore, Level 2 qualifications were found to have earnings returns which intensified over a four-year period for younger learners whilst eroding for those aged 25 and over. Full Level 2 qualifications show depreciation for younger learners and increases for older learners over time (Buscha and Urwin 2013). Returns to BTEC and City and Guilds qualifications likewise were found to increase with age, whilst benefits of NVQs erode – particularly starkly for men (Conlon et al 2011). There was found to be some advantage for all learners in gaining Level 3 NVQs earlier in life and for men in gaining City and Guilds qualifications earlier in life, but returns for women (excluding NVQs) and to other qualification types are less clear-cut, indicating there is still a positive return to qualification attainment irrespective of the age of acquisition (Conlon et al 2011). Late attainment therefore often continues to provide a strong return to learners.

### **Progression in learning**

Adult learning was found to be associated with increase rates of progression in learning, notable amongst learners studying at lower levels, including Community Learning. The table below provides some examples of rates of progression into learning, as well as attitudinal changes towards learning and evidence of the type of learning being taken up (see Table 7).

**Table 7: Progression in learning**

Learning progression returns to adult learning					
<p><b>Impact of achieving a qualification below Level 2 on further qualification attainment within four years</b></p> <p>Percentage point difference between achievers and non-achievers aged 19-24</p> <p>Percentage point difference between achievers and non-achievers aged 25 and over</p> <p><i>Wiseman et al (2013)</i></p>	<p>On Level 2 attainment for Entry Level learners</p> <p>6.0 Significant at the 0.1% level</p> <p>4.5 Significant at the 0.1% level</p>	<p>On Level 2 attainment for Level 1 learners</p> <p>6.8 Significant at the 0.1% level</p> <p>7 Significant at the 0.1% level</p>	<p>On Level 3 attainment for Entry Level learners</p> <p>0.6 Not significant</p> <p>1 Significant at the 0.1% level</p>	<p>On Level 3 attainment for Level 1 learners</p> <p>1.8 Significant at the 0.1% level</p> <p>1.4 Significant at the 0.1% level</p>	
<p><b>Returns to Advanced apprenticeships</b></p> <p>% of achievers progressing to further learning provided by the same employer</p> <p><i>Tu et al (2013)</i></p>	<p>A higher apprenticeship</p> <p>11</p>	<p>A higher National Certificate</p> <p>6</p>	<p>A Foundation Degree</p> <p>4</p>	<p>A degree (other than a Foundation Degree)</p> <p>2</p>	<p>Some other form of higher level training leading to a qualification</p> <p>11</p>
<p><b>Returns to qualifications from 19+ FE provision</b></p> <p>% of learners with a sustained learning rate</p>	<p>Entry Level – English and maths</p> <p>31</p>	<p>Entry Level – ESOL</p> <p>37</p>	<p>Level 2 – English and maths</p> <p>24</p>	<p>Full Level 2</p> <p>14</p>	<p>Full Level 3</p> <p>22</p>

Learning progression returns to adult learning					
<i>BIS (2014f )</i>					
<b>Returns to Community Learning</b>	Learners from the three most deprived IMD deciles	Learners from the seven least deprived IMD deciles	Those in receipt of unemployment related benefits, income support, housing or council tax benefits	Those not in receipt of unemployment related benefits, income support, housing or council tax benefits	
% gaining qualifications from further learning	56	30	59	33	
<i>Harding et al (2014 )</i>					
<b>Returns to Entry Level to Level 4 19+ FE provision</b>	More enthusiastic about learning	More likely to engage in further learning	More likely to learn at a higher Level		
Proportion indicating 'yes'	83.6% Men: 80.7% Women: 85.9%	84.7% Men: 83.1% Women: 85.9%	78.8% Men: 77.6% Women: 79.8%		
<i>London Economics and Ipsos MORI (2013a)</i>					

Learning progression returns to adult learning					
<p><b>Returns to all FE qualification attainment for adults aged 46 and 50</b></p> <p>% engaging in non-accredited work training</p> <p><i>Duckworth and Cara (2012)</i></p>	<p>Learners gaining a qualification between 42 and 46</p> <p>30.8</p>	<p>Learners not gaining a qualification between 42 and 46</p> <p>20.5</p>	<p>Learners gaining a qualification between 46 and 50</p> <p>16.6</p>	<p>Learners not gaining a qualification between 42 and 46</p> <p>13.6</p>	

Generally it appeared that rates of **progression in learning** decreased as the Level of learning increased and, therefore, that learning at lower levels was particularly strongly associated with entry to further learning. So, small to moderate proportions of Advanced apprenticeships moved into HE (although the increased somewhat in the years following completion) and Level 3 apprenticeship progression rates were lower than those from Level 2 to 3. In general, proportions of apprenticeships continuing to Advanced level is lower in England than other European countries (National Audit Office 2012; Joslin and Smith 2014; Tu et al 2013; House of Commons Committee of Public Accounts 2012). Likewise, union-led Level 2 learners progressed at a lower rate than those learning below Level 2. Analysis of FE learning in general shows Level 1 learners progressing at a greater rate than Level 2 learners, who themselves progress at a greater rate than Level 3 learners (Stuart et al 2012; Duckworth and Cara 2012). In contrast, recent research has found just under half of FE students studying at Level 3 progress into HE when tracked over five years, and this further noted that older students appear – at first glance – not to have been effected by rising fees (Smith et al 2015). However, the research further noted that within the cohort, those studying Access to HE and GCE A level had higher progression rates than those studying BTEC or other vocational programmes (Smith et al 2015). Level 3 students in the 20-24 and 25+ age groups saw an increase in HE progression, although this was both lower than younger learners and also open to fluctuation (Smith et al 2015). Survey analysis found that the attitudes of both unemployed, community and general FE learners learning at higher levels were more positive about future learning than those of lower level learners (London Economics and Ipsos MORI 2013b; 2013a; SQW Ltd et al 2013a).

Further differences were found in progression between apprenticeships by framework. The greatest proportion of those continuing from a Level 2 to Level 3 framework came from Health, Public Services and Care frameworks, whilst those completing frameworks in Construction, Planning and the Built Environment were significantly less likely to consider further qualifications (Higton et al 2013). Those on the former framework who had not progressed were also more likely to express a desire to do so, as were medium-term and Level 2 apprentices (Higton et al 2013). However, it was alternatively found that learners participating in skills provision had higher progression rates than those on apprenticeship frameworks per se (BIS 2014f). Around FE more generally it was noted that for learners aged 20-24 and for those aged 25 and over, Nursing had the highest growth in numbers, whilst Business Administration and Law, as well as Health, Public Services and Care also had similar growth (Smith et al 2015). In addition, female learners and younger learners were found to have higher progression rates in FE overall (BIS 2014f; BIS 2014c; Buscha and Urwin 2013).

In terms of the types of learning individuals were continuing in, it was noted that for community learners this had tended to be crafts based, concern foreign languages or involve independent learning at home, with intent remaining high amongst those that had not yet engaged (often as a result of their learning experience) (Harding et al 2014; Harding and Ghezelayagh 2014; Swain et al 2014). In contrast, similar proportions of ESF-funded learners had taken part in further training but this focused on vocational education around job-search strategies, general work-related training and training in personal skills (Anderson et al 2011). More generally, analysis of lifelong learning participants noted that those who take accredited courses are more likely to participate in non-accredited learning in the future (Duckworth and Cara 2012). Additionally, around one-half of surveyed learners below Level 2 who had progressed in learning did so at a higher level (Wiseman et al 2013).

External factors which influence the rates of progression in adult learning were discussed. Firstly, the costs of learning and a lack of funding were obstacles both to employers offering and learners taking up training in apprenticeship and community learning contexts (Tu et al 2013; Swain et al 2014, Harding et al 2014). Secondly, relevance or utility of further learning impacts progression rates. For example, rates were high amongst work-based learning providers who developed curricula in close collaboration with employers, lower where employers felt higher levels of learning were unnecessary and higher where there was a minimum educational requirement for promotion (Ofsted 2010; Tu et al 2013; Vorhaus et al 2012a; 2012b). Given the latter comment was made within the Armed Forces, the context in which Functional Skills operates must be considered somewhat different (House of Commons Defence Committee 2013). It has been suggested that progression rates would improve if routes between levels were centralised as a core tenet of the British vocational education system, as obstacles to progression could dissuade potential learners from engaging in lower levels of learning (Musset and Field 2013).

### Skills gains

Evidence around skills gains focused more on learners' opinions of their own skills, and there was more limited evidence of objective measurements. Learners on the whole were highly positive about their skills acquisition and use, although the available pre- and post-learning test data demonstrated negligible or modest returns. The table below provides some indicative examples of both findings (see Table 8).

Certain authors have contended that qualifications are an unreliable proxy for significant and functional **skills gains**, and there are difficulties in measuring or quantifying skills (Vorhaus et al 2012a; Wolf and Jenkins 2014; BIS 2014a). For example, the Armed Forces display consistently high qualification acquisition rates, but training is short and intensive, so it was unclear how much acquisition of skills can be attributed to the training (Vorhaus et al 2012a; Vorhaus et al 2012b). Evidence of objective measures of skills gains was comparatively rare in this evidence review, and where available sometimes lacked rigour. Where these were present, they focused solely around maths and English skills gains, and highlighted disparities between more positive attitudinal responses and more modest measured skills gains. It has been noted that interventions promoting life skills aimed at those with no or low qualifications, whilst a starting point to engaging particularly hard-to-reach groups, may not be successful in isolation as learners may experience compound disadvantage (Devins et al 2011).

Despite these reservations, there were several examples of learners reporting increased skills and competencies following their engagement in FE. Following basic skills training (including community learning), learners frequently reported improved communication skills, including presenting in front of different audiences (Vorhaus et al 2012a; Harding and Ghezelayagh 2014).

**Table 8: Skills gains**

Skills gains following adult learning				
<b>Returns to Entry Level to Level 2 basic English and maths</b>	Improved reading skills	Improved writing ability	Improved ability in maths or with numbers	Work with numbers or use number skills more often
% of learners reporting improved skills	78	77	92	43
Objective skills measures	Reading scores	Maths scores		
	No evidence of overall gains	Average increase of 1.6 points		
<i>SQW Ltd et al (2013a)</i>				
<b>Returns to Community Learning (Wider Family Learning and Family English, Maths and Language programme elements)</b>	Maths skills amongst the 3 most deprived IMD deciles	Maths skills amongst the 7 least deprived IMD deciles	English skills amongst the 3 most deprived IMD deciles	English skills amongst the 7 least deprived IMD deciles
% of FEML learners who indicated their skills had increased	66	68	75	72
% of WFL learners who indicated their skills had increased	48	23	56	34
<i>Harding and Ghezelayagh (2014)</i>				
<b>Returns to Entry Level to Level 2 workplace basic English learning</b>	Full sample	ESOL learners	Non-ESOL learners	
Change in mean English literacy standardised scores (1-100)	Time 1 to Time 2: 0.7 Time 2 to Time 3: 2.1	Time 1 to Time 2: 0.8 Time 2 to Time 3: 4.9	Time 1 to Time 2: 0.6 Time 2 to Time 3: 0.4	
<i>Wolf and Jenkins (2014)</i>				

Research with different community learning cohorts demonstrated contrasting analysis. In one case, personal confidence and creative skills were most commonly felt to have increased, whilst budgeting, applying for work and maths were those most frequently felt to have stayed the same (Harding et al 2014). This was somewhat differentiated by gender: emphasis on communication, maths and English was associated with being female, whilst responses concerning budgeting and IT skills were associated with being male (Harding et al 2014). Community learners elsewhere particularly mentioned skills gains around management of personal finances: improved household budgeting and rounding up bills, potentially reducing the likelihood of encountering financial difficulties or getting into debt (SQW Ltd et al 2013a). Nevertheless, both noted how these skills gains manifested in terms of daily routine tasks: checking accounts, writing notes, letters or emails (SQW Ltd et al 2013a; Harding et al 2014). Being younger was associated with a wide range of skills gains (for example, communication, English, language or IT), but this was not the case for creative or practical skills (Harding et al 2014). Workplace, work-related and apprenticeship learning was said to improve professional practice, theoretical skills, knowledge of the industry and a range of soft skills such as teamwork and confidence (National Audit Office 2012; Ofsted 2010). Apprenticeship completers were therefore found to perceive their learning as having a strong, positive impact on their skills and abilities. However, there were differences by framework: *Construction, Planning and the Built Environment* and *Engineering and Manufacturing Technologies* were most likely to report enhanced ability to do their job, those in *Leisure, Travel and Tourism* or *Information and Communication Technology* were the least positive (Higton et al 2013). It should be noted the latter had a higher than average share of programme completers in education and training (Higton et al 2013). Although still around two-thirds of respondents, lower proportions of ESF-funded learners felt they were better equipped for work (Anderson et al 2011). It has been suggested that to successfully foster employability skills, training should be matched to learners' needs and avoid school-like contexts, instead focusing on work-based learning and settings (Nunn et al 2008 cited in Devins et al 2011). Particular examples of this approach concern the idiosyncratic way in which functional skills are contextualised in the Armed Forces' basic skills training – which may not translate into other organisations – and the embedding of basic skills in offender learning, such as working in a warehouse (House of Commons BIS Committee 2014; House of Commons Defence Committee 2013; House of Commons BIS Committee 2014).

There was some evidence of different degrees of skills acquisition according to learner characteristics. For example, notable language gains – persistent and significant in some cases – were identified amongst ESOL learners undertaking basic English whilst those for learners with English as a first language were comparably smaller (Harding and Ghezelayagh 2014; Wolf and Jenkins 2014). In addition, maths gains by Armed Services personnel were highest for those with initially the lowest attainment (Vorhaus et al 2012b).

### **Learners' families and children**

Evidence was more limited in relation to benefits for learners' families and children, with the majority focused on parents' increase ability, knowledge and confidence around their children's school and homework following lower-level learning. The table below provides some examples of the proportions of surveyed learners who reported such benefits (see Table 9).

**Table 9: Benefits for learners' families**

Benefits of adult learning for learners' families				
<p><b>Returns to Entry Level to Level 4 19+ FE provision</b></p> <p>% of learners who found the course enabled them to help children with homework</p> <p><i>London Economics and Ipsos MORI (2013a)</i></p>	Female completers	Female non-completers	Male completers	Male non-completers
	58	30	47	35
<p><b>Returns to Community Learning, Wider Family Learning and Family English, Maths and Language programme elements</b></p> <p>% with greater confidence in helping children with homework</p> <p>% reporting improved relationship with family</p> <p><i>Harding and Ghezelayagh (2014)</i></p>	With reading	With writing	With maths	With other school subjects
	65%	58%	57%	46%
	FEML learners:	WFL learners:		
	63	57		

Evidence related to the benefits of adult learning for **learners' families and children** is somewhat limited and indicates indirect benefits. Parents most commonly reported heightened engagement and involvement with their children's schooling, and increased ability to assist children with homework due to better understanding of phonics, phonemes and the learning process (Harding and Ghezelayagh 2014; Swain et al 2014; Dickinson and Lloyd 2010). In addition, elsewhere community learners who were more likely to report increased confidence in this area were female, from ethnic minority backgrounds, with English as an additional language, living in urban areas or in receipt of National Insurance credits or unemployment-related, income support or council tax benefits (Harding et al 2014). It has been noted that there is a strong correlation between low maths or English attainment in school and low family income and parental educational attainment, while attitudes to reading can be passed on through generations (House of Commons BIS Committee 2014). Evidence to the BIS Committee on Adult Literacy and Numeracy noted that family learning schemes can be successful in tackling this disadvantage, but support is patchy (House of Commons BIS Committee 2014). More widely, analysis has demonstrated that after controlling variables are added, participation by one or both parents in informal learning courses is associated with increased probability that children aged 11 to 16 in the household will speak more frequently with the mother about serious issues (Dolan et al 2012). However, it has been found elsewhere that when one previous

parental educational attainment is controlled for, maternal participation in adult education is not associated with observable improvements in their children’s attainment at Key Stage 3 – although there are notable limitations in the geographical scope of the study, restricted as it is to the ALSPAC and therefore Avon (Sabates et al 2011).

### Wider individual benefits

A very broad range of wider individual benefits were reported by large proportions of different cohorts of adult learners, with particular emphasis placed on confidence and self-esteem as well as life satisfaction and wellbeing. The table below provides some indicative findings related to these domains (see Table 10).

**Table 10: Wider individual benefits**

Wider individual benefits to adult learning				
<p><b>Returns to 19+ FE provision for learners not in employment</b></p> <p>Wellbeing scores</p> <p><i>London Economics and Ipsos MORI (2013b)</i></p>	<p>Life Satisfaction</p> <p>Entry Level: 7.54 Level 1: 6.44 Level 2: 6.83 Level 3: 7.51 Level 4: 7.36</p>	<p>Happiness Yesterday</p> <p>Entry Level: 7.63 Level 1: 6.46 Level 2: 6.68 Level 3: 7.13 Level 4: 6.44</p>	<p>Anxiety Yesterday</p> <p>Entry Level: 4.55 Level 1: 4.27 Level 2: 3.90 Level 3: 4.46 Level 4: 4.76</p>	<p>Overall life worthwhile</p> <p>Entry Level: 7.84 Level 1: 7.25 Level 2: 7.29 Level 3: 7.79 Level 4: 7.99</p>
<p><b>Returns to Entry Level to Level 4 19+ FE provision</b></p> <p>% of completers</p> <p>% of non-completers</p> <p><i>London Economics and Ipsos MORI (2013a)</i></p>	<p>Gain in confidence or self-esteem</p> <p>82.0</p> <p>65.5</p>	<p>Undertake more social voluntary activities</p> <p>49.5</p> <p>48.9</p>	<p>Make better use of spare time or keeping active</p> <p>74.6</p> <p>69.4</p>	<p>Help with health problems or disability</p> <p>51.6</p> <p>25.4</p>
<p><b>Returns to Community Learning, Wider Family Learning and Family English, Maths and Language programme elements</b></p> <p>% of learners</p>	<p>Helped make new friends or new people</p> <p>89</p>	<p>Doing something useful in spare time</p> <p>85</p>	<p>Giving a routine or reason to get out of the house</p> <p>65</p>	<p>Help to get involved in the local community</p> <p>58</p>

Wider individual benefits to adult learning				
<i>Harding and Ghezelayagh (2014)</i>				

A broad range of **wider individual** benefits to adult learning were identified; increases in self-esteem, aspirations, a sense of purpose, engagement in the community, an active body and mind and better collaboration (Vorhaus et al 2012a; Vorhaus et al 2012b; Harding and Ghezelayagh 2014; Swain et al 2014, Dolan et al 2012). However, few benefits were particularly common. Firstly, confidence, notably with learners’ ability to learn and succeed in learning and communication, including in front of audiences (Vorhaus et al 2012a; Vorhaus et al 2012b; Harding and Ghezelayagh 2014; Swain et al 2014, London Economics and Ipsos MORI 2013b). Confidence was also identified around workplace skills by ESF-funded learners who may have lost their jobs or have English as an additional language (Dickinson and Lloyd 2010). A related finding was the increased self-esteem amongst basic skills learners, potentially highly important as such learners may be more likely to have smaller social networks or be isolated (SQW Ltd 2013b). In addition, FE learners were found to experience greater civic participation (in terms of trade union membership and voluntary work) as well as a desire to find a better job and increased likelihood of reporting improved financial expectations (Dolan et al 2012).

Life satisfaction was a further key benefit from adult learning, found in several cases to be particularly associated with work-related learning (Dolan and Fujiwara 2012; Duckworth and Cara 2012). Community learners did not report increase life satisfaction following training, but did report life satisfaction scores higher than UK averages, but also higher anxiety scores (Harding et al 2014). Findings around adult learning and life satisfaction were variable according to gender. Whilst one study found that FE learning in general had a slightly larger positive effect for women, another noted that accredited learning was related to increased life satisfaction amongst male learners (London Economics and Ipsos MORI 2013a; Duckworth and Cara 2012). Completion of a course was also found to have a significant effect on life satisfaction (and wellbeing) but only at Level 2 rather than Level 3 (London Economics and Ipsos MORI 2013a).

Further positive effects were reported around health and wellbeing. Particularly large increases were found amongst English and Maths learners, but also where the level of learning was higher (SQW Ltd et al 2013b). For lifelong learning in general, the largest health impacts were found for male learners and learners aged over 40 (Dolan et al 2012). However, in a Community Learning context, although one older cohort reported increased confidence, they also reported decreased physical health and fitness (Harding et al 2014). Positive effects overall were noted in terms of reduced GP visits and increased health satisfaction (Dolan et al 2012). Parents and lower income groups received relatively more health benefits from formal learning, whilst non-parents and higher income groups derived greater benefits from informal learning (Dolan et al 2012).

### 3.2 Employer benefits

A range of benefits for employers are evidenced resulting from Apprenticeships, work-based learning and basic skills training, often in terms of improved human resource management objectives.

**Table 11: Employer benefits**

Employer benefits to adult learning				
<b>Returns to ESF-funded 19+ FE provision</b>	Answered skills needs	Increased productivity	Increased turnover	Increased profitability
% of employers	94	57	19	28
<i>Dickinson and Lloyd (2010)</i>				
<b>Returns to vocational qualifications</b>	Better business performance	Improved staff retention	Increase in knowledge and understanding	Reliable standards of competence
% of employers	86% Urban: 87% Rural: 84%	77% Urban: 78% Rural: 74%	96% Urban: 87% Rural: 95%	91% Urban: 91% Rural: 91%
% of employers	Can be adapted to business needs 85% Urban: 86% Rural: 83%	Cover all skills needed by the company 71% Urban: 72% Rural: 67%	Do not require much time away 70% Urban: 71% Rural: 67%	Offer good value for money 78% Urban: 78% Rural: 77%
<i>Owen et al (2013)</i>				
<b>Returns to union-led learning</b>	Organisation performance	Service/quality indicators	Staff turnover	Addressing skills gaps
Impact on employers following union-led learning	Increased: 32% No change: 67% Decreased: 1%	Increased: 34% No change: 66% Decreased: 0%	Increased: 4% No change: 87% Decreased: 9%	Increased: 54% No change: 42% Decreased: 3%
<i>Stuart et al (2012)</i>				

Employer benefits to adult learning				
<b>Returns to Level 2 and 3 apprenticeships</b>	0-4	5	6-7	8-10
% of employers giving scores for overall satisfaction with their apprenticeship programme	7	9	24	60
<i>Tu et al (2013)</i>				

Investment in Apprenticeships contributed positively to both retention and staff turnover (Gambin et al., 2010; Ofsted, 2010; Hogarth et al, 2012; Tu et al, 2013). Older apprentices demonstrated slightly higher completion and retention rates than younger learners; however, older apprentices were more likely to be employed from existing staff (Tu et al 2013). Over 70 per cent of employers reported that employee training leading to vocational qualifications improved staff retention (Owen and Green, 2013). Apprenticeships also led to savings in recruitment costs of qualified staff (Samek Lodovici et al., 2013).

In addition, apprenticeship training was felt to be a cost-effective solution for employers across different sectors, often bringing good financial returns (Hogarth et al 2012; National Audit Office 2012). However, some evidence suggests that employers experience a net loss initially at the time of completion, eg £8,244 and £10,777 for Level 2 and Level 2 apprenticeships respectively, as the value obtained for the organisation by the apprentice product at this time is slightly less than the costs incurred for wages and supervision (Samek Lodovici et al., 2013). In order to receive financial benefits, employers need to retain apprentices for a year or more after completion of their training. The time required for return on investment and the costs of apprenticeships vary by sector (Gambin et al., 2010). Return to investment took longer in sectors where staff turnover was high and more apprenticeships were not completed. Over 70 per cent of employers agreed that employee training leading to vocational qualifications offered good value for money (Owen et al, 2013).

Employers rated their satisfaction with Apprenticeship frameworks very highly, with only a small minority reporting they would not continue to offer the training (Tu et al 2013).

More widely, workplace or work-related training allowed adult learning to be targeted towards skills gaps and shortages, providing employers with knowledgeable staff with skills immediately relevant to the workplace (Diamond et al., 2015; Ofsted 2010; Hogarth et al 2012; Stuart et al 2013). Employers identified various skills gains through in-work training: specific/technical, general, knowledge, leadership and management, and an improved ability for employees to fulfil their job functions (Dickinson and Lloyd, 2010). Over 90 per cent of employers agreed that training employees to achieve vocational qualifications led to new skills, increased knowledge and understanding, and reliable standards of competence; over 80 per cent agreed they could be adapted to business needs and over 60 per cent agreed they covered all skills needed by the company (Owen and Green, 2013). As well as ensuring that their current skills needs were met, having access to an increased number of skilled staff – either through pre-employment training programmes, or by up-skilling current employees – was viewed by employers as being beneficial in helping to ensure that the business has a sufficient talent pipeline to retain skills that would be lost when older workers retire (Diamond et al 2015)

Other employer benefits also resulted from training: greater productivity, motivation, less 'downtime' or absenteeism, better health and safety, organisational performance, efficiency, adaptability, credibility and attractiveness as an organisation (Hogarth et al 2012; Stuart et al 2012; Ofsted 2010). In-work training benefits included increased confidence and motivation leading to increased productivity and business performance, improved workforce relations, employees extending their roles, increased productivity, and employees reported an increased awareness of their job role (Dickinson and Lloyd, 2010). Employers identified apprentices as being more aligned to company values, more likely to progress to manager/supervisor and a source of innovation and ideas (Gambin et al., 2010). Over 80 per cent of employers agreed that employee training that leads to

vocational qualifications results in better business performance (Owen and Green, 2013). Likewise, basic skills training in the Armed Forces led trainees to report they were better able to do their jobs, that maths and English was helpful for work and that it was important to gain the skills and qualification they needed for operational effectiveness (Vorhaus et al 2012a; Vorhaus et al 2012b). Correspondingly, employers report finding ex-armed forces very employable, especially their disciplined approach, determination and work ethic (House of Commons Defence Committee, 2013).

Adult skills training can provide a range of benefits to employers. Training can improve staff retention and decrease staff turnover including reducing recruitment costs of qualified staff (apprenticeships) and improving employee relations (in work training). Training can target specific skills gaps (eg apprenticeships), enable employees to extend their role (in-work training), and facilitate innovation (apprenticeships). Employers reported increased productivity and organisational performance, including medium to long term financial returns from apprenticeships. All training types reported increased confidence, competence or motivation among apprentices and that they were more aligned to the company values. Wider benefits included helping to encourage more people into the sector and increased industry promotion and recognition (Diamond et al., 2015).

However, the UK has a relatively low proportion of employers with apprentices compared to countries such as Germany and Australia (House of Commons Committee of Public Accounts, 2012). Moreover, only 30 per cent of adult training in the UK is non-formal and employer-sponsored compared with the EU average of 51 per cent (EU Skills Panorama, 2014). In addition, rural employers appear less convinced and less motivated than urban employers regarding the benefits of employee training which leads to vocational qualifications (Owen and Green, 2013). Although possibly under-utilised in the UK, adult skills training can be a valuable tool to address skills shortages, improve staff retention/turnover, and improve organisational performance.

### **3.3 Societal benefits**

The evidence base around societal benefits of investing in adult learning reviewed for this study is somewhat limited, but provides findings concerning two areas: returns to public spending and reoffending rates following offender learning.

It was common for the studies reviewed to calculate the probabilities of receiving JSA or other active labour market benefits after completion of different qualifications and find differences by qualification type, level and participant demographics such as age, ethnicity and gender (Cambridge Econometrics (CE) and Warwick Institute for Employment Research (IER), 2013; Buscha and Urwin, 2013; Bibby et al 2014). Other studies looked in more detail using cost-benefit calculations to look at the returns to the Exchequer. CE and IER (2011), Wiseman et al (2013) and Samek Lodovici et al (2013), and National Audit Office (2012) all calculate returns to public spending based on the costs of public expenditure on training and qualifications and low tax and social insurance contributions, and benefits in terms of reduction in benefits and gains in income tax. Each looked at different types of qualifications and each is sensitive to the assumptions that have been made within their cost benefit-model (eg. wider outcomes such as improved health and welfare) so are not directly comparable. Nevertheless, the estimates all show a notable and positive return to learning for the Exchequer. Other cost-benefit research has looked at FE learning and estimated the Net Present Value (NPV) to the economy of the FE system to be around £75bn (CE and IER, 2011). The NPV to state-funded Level 2 NVQs is

further estimated at £25bn, whilst it is estimated at £9bn for Level 3, based on 2008-09 funding allocations (CE IER 2011).

**Table 12: Wider societal benefits\***

Returns to Level 2 and below Level 2 qualifications	3 months after learning	1 year after learning	2 years after learning	4 years after learning
Below Level 2	-0.9	-1.0	-1.0	-0.6
Level 2	-0.7	-1.0	-1.0	-0.8
Full Level 2	-3.8	-1.3	-1.6	-1.4
<i>Buscha and Urwin (2013)</i>				
<b>Returns to apprenticeships</b>	Intermediate level apprenticeship	Advanced level apprenticeship	NAO estimated combined return to adult apprenticeships	BIS estimated combined return to adult apprenticeships
Estimated returns to every £1 of public spending	£16	£21	£18	£28
<i>National Audit Office (2012)</i>				
<b>Returns to Prisoners Education Trust learning</b>	All learning through the PET	BIS-funded accredited training through the PET	BIS-funded unaccredited training through the PET	
One-year proved reoffending rate	19% Control: 26%	25% Control: 25.1	21% Control: 32%	
Frequency of reoffending per individual	0.5 Control: 0.8 Significant at the 0.1% level	NS	0.3 1 Significant at the 0.1% level	
<i>Ministry of Justice (2013a; 2013b; 2013c)</i>				

\*Percentage point difference in the return to JSA probability between achievers and non-achievers. Significant at the 0.1% level.

Apprenticeships were examined in a paper commissioned by the Department for Business, Innovation and Skills (BIS), The Agency and National Audit Office (NAO) that presented estimates of financial return from each department. Estimated returns to the Exchequer

were calculated to be higher by BIS than by the NAO. This was particularly stark for Intermediate Apprenticeships: an estimated return of £35 per pound invested versus a return of £16 (National Audit Office, 2012). Apprenticeships were also the focus of Samek Lodovici et al's cost-benefit analysis (2013). They found that the social benefits for every person starting a Level 2 apprenticeship is £88,000, and for every person starting a Level 3 apprenticeship it is £143,500. In relation to the initial costs to society this is a return of £8 (Level 2) or £10 (Level 3) per pound invested. The authors note they have a lower estimate than comparable studies because they have included loss of productivity of apprentices compared to non-apprentices. The returns per pound invested for learning below Level 2 were estimated by Wiseman et al (2013) to be higher for learners aged 19-24 than 25-plus (£21.60 compared to £5.90 at Level 1, £16.70 compared to £2.70 at Entry Level).

Reoffending rates of learners funded through the Prisoners Education Trust (PET) were matched to those of non-learners, both overall and in terms of BIS-funded accredited and unaccredited training. Whilst overall the one-year proved reoffending rate was 19 per cent for PET learners as opposed to 26 per cent, the rates for BIS-funded unaccredited learning was 21 per cent (compared to 32 per cent for the matched sample) and findings were inconclusive for BIS-funded accredited learning (Ministry of Justice 2013a; 2013b; 2013c). Furthermore, there were statistically significant differences between the frequency of reoffending both for PET learners overall and for BIS-funded unaccredited PET learners in relation to comparable prisoners (Ministry of Justice 2013a; 2013c).

## 4. Conclusions

This chapter brings together the findings from Chapters 2 and 3 to draw some conclusions in answer to the research questions: which sources of funding make the largest contribution to adult skills; the types of qualifications funded; the learners that experience the greatest returns; and where the ASB has the best impact.

The conclusions are made within the context of some notable gaps in the evidence base reviewed which make it difficult to undertake a comprehensive like for like comparison of different learning types and their impacts, because not all learning types have been evaluated across the varying types of returns. Generally, the evidence base relating to work-based learning and apprenticeships has focused on examining impacts such as wage progression, and entry into employment, and studies exploring community learning have focused on the 'softer' impacts on children and families, skills gain and in-work progression rather than the areas of earnings, and entry to employment.

### 4.1 Who makes the largest financial contribution to adult skills?

From the data available, the two largest sources of investment in adult skills (investment by employers and the ASB have fallen in recent years - by 8 per cent and 7 per cent respectively between 2011/12 and 2013/14. This represents a decrease in total spending on adult skills of £2.8bn in England during this period. This suggests that, as public sector spending in training has decreased, employer spending has not replaced government spending on adult skills. This is likely to be because the two sources are funding different types of learning and learners.

Behind the average decrease in employer spend there are some sectors that have increased their training investment and others where this has declined. The declining sectors include those that largely reflect spending by public sector employers, such as *Education and Public Administration and Defence*, whose training budgets are likely to have been affected by reductions in public sector spending. Other falls in training expenditure by sector reflect the performance of the private sector, such as *Manufacturing*. There are significant regional differences in the proportion of adult skills investment that comes from employers, with employer investment making up 76% of investment from the three largest sources in the South East and 46% of investment from the three largest sources in the North East.

The third largest financial contributor to adult skills is European funds, the ESF and the ERDF, which going forward will be combined into the ESIF. The dependence on European funding as a source of investment in adult skills varies by English region, with some, such as the North East and the South West more dependent than others, such as the South East.

Learners make a relatively small contribution to adult skills at or below Level 4, although the take-up of the Advanced Learning Loan introduced in 2013 has been rising. Learners are more likely to use this to fund Level 3 qualifications and there is some evidence that it is changing the shape of provision, with Access to HE courses particularly likely to be funded via this route.

Other contributors to adult skills investment include a small number of national sector-based organisations which operate a training levy and grant system, such as CITB, ECITB and Creative Skillset. Data about levies and grant funding show that these appear to be subject to the economic climate, with the revenue generated and demand for grants fluctuating year by year.

The overall financial contribution of the voluntary and community sector is unknown, although there are a number of organisations from the sector that invest in adult skills from charitable trusts, and legacies among other income sources.

## **4.2 What learning and qualifications are funded?**

The different sources of investment focus on funding different training types. While between 2011 and 2013 employers slightly increased their focus on accredited learning and off-the job training, a large proportion of the training they fund relates to ensuring employees understand their job roles (induction training and job-specific training) and that, as employers, they meet legislative requirements (eg Health and Safety/ First Aid training). Employers also contribute investment to funding apprenticeships, which are also with work-based learning, the types of qualifications funded through the CITB and ECITB levy-grant schemes.

The ASB predominately invests in classroom-based learning (66%) which includes funding for courses for benefit claimants, and English and Maths courses. This type of learning has been funded at a similar level of the past four years. By contrast, spending on apprenticeships has increased and spending on vocational and work-based learning (excluding apprenticeships) has fallen. There has also been an increase in spending on below Level 2 qualifications in the last few years.

Learners using a 24+ Advanced Learning Loan to fund their learning are most likely to use it to access part-time courses, those at Level 3 (rather than Level 4) and Access to HE courses.

## **4.3 Who is funded?**

The different sources of investment focus on funding different learners. Employers focus their training spend on some occupations, such as Professionals, Associate Professionals, and those working in Caring, Leisure and other services. It is not possible to see from the ESS what types of training these occupations tend to receive and whether they are accredited, or fulfilling statutory obligations. Generally, the employer-funded occupational profile of employees suggests that workers in lower level occupations are less likely than those in some higher level occupations to receive training.

The ASB is effective at reaching a range of adults, but the majority are within the 25-49 age group. However, in recent years there has been an increase in the number of young people (aged 19-24) that are funded by the ASB. By contrast, other data sources, such as the LFS, suggest that trends in terms of learning participation by age have stayed the same. However, this data source also indicates that people aged 18-34 are most likely to have undertaken learning in the previous 13 weeks towards their employment or a job they might do in the future. The evidence suggests that the ASB is effective at reaching adults living in deprived areas. Benefit claimants that are funded to learn via the ASB tend to be younger and are more likely to be male. Community learning is most likely to support female learners and those with no prior qualifications.

European funding streams are most likely to support learners in the more deprived areas of England, and the courses they support are also more likely to be undertaken by male learners. This is in contrast to many of the other learning streams where female learners tend to dominate.

Learners funding their learning via a 24+ Advanced Learning Loan are more likely to be in the youngest age bracket (aged 24-30), perhaps reflecting the longer time period they have to obtain returns, and were more likely to be in employment and to be female.

#### **4.4 What are the returns to training and for whom?**

The evidence suggests a wide range of benefits and returns from training, although studies have not been conducted to look for all types of benefits for all types of learning consistently. Therefore, some forms of learning could have additional benefits than those described in the evidence.

The returns from training are affected by labour market structures, such as the opportunity for progression and pay and the variations in these opportunities between sectors, as well as by learners' personal characteristics. For example, young learners have longer than older learners to gain financial returns from qualifications through work, and female learners are more likely than male learners to work part-time due to caring responsibilities, and also to progress to further learning, both of which have a knock-on effect on pay. Evidence about the strength of benefits reflects these structures, with young people consistently securing better outcomes from learning than older learners. The sequence of benefits from learning may differ by learner, depending on their end goal, and there is evidence of short-term and long-term benefits.

Focusing first on progression into work, the evidence suggests that learning with an economic focus that is related to employment consistently gives learners the best returns (eg work-based learning and Apprenticeships), although there is considerable variation by apprenticeship framework. In addition, by their nature apprentices will be in employment whilst studying, which is likely to enhance the likelihood they remain in work once qualifying. All types of learners were likely to achieve this benefit. It should also be noted that the impact of Community learning has not been explored in this context in the evidence reviewed.

There was evidence of most types of learning and all learners benefiting from in-work progression, although this progression was measured in different ways by different studies. One gap in the evidence reviewed was that the effects on in-work progression of some vocational qualifications (other than apprenticeships) were yet to be researched.

Where it was explored, all learners received earnings returns, although there were differences by gender and age, and different sizes of effect depending on the timeframe covered by each study. Work-based learning and apprenticeships were most likely to be linked in the evidence as to providing earnings returns, although there is a significant gap in terms of analysis linking other qualification and learning types of earnings returns (eg English and Maths, some types of Foundation Learning, and Community Learning).

The evidence base suggests higher levels of progression in learning among young and female learners, and from lower qualification levels. Skills gain following learning was reported by learning across the board, although which type of skills they reported developing as a result of learning depended on the course. More generally, there is a lack

of evidence of skills gain using objective measures (rather than those that are based on self-report by learners).

The evidence suggests that Community learning and learning at a low level, including English and Maths and ESF-funded provision, is likely to generate benefit for families and children and social benefits and attitude and behaviour change among learners. It would be valuable to explore further how and whether this may start individuals on a 'learning journey'. These findings reflect in part the fact that the research has focused on exploring these types of benefits from these forms of learning. The review did not find literature exploring benefits for families and children for work-based learning and apprenticeships for example. There was evidence of all types of learning generating wider benefits for learners, such as life satisfaction, confidence, and social inclusion.

In addition, the evidence suggests that for employers, investment in apprenticeships made a positive contribution to both retention and staff turnover, and was perceived as a cost effective solution to training. Workplace and work-related training was seen to be relevant, enhancing both the specific, technical knowledge of employees as well as their leadership and management competencies. Furthermore, employment-focused training was found to contribute to a wide range of Human Resource Management objectives. The review did not however identify evidence exploring the benefits of Community Learning to employers, and evidence around English and Maths training was limited, therefore restricting the degree to which conclusions can be transferred to other contexts.

Lastly, evidence concerning wider societal returns provided more disparate evidence. Notable and positive returns to learning for the Exchequer were identified, and alongside the strong returns to apprenticeships, other forms of FE were also found to contribute such benefits, including lower-level learning. In addition, Offender Learning in the specific context of Prisoners Education Trust-funded learning was found to have a statistically significant effect on reoffending, both in aggregate and solely for the BIS-funded unaccredited stream. Once more, the impact of Community Learning was not explored in this context.

#### **4.5 Where does the ASB have best impact?**

When considering where ASB has the best impact the purpose of learning and the types of impacts sought needs to be taken into account. The evidence has shown that adult skills can contribute to a number of impacts which span the remit of a number of government departments. These include, for example:

- Progression in work
- Increases in productivity and earnings (economic growth)
- Progression in learning
- Entry to employment (the primary focus of the Department for Work and Pensions);
- Social mobility (of interest to BIS, DWP, DfE, and the Child Poverty and Social Mobility Commission)
- Returns to the Exchequer (of interest to BIS and HM Treasury)

The available evidence suggests that different forms and levels of learning make varied contributions to these impacts. For example, Chapter 3 showed that apprenticeships offer good financial returns and an opportunity to promote growth, however, participating learners are less likely to have no or low qualifications prior to starting than for some other types of qualification and they are less likely to engage some types of learners. For those that do achieve an apprenticeship from disadvantaged backgrounds, they are more likely to access higher education via this route than via traditional academic routes.

As the ASB has been reduced, investment has been refocused towards young people (aged 19-24) and Apprenticeships and away from other forms of work-based learning, although the majority of funding continues to be invested in Classroom-based learning. The evidence suggests that both young people as learners and Apprenticeships, on average, offer a good return on investment and opportunity for growth. However, there are other examples of older learners, and other types of (work-based/vocational) learning, such as City and Guilds qualifications, that also offer good earnings returns. Community and family learning has a strong role in increasing participation and engaging individuals so that they can gain confidence and increase their qualification levels, with some progressing onto higher levels and this learning supports the skills strategy aim of fairness, promoting social inclusion and mobility. Therefore, the need to achieve multiple aims or impacts will require investment in a portfolio of learning types and learners.

The English Regions share of investment in adult skills from the ASB compared to employer and European investment varies, and some are more reliant on it than others. For example, in the East Midlands and North East the ASB accounts for 40% and 39% of adult skills spending by the three largest sources, whereas in the South East and South West it makes up 22% and 20% respectively. This implies that any further reductions in the ASB will affect some regions more than others.

#### **4.6 Which individuals, in what learning and with what returns?**

Table 13 illustrates the level of investment in adult skills according to funding source. Where data is available, this information is presented alongside the number of learners that were funded/supported by such sources for different types of provision and at different levels of learning. In the absence of this information - for instance, in the case of employer spending – other data such as survey evidence was used to acquire a rough indication of the main types of training funded.

**Table 13: Which individuals are funded (2013-14)**

Funding source	Amount 2013/14 (£000s)	Number of funded learners (2013-14)
<i>Skills Funding Agency</i>		
Adult Skills Budget	<p>£2,475,291</p> <p><i>of which apprenticeships:</i></p> <p>£759,082</p>	<p>Total: 2,118,000</p> <ul style="list-style-type: none"> <li>• Below Level 2 (excluding English and Maths): 759,900</li> <li>• English and maths: 951,800</li> <li>• Level 2: 1,131,100</li> <li>• Level 3: 488,100</li> <li>• Level 4+: 36,400</li> <li>• No level assigned: 660,400</li> </ul> <p><i>Of which apprenticeships: 851,500</i></p> <ul style="list-style-type: none"> <li>• Intermediate: 503,500</li> <li>• Advanced: 351,900</li> <li>• Higher: 18,100</li> </ul>
Advanced Learning Loans	£129,000	<p>Total: 59,100</p> <p>Level 3: 56,400</p> <ul style="list-style-type: none"> <li>• Level 4+: 2,700</li> </ul>

Funding source	Amount 2013/14 (£000s)	Number of funded learners (2013-14)
Community learning	£210,729	Total: 657,200 <ul style="list-style-type: none"> <li>• Personal and Community Development Learning: 497,300</li> <li>• Neighbourhood Learning in Deprived Communities: 63,800</li> <li>• Family English, Maths and Language: 49,100</li> <li>• Wider Family Learning: 69,700</li> </ul>
<i>National sector-based organisations</i>		
Construction Industry Training Board	£117,800	CITB grant expenditure helped to support: <ul style="list-style-type: none"> <li>• 17,073 apprentices (including 5,815 framework achievements)</li> <li>• 2,425 Training and development plans</li> <li>• 20,501 Vocational Qualification achievements</li> <li>• 21,051 plant tests</li> </ul>
Engineering Construction Industry Training Board	£25,452	ECITB grant expenditure helped to support: <ul style="list-style-type: none"> <li>• 759 Apprenticeship starts</li> <li>• 21,031 Skills &amp; Technical training outcomes</li> <li>• 8,019 Management &amp; Professional training outcomes</li> <li>• 3,803 Regional Discretionary Grant learners</li> <li>• 4,280 Vocational Qualification achievements</li> </ul>

Funding source	Amount 2013/14 (£000s)	Number of funded learners (2013-14)
Creative Skillset	£14,600	Creative Skillset investment supported: <ul style="list-style-type: none"> <li>• 385 trainees to find placements with 98 companies and productions</li> <li>• 1,400 with course funding for training provision in visual effects, animation, film TV and games in priority skills areas</li> <li>• Bursaries benefiting 355 individuals</li> </ul>
<i>Other national government funding</i>		
Union Learning Fund (ULF)	£13,000	Total ULF learners: 158,483 <ul style="list-style-type: none"> <li>• ICT courses: 39,985</li> <li>• English and maths: 22,793</li> <li>• Level 2: 13,574</li> <li>• Level 3: 5,030</li> <li>• Apprenticeships: 5,971</li> </ul>
<i>Employers</i>		
Employers in England	£5,300,000	Of all establishments in England that train (N = 57,787): <ul style="list-style-type: none"> <li>• 85% provided job specific training</li> <li>• 73% provided health and safety/first aid training</li> <li>• 58% provided induction training</li> <li>• 48% provided training in new technology</li> <li>• 36% provided management training</li> <li>• 34% provided supervisory training</li> </ul>

Funding source	Amount 2013/14 (£000s)	Number of funded learners (2013-14)
		<p>These establishments were asked to indicate what proportion of the training they had provided had been health and safety or induction training:</p> <ul style="list-style-type: none"> <li>• 19% had provided no health and safety or induction training;</li> <li>• 28% stated that less than a fifth had been training of this sort;</li> <li>• 22% stated that it had been between 20-49%;</li> <li>• 15% stated that it had been between 50-80%;</li> <li>• 3% stated that it was more that 80%, though not all;</li> <li>• 10% indicated that all of the training they had provided had been health and safety or induction training;</li> </ul> <p>4% didn't know the proportion.</p>
<i>European funding</i>		
ESF funded provision	<p>£361,142</p> <p>(Note: total investment for the 2007-2013 programme was £2.5bn, with £823m dedicated to developing a skilled and adaptable workforce)</p>	<p>From 2007-2013 there had been over 3.8 million participant starts on the England ESF programme. Of this number:</p> <ul style="list-style-type: none"> <li>• 157,509 participants have gained basic skills;</li> <li>• 459,988 participants have gained qualifications at level 2 or above</li> </ul>

Note: For SFA funded learners, individuals are only counted once at each Level, but can have learning aims at more than one Level

Table 14 shows the level of funding according to type of provision, as well as a synthesis of the benefits associated with each type of learning, as discussed in the research included in this review (see Annex 0 for a more descriptive, fully referenced version). Although studies disaggregated returns by multiple demographic and learning characteristics, findings concerning age demonstrate some consistency, especially when considering 19+ FE provision overall. In addition, the available information concerning funding includes a breakdown of SFA funding by age, allowing a comparison of the two. For these reasons, information regarding age is considered separately. The table illustrates how a comprehensive range of benefits are associated with adult learning, but also highlights that studies have not consistently interrogated each benefit for each type of learning. There may, therefore, be other benefits than those cited. However, it is clear from Table 14 that adult learning is associated with good returns for both men and women. Moreover, although there are strong returns for younger learners, as the Table shows, there continues to be a benefit from engaging in further education later in life.

**Table 14: What learning is funded and with what returns**

Type of provision	Level and source of funding 2013/14 (unless otherwise noted) (£000s)	Returns to adult learning
All 19+ FE provision	<p><i>SFA funding for Post-19 FE</i></p> <ul style="list-style-type: none"> <li>• ASB: £2,475,291</li> <li>• Advanced Learning Loans: £129,000</li> <li>• Employer ownership pilot (co-funding): £46,000</li> <li>• Offender Learning and Skills Service: £134,492</li> <li>• Community learning: £210,729</li> <li>• ESF match funding: £171,000</li> </ul> <p><i>Industry Training Boards</i></p> <ul style="list-style-type: none"> <li>• CITB: £117,800</li> <li>• ECITB: £25,452</li> <li>• Creative Skillset: £14,600</li> </ul> <p><i>Other national government funding</i></p> <ul style="list-style-type: none"> <li>• Employer Investment Fund (co-funding): £34,868</li> <li>• Union Learning Fund: £13,000</li> </ul> <p><i>Employer funding</i></p> <ul style="list-style-type: none"> <li>• All establishment that provide training: £5,300,000</li> <li>• Employer investment fund (co-funding): £28,100</li> <li>• Employer ownership pilot (co-funding): £65,300</li> </ul>	<ul style="list-style-type: none"> <li>• Estimates on economic returns from 19+ FE consider learning up to Level 3 and provision below Level 2. Cost-benefit models are not directly comparable, but show clear positive returns.</li> <li>• One study estimated the Net Present Value of government-funded qualifications (2008/09) to be around £75bn.</li> <li>• Wage benefits closely associate with adult FE, but are dynamic and take time to manifest. Qualification gain relates to increased earnings,.</li> <li>• Earning returns are often greater from higher-level learning, but the difference between lower levels can be modest.</li> <li>• Some Level 2 qualifications perform more strongly than Level 3 ones. Full Level 2 or 3 qualifications generate stronger returns.</li> <li>• Returns vary by qualification type.</li> <li>• Only BTECs perform strongly against GCSEs.</li> <li>• Traditionally male-dominated disciplines show higher returns – <i>Engineering or Construction, Planning and the Built Environment</i> – but some types/levels are associated with greater learning progression.</li> <li>• The higher rate of progression to HE may depress some immediate returns to women, which may be realised over a longer time.</li> <li>• Learners value how adult learning improves ways of working, job security and employment prospects (EU Skills Panorama 2014)</li> <li>• Participation is linked to increased work entry, particularly for qualifications.</li> <li>• Higher-level learning may be associated with greater returns, but these are open to fluctuation.</li> <li>• Women may have higher rates of work entry, but the nature of this work is unknown. The pattern is similar for qualification types: Level 2 and 3 NVQs perform particularly strongly.</li> <li>• Other studies find male and female employment rates to be equal, although women have greater positive destination rates including learning.</li> </ul>

Type of provision	Level and source of funding 2013/14 (unless otherwise noted) (£000s)	Returns to adult learning
	<p><i>European funding</i></p> <ul style="list-style-type: none"> <li>• ESF: £361,142</li> <li>• ERDF: £358,194</li> <li>• Erasmus+: £26,584</li> </ul> <p><i>Learners: Amount unknown</i></p>	<p>Learning progression is higher amongst female learners, Those from lower-level learning, and Access to HE and A-level programmes. Learners on accredited training are more likely to engage in non-accredited training (interest or work-related) in future.</p> <ul style="list-style-type: none"> <li>• FE learning and Level 2 course completion has a positive effect on life satisfaction.</li> </ul>
	<p><i>SFA funding by age (19-23):</i></p> <ul style="list-style-type: none"> <li>• Classroom-based learning: £603,500</li> <li>• Apprenticeships: £304,500</li> <li>• Level 2 Workplace learning: £5,000</li> <li>• Community Learning: £13,600</li> <li>• OLASS: £29,800</li> <li>• Employer ownership pilot (co-funding): £1,200</li> </ul> <p><i>SFA Funding by age (24+):</i></p> <ul style="list-style-type: none"> <li>• Classroom based learning: £1,164,800</li> <li>• Apprenticeships: £407,300</li> <li>• Level 2 Workplace learning: £118,800</li> <li>• Community Learning: £197,074</li> <li>• OLASS: £98,200</li> <li>• Employer ownership pilot (co-funding) : £6,000</li> </ul>	<ul style="list-style-type: none"> <li>• Younger learners – aged 19 to 24 – have greater wage premia, as do female learners aged 25 when compared to those aged 40.</li> <li>• Learners aged 19 to 24 are more likely to earn less than £10,000; there is still a benefit in gaining qualifications at an older age.</li> <li>• Some older learners experience lower rates of work entry. Whilst this trend persists for certain vocational qualifications, the effect of Level 2 and 3 NVQs increase with age.</li> <li>• Rates of learning progression are consistently higher among younger cohorts.</li> <li>• Despite increases in progression to HE amongst Level 3 learners aged 20-to-24 and 25+, progression remained lower than rates for younger learners, and was open to fluctuation.</li> <li>• Larger positive health impacts are found for learners aged 40+.</li> </ul>

Type of provision	Level and source of funding 2013/14 (unless otherwise noted) (£000s)	Returns to adult learning
Apprenticeships	<p>ASB: £759,082</p> <p><i>Industry training boards grant funding: £56,108</i></p> <p><i>Employer ownership pilot (co-funding):</i></p> <ul style="list-style-type: none"> <li>• SFA: £46,000</li> <li>• Employers: £65,300</li> </ul> <p><i>Employers: Amount unknown</i></p>	<ul style="list-style-type: none"> <li>• Public spending returns to apprenticeships are notable, but the amount returned per pound invested varies: £16-£35 for an Intermediate apprenticeship, £21-£24 for an Advanced apprenticeship, £8 per Level 2 programme or £10 per Level 3.</li> <li>• Apprenticeships have strong wage returns which fluctuate over time, but Advanced level training consistently provides greater returns than Intermediate level.</li> <li>• Premia are stronger for completers working in a sector related to their training. Some male-dominated subjects associate with higher earnings, but factors such as female employment patterns negate simplistic interpretations.</li> <li>• Apprenticeships are associated with strong employment returns, often greater than qualifications of the same level.</li> <li>• Returns are particularly strong for Higher Apprenticeships and completers in <i>Business, Administration and Law</i></li> <li>• As apprentices are employed, even non-achievers can have a higher probability of continuing in work.</li> <li>• Employers find apprentices are better aligned with company values, more likely to progress, are innovators, and aid retention. Training is viewed as cost effective and employers are often satisfied.</li> <li>• Apprentices have greater confidence in their employability and career progression, especially those completing <i>Construction, Planning and the Built Environment</i> or <i>Engineering and Manufacturing</i>.</li> <li>• Learning progression decreases as level of training increases. Small to moderate numbers of Advanced apprentices continue to HE.</li> <li>• <i>Health, Public Services and Care</i> framework completers are particularly likely to progress amongst Level 2 learners.</li> <li>• Lack of funding is a barrier to further learning, and some employers feel it is unnecessary. Progression to further learning is lower from apprenticeships than from skills provision.</li> <li>• Wider individual benefits are not covered by the reviewed studies.</li> </ul>

Type of provision	Level and source of funding 2013/14 (unless otherwise noted) (£000s)	Returns to adult learning
	<p><i>Funding by age:</i></p> <ul style="list-style-type: none"> <li>• £304,500 (19-23)</li> <li>• £407,300 (24+)</li> </ul>	<ul style="list-style-type: none"> <li>• Apprentices aged 16 to 18 are more than twice as likely to be unemployed than completers aged 25+.</li> <li>• Older apprentices have higher completion and retention rates than younger apprentices, but are more likely to be current employees.</li> </ul>
Vocational and work-based learning	<p>ASB: £144,526</p> <p><i>Employer ownership pilot (co-funding):</i></p> <ul style="list-style-type: none"> <li>• SFA: £46,000</li> <li>• Employers: £65,300</li> </ul> <p><i>Industry Training Boards grant funding: £79,439</i></p> <p><i>Creative Skillset: £14,600</i></p> <p><i>Employers: Amount unknown</i></p> <p><i>ESF: Amount unknown</i></p> <p><i>Erasmus+: £23,408</i></p>	<ul style="list-style-type: none"> <li>• The Net Present Value of work-based, state-funded NVQs (2008-09) has been estimated at £25bn for Level 2, and £9bn for Level 3.</li> <li>• Workplace and vocational learning is associated with positive wage returns: Level 2 and 3 workplace and accredited work-related training showing notably strong returns.</li> <li>• Female ESF-funded learners have higher post-training employment rates and greater average increases between pre- and post-training, although being male is positively associated with employment. Moderate numbers report pay rises, higher-skilled work or managerial responsibilities. Male learners more often report enhanced job security and female learners are more likely to acquire permanent contracts or higher-skilled work.</li> <li>• ESF-funded and other vocational learning equips learners for work, improves professional practice, theoretical skills and interpersonal competencies. It targets adult learning toward skills gaps and shortages.</li> <li>• Other benefits include greater productivity, motivation, less 'downtime' or absenteeism, better health and safety, improved organisational performance, efficiency, adaptability, credibility or attractiveness as an organisation .</li> <li>• Where ESF-funded learners progress to further learning, it often concerns job-search techniques, general work-related learning and personal skills.</li> <li>• Developing curricula with employers enhances progression into further learning.</li> <li>• ESF-funded learners with children feel better able to support them with homework, having increased ability and confidence on learning practices and processes.</li> <li>• Increased life satisfaction is associated with work-related learning.</li> </ul>

Type of provision	Level and source of funding 2013/14 (unless otherwise noted) (£000s)	Returns to adult learning
	<p><i>Funding by age (Level 2 Workplace learning):</i></p> <ul style="list-style-type: none"> <li>• £5,000 (19-23)</li> <li>• £118,800 (24+)</li> </ul>	<ul style="list-style-type: none"> <li>• Younger ESF-funded learners are more likely to have broken employment pathways and be less positive about securing work in the following six months.</li> <li>• Older learners are less likely to report pay rises or taking on higher skilled or managerial work.</li> </ul>
Community Learning	SFA: £210,729	<ul style="list-style-type: none"> <li>• Community Learning improves confidence on employability and future careers, but this does not necessarily translate into 'hard' outcomes.</li> <li>• Studies have not reviewed some returns (e.g. wage) in as systematic a manner as for other types of provision.</li> <li>• Small to moderate numbers of Community learners report higher pay, promotions or new work responsibilities.</li> <li>• Communication skills are the most common skills improvement, but only English and maths were objectively measured. Larger improvements are identified among ESOL learners undertaking basic English.</li> <li>• Learners are enthusiastic about future learning, although lack of funding was seen as a barrier.</li> <li>• Parents are more engaged with their children's education, using improved knowledge of phonics, phonemes and the learning process.</li> <li>• Effects are particularly strong where community learners are female, from ethnic minority backgrounds, have EAL live in urban areas or are in receipt of certain benefits.</li> <li>• There is strong evidence of many 'soft' individual outcomes, e.g. self-esteem, raised aspirations and community engagement.</li> </ul>
	<p><i>Funding by age:</i></p> <ul style="list-style-type: none"> <li>• £13,600 (19-23)</li> <li>• £197,074 (24+)</li> </ul>	<ul style="list-style-type: none"> <li>• Despite increases in confidence generally and in skills in particular, an older cohort reported decreased physical health and fitness.</li> <li>• Being younger is associated with improved skills including communication, literacy, language, budgeting and IT, as well as keeping active. This is not so with creative or practical skills, or community engagement.</li> </ul>

Type of provision	Level and source of funding 2013/14 (unless otherwise noted) (£000s)	Returns to adult learning
Offender learning	<p>SFA: £134,492</p> <p>Charities and voluntary organisations: Amount unknown</p>	<ul style="list-style-type: none"> <li>There are statistically significant differences between the frequency of reoffending amongst BIS-funded unaccredited Prisoners Education Trust learners and PET learners overall compared to the matched sample of prisoners.</li> </ul>
	<p>Funding by age:</p> <ul style="list-style-type: none"> <li>£29,800 (19-23)</li> <li>£98,200 (24+)</li> </ul>	N/A
Basic English & maths	<p>ASB:</p> <ul style="list-style-type: none"> <li>Basic English: £114,800</li> <li>Basic maths: £102,100</li> </ul> <p>ESF: Amount unknown</p>	<ul style="list-style-type: none"> <li>There is a significant gap in analysis comprehensively linking basic English and maths to earnings or into work returns, as well as to wider societal returns e.g. to the Exchequer.</li> <li>Basic English and maths certificates are associated with higher earnings returns than key skills.</li> <li>ESOL learners taking basic English obtain notable skills gains, unlike native speakers.</li> <li>Among learners in the Armed Forces, communication skills are particularly improved, and learners are confident in their skills and potential to improve their careers. However, forces personnel are more engaged with further learning if it is required for progression, or if they have a learning difficulty or disability.</li> <li>Elsewhere English and maths learners become more positive to learning; those learning at higher levels feel more positive than those at lower levels.</li> <li>Learners' self-esteem increases, particularly important where learners have smaller social networks or are isolated. Health and wellbeing is also boosted, particularly from higher-level learning.</li> </ul>
	<p>Funding by age:</p> <ul style="list-style-type: none"> <li>£52,400 (19-23)</li> <li>£164,500 (24+)</li> </ul>	N/A

Type of provision	Level and source of funding 2013/14 (unless otherwise noted) (£000s)	Returns to adult learning
Training for benefit claimants/those not in employment	<p>ASB: Amount unknown  DWP: Amount unknown  ESF: Amount unknown</p>	<ul style="list-style-type: none"> <li>• Evidence linking wider societal returns to training for the unemployed is lacking. However, after work-focused training on the Six Month Offer, high proportions report progression in salary, hours, responsibilities or contract type.</li> <li>• Learners not in employment obtaining a qualification more often receive wage benefits than those who do not. Higher levels of learning are associated with greater returns.</li> <li>• Learners not in employment with lower levels of attainment are as or more likely to be in permanent employment than those completing higher levels.</li> <li>• Providers with higher proportions of JSA or ESA (WRAG) claimants can have lower average rates of entry into work, but there may be a strong likelihood of sustained employment once learners enter work.</li> <li>• Attitudes towards further learning amongst higher-level learners are more positive than for learners at lower levels.</li> <li>• Interventions promoting skills gains for those with low or no qualifications are said to be less effective when used in isolation, due to the multiple disadvantage such individuals may face.</li> </ul>
	<p><i>Funding by age:</i>  Unknown</p>	<ul style="list-style-type: none"> <li>• Younger learners not in employment before their course are more likely to be in temporary or part-time employment than older learners.</li> <li>• Older learners on the Six Month Offer are less likely to report hard career and in-work progression outcomes.</li> </ul>

Note: Funding breakdowns by age are for 2012/13, as is the ASB spend on Basic English and maths provision

## 4.7 Gaps in the evidence base and implications

The task of synthesising the evidence obtained from the mapping of existing funding stream for adult skills, as well as the literature on the benefits and outcomes of different types of learning highlighted a number of gaps in both these evidence sources. These may need to be addressed through further research in order to build a fuller picture of the funding and returns to particular types of training:

- Information is relatively sparse about the type of provision that employers fund and which employees receive training, although evidence suggests that the type of training employers invest in is quite different to publically funded training. In times of greater financial constraints there is greater emphasis on in-house training and fewer days spent on training the workforce. At the same time, employer spending has not replaced the shortfall in public sector investment. Although government attempts to bolster employers' ownership of the skills agenda may encourage greater private sector investment, it is not clear whether this will help address market failures in provision of training at lower levels.
- There is also a need to acquire a more comprehensive understanding of the role of the voluntary and community sector in supporting training to develop adult skills, either through the provision of services, or by administering grants and bursaries to learners. Currently, the level of overall investment from this sector is unknown.
- Published literature on the returns to adult skills has not consistently looked for all types of benefits in relation to all types of learning. For example, available evidence on employment and earnings returns to Community Learning is sparse, and available evidence is heavily reliant on learner surveys. Alternatively, there is a gap in knowledge around the wider social, individual and in-work benefits to work-based learning, and some available evidence is somewhat dated. Additional primary research to exploit administrative datasets or undertake alternative analysis would contribute to a more complete picture of the returns to investment in adult skills.
- Likewise, the 'softer' impacts in terms of children and families have been the subject of less focus in studies assessing vocational and work-based learning, especially apprenticeships where there is a notable gap in evidence in this area. Further research would enrich BIS' understanding of the returns to apprenticeships.
- Whilst there is a considerable body of evidence on the benefits to employers (such as retention or an improved skills base), evidence of returns has often lacked objective measures, especially for vocational and work-based learning other than apprenticeships. Likewise, the evidence regarding the contribution of adult skills to financial turnover is lacking. Additional research going beyond learner or employer surveys would contribute to the knowledge base in this area.
- Evidence regarding skills gains often relies on self-reported measures, and evidence making use of objective skills measures is limited. Inclusion of objective measures of skills acquisition would allow for a fuller understanding of the degree to which adult education contributes to the skills of learners.
- Learning progression outlined in the evidence reviewed has, for the most part, been considered in isolation. Further primary research to track learners' progression through different levels and types of provision would be of value, for example, to assess progression rates of Community Learning learners. This would provide a richer evidence base with which to consider the complex returns to adult learning.

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# Annex

## Summary of REA sources

Table 14 will be included in the next draft and detail the author, date, summary of findings and summary of method.

## Methodology

There are two strands to the research which are synthesised in this report. The first is desk-based research to undertake a mapping of existing evidence about the costs and spending on adult learning and skills. The second is a rapid evidence assessment (REA) of the published literature relating to the benefits and outcomes of learning. In total, 52 studies were reviewed in full and are summarised in this report.

## Mapping the funding of adult skills

The aim of the mapping exercise was to generate, using publically-available information, an up-to-date picture of how government funding for adult learners aged 19+ in England is currently targeted, and how this compares with other funding streams (such as employer and learner contributions). This was intended to provide an indication of areas where funding overlaps and any current gaps in spending.

As well as providing an overall picture of the separate funding streams for adult skills, where data were available, funding was also mapped across several dimensions to provide an indication of the types of learners and the types of learning that benefit from these streams. These were:

- Qualification level
- Learning form
- Demographic characteristics (i.e. age, gender, ethnicity, disability status, prior qualifications, employment status)
- Employment sector
- Occupation
- Region
- LEP area

A framework for the extraction of financial information from 2010/11 to 2017/18 was developed to record spending by year. The individual budgets through which separate funds are available were also recorded, as well as the primary funding source. This information was primarily drawn from the annual reports and financial accounts of relevant bodies, such as government departments, their agencies and national sector-based organisations such as industry training boards. Where information on the training spending of public bodies was not in the public domain, pieces of financial information for select years were obtained from other sources, such as House of Commons' Library notes or select committee findings. For disparate groups such as learners or employers, funding

estimates were obtained from national surveys where respondents were asked to provide their contribution towards the costs of training over the past year.

An early evidence gap that was identified was the lack of a consistent source of publically available information on the types of adult learners that are funded according to each of the demographic characteristics noted above. Data taken largely from the SFA/BIS FE data library were thereby used to provide an insight into the types of learners that participate in provision that receives public funding. Again, for other more disparate funding sources such as employers, survey data were used to obtain yearly estimates of the type of individuals that receive training. A separate extraction framework was created to record this information for the academic years 2010/11 to 2017/18.

## Rapid Evidence Assessment

The aim of the Rapid Evidence Assessment (REA) was to identify approximately 40 of the most relevant and robust studies which provided insight into the contribution of adult skills to a broad range of individual-, employer- and societal-level outcomes. These were then mapped against an analytic framework. Initial scoping was carried out on a limited number of academic databases: Google Scholar, IBSS and the British Education Index (BEI). This ensured indexes were restricted to the most useful and relevant databases which would yield a wide range of academic and policy evidence. Publications from BIS, DWP, MoJ, HM Inspectorate, the UK Commission from Employment and Skills, HM Treasury, Ofsted and relevant Select Committees were drawn upon to provide evidence concerning the returns to adult skills.

In addition, searches were carried out on the websites of the Education and Training Foundation (ETF), the Association of Employment and Learning Providers (AELP), the National Institute for Adult and Continuing Education (NIACE), the Centre for the Economics of Education, the Institute for the Study of Labour (IZA), the centre for Lifelong Learning in Knowledge Economies and Societies (LLAKES), the Institute of Education, VOCEDPlus, the CBI, the European Commission, the OECD and the European Centre for the Development of Vocational Training (Cedefop).

The scope of the review was constructed in line with the priorities of BIS and was to fill current gaps in evidence. It comprised:

- Learners aged 19+
- Levels of provision from Entry Level up to and including Level 4
- Many types of provision including: Apprenticeships, Traineeships, Adult and Community Learning, vocational qualifications, basic skills training, employability provision, workplace learning and provision for benefit claimants.
- Studies published from 2010 onwards
- Both participants in training and gaining qualifications
- A geographical focus on English evidence

In addition, evidence concerning the quantitative benefits were prioritised, with evidence around wider (qualitative) benefits secondary.

A range of primary and secondary search terms were used and are show below in Table 15. An iterative and pragmatic approach was used during the search phase. Where the primary and secondary terms in conjunction yielded no relevant results, this combination was not pursued any further. Where such primary search terms were nonetheless relevant, such as BTEC or NVQ, these were used in isolation (see Table 15).

**Table 15: Search Terms**

Primary search terms	Secondary search terms
Apprentice* OR traineeship*	Pay
“Vocational qualification*”	Employment
“Vocational education”	Unemploy*
Adult education OR training	Progression
“Adult learning”	Return*
“Community learning”	Earn*
“Adult skills”	Health AND/OR wellbeing
(“Work-based” OR “workbased”) (training OR learning)	Family OR child*
Workplace (training OR learning)	Benefit*
“Further Education” OR FE	Wages
BTEC	Income
NVQ	Investment
“City and Guilds”	Outcome*
Literacy	Mobility
Numeracy	Cost*
Basic skills	Poverty
Upskilling OR up-skilling	Productivity
Employability (training OR provision)	Impact
"Employer training"	Funding
"Employer investment"	Finance
	Loans
	"Labour market"
	Econom*

The final search results went through a three-step sift process using clear inclusion and exclusion criteria, although at latter stages these were applied responsively so as to capture evidence in domains where this was limited, and prioritise the most robust and generalizable evidence in areas with more research:

**First sift (title and abstract):** Exclusion of duplicates, studies which pre-dated 2010, without any focus on England or the UK and where studies lacked relevance to the research questions.

**Second sift (full paper):** Studies were included which did not include substantial numbers of adult learners, where the geographical scope did not include England or the UK or

where the level of FE study was above Level 4. Included studies were mapped against the analytic framework in order to identify gaps in the evidence base (see Table 16).

**Third sift (full paper):** The methodology and results of studies were considered in more detail. Studies were excluded if there was no disaggregation of learners’ age or level of study, if research was not robust **and** if it did not contribute to research questions within the analytic framework. The mapping exercise of the second stage was used to inform these decisions.

**Review stage:** From the remaining papers, the 52 most relevant and robust studies were selected for full paper review and data was extracted against the analytic framework. This was in order to ensure consistency of approach. In addition, the level of rigour of each article was reported on.

**Table 16: Analytic Framework**

Learning type	Individual characteristics	Returns/benefits of learning
Qualification Level: Entry Level; Level 1; Level 2; Level 3; Level 4	Age: Young people (aged 19-24); Mid-career (aged 25-49); Older people (aged 50+)	Labour market benefits: productivity increases and profit; increased employment rate/decreased unemployment rate; earnings increases and wage progression; occupational mobility
Form: Apprenticeships; Community Learning; Vocational qualifications; employability; work-related; basic skills; traineeships	Prior level of qualification: No qualifications; Below Level 2; Level 2-3; Level 4; Above Level 4	Wider benefits: decreased poverty; increased social mobility; returns to the Exchequer; health and wellbeing outcomes, reduced crime rates
Certified/Uncertified training	Employment status: unemployed/inactive (length of time out of labour market), employed (full-time/part-time); sector of employment; occupation	Learning progression, including to higher education
	Region (English region; LEP area)	‘Soft outcomes’: increases in confidence etc.
	Gender	Indirect benefits to children/families: eg support with school-work
	Ethnicity	
	Disability	

## Referenced table - What learning is funded and with what returns

Type of provision	Level and source of funding 2013/14 (unless otherwise noted) (£000s)	Returns to adult learning
All 19+ FE provision	<p><i>SFA funding for Post-19 FE</i></p> <ul style="list-style-type: none"> <li>ASB: £2,475,291</li> <li>Advanced Learning Loans: £129,000</li> <li>Employer ownership pilot (co-funding): £46,000</li> <li>Offender Learning and Skills Service: £134,492</li> <li>Community learning: £210,729</li> <li>ESF match funding: £171,000</li> </ul> <p><i>Industry Training Boards</i></p> <ul style="list-style-type: none"> <li>CITB: £117,800</li> <li>ECITB: £25,452</li> <li>Creative Skillset: £14,600</li> </ul> <p><i>Other national government funding</i></p> <ul style="list-style-type: none"> <li>Employer Investment Fund (co-funding): £34,868</li> <li>Union Learning Fund: £13,000</li> </ul> <p><i>Employer funding</i></p> <ul style="list-style-type: none"> <li>All establishment that provide training: £5,300,000</li> <li>Employer investment fund (co-funding): £28,100</li> <li>Employer ownership pilot (co-funding): £65,300</li> </ul>	<ul style="list-style-type: none"> <li>Estimates on economic returns from 19+ FE consider learning up to Level 3 - including basic skills provision - and provision below Level 2. Although cost-benefit models are not directly comparable, they show clear positive returns. One study estimated the Net Present Value of government-funded qualifications started in 2008/09 to be around £75bn (CE and IER 2011).</li> <li>Wage benefits are closely associated with adult FE, but are dynamic, and take time to manifest (Conlon and Patrignani 2013; BIS 2014c; Blanden et al 2012). Qualification gain relates to increased earnings, particularly where attainment increases (Wiseman et al 2013; Dorsett et al 2010; 2011).</li> <li>Earning returns are often greater from higher-level learning, but the difference with lower levels can be modest (Conlon and Patrignani 2013; Dorsett et al 2010; 2011; Wiseman et al 2013).</li> <li>There are exceptions: some Level 2 qualifications perform more strongly than Level 3 ones (Conlon and Patrignani 2013; BIS 2014c; Bibby et al 2014). Full Level 2 or 3 qualifications generate stronger returns (Buscha and Urwin 2013).</li> <li>Returns vary by qualification type. Only BTECs perform strongly against GCSEs (Conlon et al 2011). Traditionally male-dominated disciplines show higher returns – <i>Engineering or Construction, Planning and the Built Environment</i> – but some types/levels are associated with higher rates of learning progression (Conlon et al 2011). Hence, the higher rate of female progression to HE may depress some returns (Buscha and Urwin 2013) and returns to women – or female-dominated subjects – may be realised over a longer time (Blanden et al 2012).</li> </ul>

Type of provision	Level and source of funding 2013/14 (unless otherwise noted) (£000s)	Returns to adult learning
	<p><i>European funding</i></p> <ul style="list-style-type: none"> <li>• ESF: £361,142</li> <li>• ERDF: £358,194</li> <li>• Erasmus+: £26,584</li> </ul> <p><i>Learners:</i> Amount unknown</p>	<ul style="list-style-type: none"> <li>• Learners value adult learning for improving ways of working, job security and employment prospects (EU Skills Panorama 2014) Participation is linked to increased work entry, particularly when qualifications are pursued (Conlon and Patrignani 2013; Dorsett et al 2010; 2011; CE and IER 2013; Wiseman et al 2013). Higher-level learning may be associated with greater returns (Bibby et al 2014; Conlon and Patrignani 2013), but these are open to fluctuation (Dorsett et al 2010; 2011; CE and IER 2013).</li> <li>• Women may have higher rates of work entry, but the nature of this work is unknown (Bibby et al 214; Conlon et al 2011). The pattern is similar for qualification types, and Level 2 and 3 NVQs perform particularly strongly (Conlon et al 2011).</li> <li>• Other studies find male and female employment rates to be equal, although women are singled out for greater positive destination rates including learning progression (BIS 2014f).</li> <li>• Learning progression is higher amongst: Female learners (e.g. BIS 2014f), Those from lower-level learning, and Those from Access to HE and A-level programmes (Duckworth and Cara 2012; Smith et al 2015). Learners on accredited training are more likely to engage in non-accredited training<sup>8</sup> in future (Duckworth and Cara 2012).</li> <li>• FE learning has a positive effect on life satisfaction, as has Level 2 course completion (London Economics and Ipsos MORI 2013a; Duckworth and Cara 2012).</li> </ul>

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<sup>8</sup> Any leisure or interest-related learning and work-related training

Type of provision	Level and source of funding 2013/14 (unless otherwise noted) (£000s)	Returns to adult learning
	<p><i>SFA funding by age (19-23):</i></p> <ul style="list-style-type: none"> <li>• Classroom-based learning: £603,500</li> <li>• Apprenticeships: £304,500</li> <li>• Level 2 Workplace learning: £5,000</li> <li>• Community Learning: £13,600</li> <li>• OLASS: £29,800</li> <li>• Employer ownership pilot (co-funding): £1,200</li> </ul> <p><i>SFA Funding by age (24+):</i></p> <ul style="list-style-type: none"> <li>• Classroom based learning: £1,164,800</li> <li>• Apprenticeships: £407,300</li> <li>• Level 2 Workplace learning: £118,800</li> <li>• Community Learning: £197,074</li> <li>• OLASS: £98,200</li> <li>• Employer ownership pilot (co-funding) : £6,000</li> </ul>	<ul style="list-style-type: none"> <li>• Younger learners – aged 19 to 24 – have greater wage premia, as do female learners aged 25 when compared to those aged 40 (Bibby et al 2014; Conlon and Patrignani 2013; Dorsett et al 2011). <ul style="list-style-type: none"> <li>○ Learners aged 19 to 24 are more likely to earn less than £10,000, and that there is still a benefit in gaining qualifications at an older age (London Economics and Ipsos MORI 2013b; Conlon et al 2011).</li> </ul> </li> <li>• In some cases older learners experience lower rates of work entry (BIS 2014f; Bibby et al 2014). Whilst this trend is confirmed for certain vocational qualifications, the employment effect of Level 2 and 3 NVQs increase with age (Conlon et al 2011).</li> <li>• Rates of progression into further learning are consistently higher among younger cohorts (BIS 2014f; BIS 2014c; Buscha and Urwin 2013). <ul style="list-style-type: none"> <li>○ Despite increases in progression to HE amongst Level 3 learners aged 20-to-24 and 25+, progression remained lower than rates for younger learners, and was open to fluctuation (Smith et al 2015).</li> <li>○ Larger positive health impacts are found for learners aged 40+ (Dolan et al 2012).</li> </ul> </li> </ul>
Apprenticeships	<p><i>ASB: £759,082</i></p> <p><i>Industry training boards grant funding: £56,108</i></p>	<ul style="list-style-type: none"> <li>• Public spending returns to apprenticeships are notable, but the amount returned per pound invested varies: <ul style="list-style-type: none"> <li>○ Between £16 and £35 for an Intermediate apprenticeship, between £21 and £24 for an Advanced apprenticeship,</li> <li>○ £8 per Level 2 or £10 per Level 3 apprenticeship programme (National Audit Office 2012; Samek Lodovici et al 2013).</li> </ul> </li> </ul>

Type of provision	Level and source of funding 2013/14 (unless otherwise noted) (£000s)	Returns to adult learning
	<p><i>Employer ownership pilot (co-funding):</i></p> <ul style="list-style-type: none"> <li>• SFA: £46,000</li> <li>• Employers: £65,300</li> </ul> <p><i>Employers: Amount unknown</i></p>	<ul style="list-style-type: none"> <li>• Apprenticeships have strong wage returns which fluctuate over time, but Advanced level training consistently provides greater returns than Intermediate level (National Audit Office 2012; BIS 2014c; BIS 2014b; Higton et al 2013; Buscha and Urwin 2013; CE and IER 2013).</li> <li>• Premia are stronger for completers working in a sector related to their training (Higton et al 2013). Some male-dominated subjects are associated with higher earnings returns, but some factors such as female employment patterns negate a simplistic interpretation of this (Higton et al 2013).</li> <li>• Apprenticeships are associated with strong employment returns, often more so than qualifications at the same level studied in education (Samek Lodovici et al 2013; BIS 2014f). <ul style="list-style-type: none"> <li>○ The higher the level of training, the stronger the returns, particularly when compared to Level 3 and Level 2 training (Higton et al 2013; Samek Lodovici et al 2013).</li> <li>○ <i>Business, Administration and Law</i> completers see particularly strong returns (BIS 2013b; Higton et al 2013).</li> <li>○ As apprentices are employed, even non-achievers can have a higher probability of continuing in work (Bibby et al 2014).</li> </ul> </li> <li>• Employers find that apprentices are better aligned with company values, more likely to progress, a source of innovation, and aid staff retention (Gambin et al 2010; Hogarth et al 2012; Tu et al 2013). Training is viewed as cost effective by employers who are also often highly satisfied with apprentices (Owen et al 2013).</li> <li>• Apprentices have greater confidence in their employability and career progression, especially those completing <i>Construction, Planning and the Built Environment</i> or <i>Engineering and Manufacturing</i> (Higton et al 2013).</li> </ul>

Type of provision	Level and source of funding 2013/14 (unless otherwise noted) (£000s)	Returns to adult learning
	<p><i>Funding by age:</i></p> <ul style="list-style-type: none"> <li>• £304,500 (19-23)</li> <li>• £407,300 (24+)</li> </ul>	<ul style="list-style-type: none"> <li>• Learning progression rates decrease as level of training increases. Small to moderate numbers of Advanced apprentices continue to HE, and learning progression rates are lower than those from Level 2 to 3 (National Audit Office 2012; Joslin and Smith 2014; Tu et al 2013). <ul style="list-style-type: none"> <li>◦ <i>Health, Public Services and Care</i> framework completers are particularly likely to progress amongst Level 2 learners (Higton et al 2013).</li> </ul> </li> <li>• Lack of funding is a barrier to further learning, and some employers feel progression is unnecessary for effective employment (Tu et al 2013). Progression to further learning is lower from apprenticeships than from skills provision (BIS 2014f).</li> <li>• Wider individual benefits are not covered by the reviewed studies.</li> </ul>
Vocational and work-based learning	<p>ASB: £144,526</p> <p><i>Employer ownership pilot (co-funding):</i></p> <ul style="list-style-type: none"> <li>• SFA: £46,000</li> <li>• Employers: £65,300</li> </ul>	<ul style="list-style-type: none"> <li>• Based on 2008-09 funding allocations, the Net Present Value of work-based, state-funded NVQs has been estimated at £25bn for Level 2, and £9bn for Level 3 (CE and IER 2011).</li> <li>• Workplace and vocational learning is associated with positive wage returns, with Level 2 and 3 workplace and accredited work-related training showing notably strong returns (Conlon and Patrignani 2013; Blanden et al 2012; Bibby et al 2014).</li> </ul>

Type of provision	Level and source of funding 2013/14 (unless otherwise noted) (£000s)	Returns to adult learning
	<p><i>Industry Training Boards grant funding: £79,439</i></p> <p><i>Creative Skillset: £14,600</i></p> <p><i>Employers: Amount unknown</i></p> <p><i>ESF: Amount unknown</i></p> <p><i>Erasmus+: £23,408</i></p>	<ul style="list-style-type: none"> <li>• Female ESF-funded learners have higher post-training employment rates and a greater average percentage point increase between pre- and post-training, although being male is positively associated with being in work (Anderson et al 2011). Moderate numbers report getting pay rises, higher skilled work or managerial responsibilities. Male learners are more likely to report enhanced job security and female learners more likely to move to permanent contracts or take on higher-skilled work (Dickinson and Lloyd 2010; Anderson et al 2011).</li> <li>• ESF-funded as well as other work-based and work-related learning better equip learners for work, improving professional practice, theoretical skills and interpersonal competencies such as teamwork (Anderson et al 2011; Ofsted 2010). Such training targets adult learning toward skills gaps and shortages, providing employers with staff with work-related skills and knowledge (Ofsted et al 2010, Hogarth et al 2012, Stuart et al 2013).</li> <li>• Other benefits include greater productivity, motivation, less 'downtime' or absenteeism, better health and safety, improved organisational performance, efficiency, adaptability, credibility or attractiveness as an organisation (Hogarth et al 2012; Stuart et al 2012; Ofsted 2010).</li> <li>• Where ESF-funded learners progress to further learning, this focuses on job-search techniques, general work-related learning and personal skills (Anderson et al 2011).</li> <li>• Developing curricula in collaboration with employers enhances rates of progression into further learning from work-based and vocational education (Ofsted 2010).</li> <li>• ESF-funded learners with children feel better able to support them with homework, having increased ability and confidence on learning practices and processes (Dickinson and Lloyd 2010).</li> </ul>
	<p><i>Funding by age (Level 2 Workplace learning):</i></p>	<ul style="list-style-type: none"> <li>• Increased life satisfaction is associated with work-related learning (Dolan and Fujiwara 2012; Duckworth and Cara 2012).</li> </ul>

Type of provision	Level and source of funding 2013/14 (unless otherwise noted) (£000s)	Returns to adult learning
	£5,000 (19-23) £118,800 (24+)	<ul style="list-style-type: none"> <li>• Younger ESF-funded learners in Priorities 1 ('Extending employment opportunities' in England excluding Cornwall) and 4 ('Tacking barriers to employment' in Cornwall and the Isles of Scilly') are more likely to have broken employment pathways and be less positive about securing work in the following six months (Anderson et al 2011).</li> <li>• Older learners are less likely to report pay rises or taking on higher skilled or managerial work (Anderson et al 2011).</li> </ul>
Community Learning	SFA: £210,729	<ul style="list-style-type: none"> <li>• Community Learning improves confidence on employability and future careers, but this does not necessarily translate into 'hard' outcomes (e.g. Harding et al 2014).</li> <li>• Studies have not reviewed some returns (e.g. wage) in as systematic manner as for other types of provision.</li> <li>• Small to moderate numbers of community learners report higher pay, promotions or new responsibilities at work (Swain et al 2014; Harding and Ghezelayagh 2014).</li> <li>• Communication skills are the most common skills improvement, but only English and maths skills were objectively measured. Most notable improvements are identified among ESOL learners undertaking basic English (Harding and Ghezelayagh 2014).</li> <li>• Learners are enthusiastic about future learning. Those who progress are often involved with crafts, foreign languages or independent learning, and intention to progress remains high amongst those who had not yet done so (Harding et al 2014; Harding and Ghezelayagh 2014; Swain et al 2014). Lack of funding was seen as a barrier to additional learning (Swain et al 2014; Harding et al 2014).</li> </ul>

Type of provision	Level and source of funding 2013/14 (unless otherwise noted) (£000s)	Returns to adult learning
	<p><i>Funding by age:</i></p> <ul style="list-style-type: none"> <li>• £13,600 (19-23)</li> <li>• £197,074 (24+)</li> </ul>	<ul style="list-style-type: none"> <li>• Parents are more engaged with their children’s education, with improved knowledge of phonics, phonemes and the learning process (Harding and Ghezelayagh 2013; Swain et al 2014).</li> <li>• Effects are particularly strong where community learners are (Harding et al 2014): <ul style="list-style-type: none"> <li>○ female,</li> <li>○ from ethnic minority backgrounds,</li> <li>○ have EAL</li> <li>○ live in urban areas or</li> <li>○ are in receipt of certain benefits</li> </ul> </li> <li>• There is strong evidence of a wide range of ‘soft’ individual outcomes, including self-esteem, raised aspirations and community engagement (Harding and Ghezelayagh 2014; Swain et al 2014).</li> </ul>
Offender learning	<p><i>SFA: £134,492</i></p> <p><i>Charities and voluntary organisations: Amount unknown</i></p>	<ul style="list-style-type: none"> <li>• Crime rate findings are from Prisoners Education Trust, and where this is BIS-funded accredited learning, they are inconclusive. However, the one-year proven reoffending rate is 19 per cent for PET learners overall (compared to 26 per cent) and 21 per cent for BIS-funded unaccredited learners (as compared to the matched sample’s 32 per cent) (Ministry of Justice 2013a; 2013b; 2013c).</li> </ul>

Type of provision	Level and source of funding 2013/14 (unless otherwise noted) (£000s)	Returns to adult learning
		<ul style="list-style-type: none"> <li>There are statistically significant differences between the frequency of reoffending amongst BIS-funded unaccredited PET learners and PET learners overall as compared to the matched sample of prisoners (Ministry of Justice 2013a; 2013c).</li> </ul>
	<i>Funding by age:</i> <ul style="list-style-type: none"> <li>£29,800 (19-23)</li> <li>£98,200 (24+)</li> </ul>	N/A
Basic English & maths	<i>ASB:</i> <ul style="list-style-type: none"> <li>Basic English: £114,800</li> <li>Basic maths: £102,100</li> </ul> <i>ESF:</i> Amount unknown	<ul style="list-style-type: none"> <li>There is a significant gap in analysis comprehensively linking basic English and maths to earnings or into work returns, as well as to wider societal returns such as to the Exchequer.</li> <li>However, basic English and maths certificates are associated with higher earnings returns than key skills (Bibby et al 2014).</li> <li>ESOL learners taking basic English experience notable skills gains, unlike native speakers (Wolf and Jenkins 2014).</li> <li>Among basic English and maths learners in the Armed Forces, communication skills are particularly improved, and learners are confident in their own skills and potential to improve their careers (Vorhaus et al 2012a; 2012b; House of Commons Defence Committee). However, forces personnel are more engaged with further learning, if it is a requirement for progression, or if they have a learning difficulty or disability (Vorhaus et al 2012b).</li> <li>Basic English and maths learners elsewhere become more positive to learning, although those learning at higher levels feel more positive than those at lower levels (SQW Ltd et al 2013a).</li> </ul>
		<ul style="list-style-type: none"> <li>Learners' self-esteem increases, which may be particularly important where learners have smaller social networks or are isolated (SQW Ltd 2013b). The health and wellbeing of basic English and maths learners is boosted, particularly where the level of learning is higher (SQW Ltd et al 2013b).</li> </ul>

Type of provision	Level and source of funding 2013/14 (unless otherwise noted) (£000s)	Returns to adult learning
	<i>Funding by age:</i> <ul style="list-style-type: none"> <li>• £52,400 (19-23)</li> <li>• £164,500 (24+)</li> </ul>	N/A
Training for benefit claimants/those not in employment	<i>ASB:</i> Amount unknown <i>DWP:</i> Amount unknown <i>ESF:</i> Amount unknown	<ul style="list-style-type: none"> <li>• There is a lack of evidence linking wider societal returns to training for benefit claimants or those not in employment. However, following work-focused training through the Six Month Offer, high proportions of participants report progression in salary, hours, responsibilities or contract type (Adams et al 2011).</li> <li>• Learners not in employment obtaining a qualification are more likely to enjoy wage benefits than those who do not, and higher levels of learning are associated with greater returns (Devins et al 2011).</li> <li>• Learning leading to qualification attainment may be a strong predictor of entering work (Devins et al 2011). However, individuals not in employment with lower levels of attainment are as or more likely to be in permanent employment than those completing higher level qualifications (London Economics and Ipsos MORI 2013b).</li> <li>• Where providers have higher proportions of learners claiming JSA or ESA (WRAG), average rates of entry into work can be lower, although there may be a strong likelihood of sustained employment once learners enter work (BIS 2014f; Adams et al 2011).</li> </ul>
		<ul style="list-style-type: none"> <li>• Attitudes towards further learning amongst learners at higher levels are more positive than amongst learners at lower levels (Ipsos MORI 2013b).</li> <li>• Interventions promoting skills gains for those with low or no qualifications are said to be less effective when used in isolation, due to the multiple disadvantage such individuals may face (Devins et al 2011).</li> </ul>

Type of provision	Level and source of funding 2013/14 (unless otherwise noted) (£000s)	Returns to adult learning
	<i>Funding by age:</i> Unknown	<ul style="list-style-type: none"> <li>• Younger learners not in employment at the time of their course are more likely to be in temporary or part-time employment than older learners (London Economics and Ipsos MORI 2013b).</li> <li>• Older learners on the Six Month Offer are less likely to report hard outcomes around career progression, are less positive about opportunities for progression in their current role, and see fewer options for promotion (Adams et al 2011).</li> </ul>

Note: Funding breakdowns by age are for 2012/13, as is the ASB spend on Basic English and maths provision



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**BIS/16/47**