Digital transformation and the Adult Education Budget

Creating the path for digital reskilling in a post-Covid economy
Foreword from Andy Durman, Managing Director, Emsi

“This economic crisis has put into stark perspective the importance of ‘human skills’, such as leadership, empathy and mentorship, in helping workers find a path back into the workforce - in many cases in new sectors of employment. This is coupled with increasing demand for digital capabilities and technical job-specific skills across the board. The crisis has shown the need to re-define the skills we most value with a focus on emotional intelligence, digital skills and inclusivity.”

Introduction from Kirstie Donnelly, MBE, Chief Executive Officer at City & Guilds Group

Over the last few months, economies and societies worldwide have changed in ways that none of us could have foreseen. Here in the UK, the outlook for 2020 swiftly moved from one of relative economic prosperity and growth to sitting on the precipice of the biggest economic crisis since the Great Depression of the 1920s.

Prior to Covid-19, Brexit, revised immigration laws and the rapid adoption of Artificial Intelligence (AI) in the workplace were already causing significant disruption across the world of work. As a result of the crisis, digital transformation is taking place at an exceptional rate. A record number of people moved to home working arrangements, aspects of personal and professional lives have changed beyond recognition and the requirements for both digital skills and digital delivery of training have skyrocketed.

New research presented in the full Recovery and resilience report reveals that people urgently need financial support, job specific training and digital skills if they are to remain employed – or find routes into employment – as we emerge from the crisis.

In this report, we will discuss the acceleration of digital transformation within the current climate, and the necessity for digital skills development, along with flexible, accessible learning models.

We are calling on employers and education providers to work together to drive forward digital transformation through digital skills investment and online learning tools, with the right investment from government to allow this to happen.
Digital skills development and flexible, accessible learning models must be prioritised

When looking at skills needs across the UK population, industry and job specific skills are ranked most highly (40%), followed by leadership and management (32%) and advanced digital skills (30%). Interestingly, those currently unemployed recognise the need for digital upskilling most starkly, with 22% citing a need for basic digital skills, 35% for advanced digital skills and 37% for data handling and analysis skills (compared with 12%, 30% and 28% respectively for all workers).

Even before the crisis there was a distinct lag in digital skills development. It has now become more important than ever to fill this skills gap, with Microsoft reporting that two years’ worth of digital transformation has taken place in the space of two months.1

As we emerge from the pandemic, we are likely to see high growth amongst digital infrastructure industries, leading to the need for further development in both basic and specialised digital skills.

As well as re-shaping the skills needed, the accelerated use of technology has created an irreversible shift in the way people learn and work. 40% of workers who responded to our survey specified that their top requirement when selecting a course was the ability to learn entirely online. Part-time and flexible access courses are also cited as requirements for more than half of both workers (58%) and those currently unemployed (52%).

We need to see a shift away from purely focusing on longer full-time courses instead developing flexible learning that can be delivered at a time and place to suit all. The pandemic has already proven that offering training and assessment online is possible and successful across many subject areas. It is essential that we now see greater use of technology to deliver skills training and relevant adaptations to the regulations around accreditation and qualifications this will help to build flexibility into the system that endures long after Covid-19.

At this moment and time, learning and accreditation does not match the learner and employers needs. We need to ‘Close The Gap’.

The current skills policy landscape is hindering critical adult education and not working to support those most in need

Government funding within our current skills system is not best aligned with the needs of either employers or individuals. Chronic underfunding and a restrictive, complex methodology have resulted in a skills policy landscape that is hard to navigate and has limited access and usability.

The Adult Education Budget (AEB) – the issues

• This fund has remained underspent and underutilised for the last five years, showing it is not fit for purpose. Learner eligibility criteria is complex and restrictive, and the fund does not support any learning above Level 3, at a time when technical level skills at Level 4 and Level 5 are in short supply.

• The qualification offer is not always supportive of employers’ needs and the Community Learning aspect, requiring match funding, has resulted in reduced delivery with many learners unable to afford the contribution.

• The size and shape of the learning and accreditation offer does not match learner and employer needs, a problem highlighted in the City & Guilds and NOCN ‘Close the Gap’ report published in 2019.

The cure: Short, sharp interventions to support retraining and reskilling back into employment

Despite the problems with the skills system, this is not the moment for a complete rethink. We don’t have the luxury of time for consultations and new legislation. We need decisive action and creative thinking to quickly develop skills solutions that can help large numbers of people retrain and reskill, at all ages and stages of their careers, often into entirely new industries.

Our call to action

City & Guilds Group is calling for action across specific key areas, which should be included in a national Skills Recovery Plan. These recommendations make use of existing funding and are intended as short-term interventions to reduce the impact of a severe recession, capitalise on the digital revolution and drive skills development for recovery.
Our recommendations

Target government funding into pre-employment programmes to help stave off a lost generation of workers:

- Review and reform adult education funding, re-prioritising existing funding to support people back into work
  - Existing funding is often only available to support in-college learning and is not always responsive to employers’ and individuals’ needs. The eligibility criteria of existing funding pots, such as the AEB, must be broadened to ensure they support more flexible, bite-sized and online learning offers that will help people of all ages quickly back into employment. Further Education (FE) loans, currently difficult to access and poorly marketed, should be reformed to increase awareness and better support employed individuals to gain new skills or change career.

- Push digital transformation further by encouraging employers and education providers to work together to maintain the widespread adoption of online learning and enhance digital funding
  - The last few months have seen a seismic shift in the way education is delivered and assessed digitally. Online learning assists with social distancing but more importantly provides access to education for those who can’t get to a physical location or need more flexibility in both time and place. However, significant investment is required into broadband infrastructure across the country to make this a reality for all. The Government should extend the support for additional equipment offered to schools to the FE sector so that more people can access learning remotely. This needs to be prioritised for low income groups to ensure equality of access.

Ensure funding support for flexible, bite-sized and online learning offers.

About Emsi

Emsi’s goal is to help local, regional and national economies function more effectively through helping people and organisations make better decisions relating to the world of work. Through a unique integration of a variety of labour market data sources, we create a detailed and holistic understanding of workforce supply and demand down to the local level.

Methodology

Unless stated otherwise, all quantitative data cited in this report is taken from a survey commissioned by City & Guilds Group and undertaken by YouGov in June 2020. Research was undertaken amongst a sample of 2080 adults between June 10th-11th. All figures have been weighted and are representative of UK adults (aged 18+). The survey was carried out online.

Additional analysis of UK job postings and how demand for skills and occupations changed between February and May 2020 was provided by economists at Emsi.