Upskilling and retraining the adult workforce

This POSTnote provides an overview of adult upskilling and retraining in the UK. It outlines the national context of adult education, including issues around supply and demand of skills as well as funding and participation rates. It also discusses the key impacts of adult learning. This briefing focuses on 19+ adult learning and excludes university education.

Overview

- The UK faces a range of challenges that will require workers to upskill or retrain.
- There are mismatches between supply and demand of skills in the UK workforce.
- The Government and the devolved administrations are pursuing a range of policies to strengthen the UK’s skills base.
- Participation in adult education (AE) in England has fallen from 4.4m in 2003/04 to 1.5m in 2019/20. In the same period, funding for AE fell by nearly two thirds.
- Participation in AE is less likely for adults who are older, lower skilled or experience educational disadvantages.
- Adult learning is associated with a range of positive economic and wellbeing outcomes.

While there are a range of competing frameworks that define ‘skills’,1–4 the UK Government’s Employer Skills Survey (ESS), which in 2019 was undertaken by 81,000 employers in the UK (excluding Scotland),5 grouped skills into ‘technical and practical skills’ and ‘people and personal skills’.6,7 Technical and practical skills include specific knowledge needed to perform a role, while people and personal skills include time management, task prioritisation and teamworking.6,2 Upskilling refers to the improvement of an individual’s skillset while retraining refers to developing skills to enable a change in an individual’s role.8 Imbalance between the skills available in the labour market and those sought by employers creates ‘skills mismatches’.9–12 When the skills or qualifications of workers exceed employer demand it can lead to ‘skills surpluses’. However, when the type or level of skills that employers need is lacking amongst individuals, it can create ‘skills gaps’ and ‘skills shortages’.9 Skills gaps occur when workers within an organisation lack the necessary level of skills to fulfil their roles. Skills shortages occur when vacancies cannot be filled due to a lack of skilled individuals in the workforce, although unfilled vacancies can also reflect a failure to attract candidates due to undesirable working conditions.9

Some mismatches are present in any economy, however, there are currently significant skills challenges within the UK. The 2019 ESS reported that 24% of job vacancies were caused by skills shortages and that 13% of employers thought that some employees were under-skilled for their role.5,14 Productivity levels in the UK have remained weak since 2008,15,16 and the coronavirus pandemic has disrupted the labour market.17 Trends such as automation, migration and an extended work life are also likely to influence the type of jobs available in the future. There are 32.5m workers aged 16+ in the workforce,18 and, according to the Confederation of British Industry, 25.5m will require upskilling and 5m will require retraining by 2030.8

The UK Government and devolved administrations are pursuing policies to help boost the UK’s skills base (Box 1). In May 2021 the UK Government introduced the Skills and Post-16 Education Bill to Parliament, which provides legislation for reforms to post-16 education and training in England outlined in the Skills for Jobs White Paper.19 This includes a Lifelong Loan Entitlement equivalent to four years of post-18 full-time or modular study at higher technical and degree levels, the detail and scope of which will be consulted upon.20 Research shows that co-production of training between providers and employers can help create effective training programmes,21,22 and the Bill envisages more employer input through the development of Local Skills Improvement Plans in conjunction with providers.23
Factors affecting employment and skills

There are several interrelated factors that are influencing the nature of employment and skills in the UK.6 These include:

- Automation: Developments in technology are likely to displace certain jobs (see POSTnote 534), particularly those that involve routine tasks.7 The Office for National Statistics estimates that 1.5m people in England (7.4%) are employed in jobs at high-risk of automation.8 Emerging technologies will also create new jobs and change the nature and types of job roles available across a range of sectors.9–11

- Net zero emissions: As part of its commitment to reach net zero emissions by 2050,12 the UK Government aims to support up to 440,000 jobs in net zero industries by 2030.13 There is likely to be a reduction in roles in ‘carbon-intense’ industries and an increase in roles in ‘green sectors’.14–16

- Ageing population: Increased life expectancy means that more 50+ year olds are in work,17,18 and the employment rate for 50–64 year olds has increased from 60% in 2000 to 73% in 2020.19 Workers will need to upskill and retrain to remain in work across a prolonged work life.

- Immigration: The launch of the points-based system limits opportunities for migrant workers to find employment in the UK.20,21 Sectors like construction22 and hospitality,23 which have made disproportionate use of these workers, now have to recruit more of their staff from the domestic workforce.24

- COVID-19: One in four people who were employed during the pandemic were furloughed for a period between March 2020 and June 2021.25 Furloughed employees were most likely to be younger (16–24)26 and older (50+) workers,27 and more likely to be in lower skilled employment.28 Labour market recovery is uneven across sectors and regions,29 and experiences of unemployment or furlough could have had a negative impact on earnings and career progression.30

The UK skills landscape

While no system of labour market information (LMI) can predict the future, LMI can be an important tool for identifying current skills mismatches as well as informing training provision and careers guidance to help address skills mismatches.31,32 There are various methods for collecting LMI for skills (Box 2).

Box 1: UK and devolved Governments’ skills policies

- England: Funding for adult education and training includes the Adult Education Budget (£1.34bn in 2020/21) and the National Skills Fund (NSF) (£2.5bn from April 2021). A consultation on the creation of a single Skills Fund closed in October 2021.24 Through the NSF, adults are entitled to a funded Level 3 (equivalent to A Level) qualification if they do not already have one or, from April 2022, if they earn below the National Living Wage or are unemployed.25 The NSF supports Skills Bootcamps that offer courses of up to 16 weeks for people aged 19+ in areas such as construction, engineering and digital.30–32

- Scotland: The 2019 Future Skills: Action Plan sets out Scotland’s plan for boosting skills,33–35 supporting retraining opportunities from the energy sector into green jobs; publication of a careers strategy,36 improving access in the rural economy; and supporting Community Education.

- Northern Ireland: The 2021 Skills for a 10x Economy strategy aims to increase the numbers of workers with qualifications (at a range of levels) and the proportion of graduates leaving higher education with degrees in STEM subjects (such as computer sciences and engineering).37

- Wales: The Young Person’s Guarantee offers training or employment support to under-25s,38 while Personal Learning Accounts allow individuals aged 19+ from lower income households to gain skills.39 The Flexible Skills Programme helps businesses upskill their staff in creative, manufacturing and digital skills.33,34 Targets for 75% of working-age adults to be qualified to Level 3+ and <5% to have no qualifications by 2050 are being considered.35

Box 2: Labour market information (LMI) for skills

LMI covers data related to the job market such as earnings and employment rates. Skills levels are an important part of LMI and there are various ways of measuring them:

- Employer surveys are used to obtain information about skills needs.39 There is a delay between data collection and publication, meaning that surveys are not always the most up-to-date reflection of current skills needs.

- Qualifications are a proxy for skills, but many skills do not lend themselves to formal testing. This metric can also exclude those who have skills but lack qualifications.

- Real time data such as online job postings reveal skills demands.40 This metric can exclude certain skills and cater to roles more likely to be advertised online.41 It also does not reveal the skills that employers get from recruitment.

- **O*NET (for the US)**42 and the European Skills/Competences and Occupations Framework43 sort LMI within a consistent framework that connects skills to occupations.44 There are calls for the UK to adopt a similar framework;45 Nesta has created a prototype Open Jobs Observatory that provides information on the skills mentioned in UK job adverts.46

Supply of skills

If the supply of skills does not meet employer demand it can create skills shortages and gaps,46,47 which can have negative impacts for workers, organisations and society.48,49 For example, when individuals have limited skills, it can restrict access to quality employment and in-work progression. Prolonged shortages and gaps are also associated with lower productivity and wages.50–52 While shortages and gaps vary across sectors and places,53–55 the 2019 ESS indicated that:

- **Technical and practical skills** contributed to 84% of skills shortage vacancies.56 Specialist skills or knowledge needed to perform a role was the most acute shortage (63%).57 There is unmet demand for intermediate technical skills in shortage sectors such as manufacturing and engineering.58 Uptake of higher technical education in England, between A Levels and undergraduate degrees (Level 4–5 courses in England), has been low compared to other countries and compared to Level 3 courses (such as A Levels) and degrees.59–62

- **People and personal skills** contributed to 66% of skill-shortage vacancies.60 Most prominent was management of time and prioritisation of tasks (45%).61 The importance of social and emotional skills such as leadership are increasingly recognised by employers (see also POSTnote 583).62–64

Basic skills (including literacy, numeracy, digital and English for speakers of other languages) are important for facilitating work, life and learning.65 According to the Organisation for Economic Cooperation and Development’s (OECD) 2012 Survey of Adult Skills, 9m adults (16–65) in England had low literacy and/or numeracy (5m of whom were in work).66–68 From a 2021 survey of 4,000 adults, Lloyd’s Bank estimated that 11m UK adults lack essential digital skills (POSTnote 643).69 The Multiply programme, announced in October 2021, will provide £560m to support numeracy training for UK adults from Spring 2022.70
Demand for skills
The Chartered Institute of Personnel and Development found that 22 (out of 38) Local Enterprise Partnerships across England were characterised by low demand for skills and low supply of skills.94,95 When employer demand is primarily for low level skills, it can create a vicious cycle where low demand for high skills disincentivises training and drives down job quality. This can create ‘low skills traps’, which can become dominant in a sector or place, even if pockets of high skills demand exist.95–98 The ESS found that 2.2m workers were believed by their employers to have skills or qualifications more advanced than needed for their job roles.14 Overqualification can limit earnings potential,76,99,100 while skills under-utilisation can lead to employee dissatisfaction and increase turnover rates for organisations, which may increase recruitment costs.101

Adult education and lifelong learning
The UK Government define adult skills and lifelong learning provision as “education, advice and training for adults (19+) who want to upskill, reskill or move into employment.”102 Lifelong learning acknowledges that people at various stages of life need access to different types of learning in different contexts.103,104 Adult education (AE) is an essential part of this, and caters for a range of learners of varying ages, abilities, subjects and motivations.105 As such, AE includes:
- **formal** learning that is structured and accredited;  
- **non-formal** learning that is flexible and often unaccredited;  
- **informal** learning that happens in everyday life and work. Further education providers are organisations that receive Government funding to provide formal and non-formal education to individuals aged 16+. These include further education colleges, adult community education providers and independent training providers.106

Declining funding and participation rates
Funding for and participation in AE has experienced a sharp decline.107–109 Between 2003/04 and 2019/20 real-terms funding for AE in England fell by two thirds and participation fell from 4.4m to 1.5m.108 The UK Government’s figures for England show that participation in formal learning and non-formal adult community education has fallen for 2020/21.107 The OECD use international surveys to show that informal learning is the most frequent form of workplace learning.110 However, it is difficult to gauge the knowledge gained from informal learning.111,112

Employer provided training
The workplace is a key source of training,113 but the amount of training received by UK workers has declined since the early 2000s.114–116 The 2019 ESS shows that the proportion of staff receiving training over the previous year (60%), the number of training days per employee per year (3.6), and total investment per worker (£1,500) have been at their lowest since 2011.117 While apprenticeships (which incorporate on and off the job training) have traditionally helped younger workers enter the labour market, they have become more prevalent for adults aged 25+.117–120 This trend has increased since changes were made to apprenticeships in 2017 (Box 3). After the changes, there was a decline in apprenticeship starts in England and it has become more common for employers to make established employees apprentices and for apprentices to train at higher levels.118,121,122 There are concerns that younger and less qualified workers are less able to access apprenticeships.123–126 The Gatsby Foundation suggests that allowing skilled older workers to obtain an equivalent apprenticeship qualification could help focus apprenticeships towards younger workers.127

Box 3: Changes to apprenticeships
Since 2017, apprentices spend 20% of their time in off the job training and UK employers pay an Apprenticeship Levy (0.5% of the wage bill if it exceeds £3m per year).128 While Levy funds are distributed to the devolved Governments as a block grant, in England, funds can be used by employers for apprenticeship training and assessment. There are concerns that some organisations are transferring existing training into apprenticeships to spend their Levy contributions.122,129

Inequalities in adult learning participation
Certain demographics and characteristics are associated with disparities in participation in adult learning and education.

- **Age**: Participation in adult learning declines with age.107,130 Only 33% of 55–64 year olds engaged in learning according to the Learning & Work Institute’s (L&W; an AE charity) 2021 participation survey of 5,000 individuals aged 17+.130 This was the lowest rate amongst working age groups surveyed.

- **Location**: The Government’s levelling up agenda aims to address regional economic disparities in the UK in part through improving skills.131 Participation in AE varies across the UK; the L&W’s survey found that participation is highest in London (59%) and lowest in Wales (38%).130 Regional participation rates disguise sharper sub-regional disparities, which reflect socioeconomic and educational disadvantages.

- **Skills level**: Individuals in lower skilled work are less likely to get training compared to those in higher level roles.116,122–134 Work training for lower skilled workers tends to focus on health and safety or induction, rather than broader topics.135

- **Education**: Prior educational attainment is a predictor of participation.132,136 The Department for Education’s (DfE) 2016 Adult Education Survey of 8,800 people found that only 53% of respondents with no qualifications reported learning in the previous year (compared to 92% with a degree).137

Although AE can act as a vehicle for social mobility, access is unequal132,136,138 and appears to favour those with educational and socioeconomic capital.139,140 The Education Select Committee identified community education as important for adults most removed from learning141 and voiced concerns that the Government lacks a strategy for its provison or funding.

Barriers to participation and delivery
The L&W’s 2021 survey reported that 69% of adults who had not recently engaged in learning faced barriers to AE.130 The barriers are dispositional (where an individual’s attitudes and expectations limit participation), situational (which arise from individual circumstances) and institutional (where structural and organisational factors limit access or delivery of training).142

**Dispositional**
52% of respondents to the L&W’s survey who had not recently participated in learning cited a dispositional barrier.130 29% of these stated that ‘nothing’ prevented participation while 18% lacked interest in learning, suggesting that AE’s positive impacts may not be appreciated.130,142 AE can be complex and if

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learners are unaware of potential pathways and outcomes it may deter engagement. Poor access to advice and guidance, and poor quality of information can pose a significant barrier to participation. Negative experiences of prior education may also deter individuals from further engagement.

**Situation**

40% of respondents to the L&W’s survey who had not recently engaged with learning cited situational barriers with 25% citing costs and 18% citing time pressures. Direct and indirect costs associated with learning can prevent access to AE. This includes initial costs, caring responsibilities and earnings losses as a result of training. Flexible, blended and distance learning may reduce some situational barriers (see POSTnote 639).

**Institutional**

Barriers that could restrict participation or delivery include:

- **Staff**: An expansion in upskilling/retraining requires teaching staff. A 2018 survey of 9,860 Further Education staff in England found that 14% of teachers planned to leave and a follow-up with 3,694 participants found 42% of teachers (and 38% of leaders) planned to leave within a year.

- **Eligibility**: In England, funding for study at Level 3 (A Level equivalent) extends to those aged 19+ who do not have a prior qualification and, from April 2022, those who are unemployed or earn below the National Living Wage. Funding for Level 2 (GCSE equivalent) is offered to those 19+ who are unemployed or earn below the National Living Wage. Funding is also available to those without a prior qualification aged 19–23 (for 24+ co-funding is available).

- **Level 3 reform**: Some Level 3s (such as some BTECs) are due to be defunded in England from 2024. The DfE envisage a 33% reduction in Level 3s available to adults affecting 17% (44,000) of funded enrolments. Alongside A Levels and T Levels, a range of other reformed Level 3 qualifications could be made available for adults.

- **Equivalent or lower qualification (ELQ) rules**: Learners studying at higher level may be ineligible for funding if their highest qualification matches (or is higher than) their desired course level. The Institute for Fiscal Studies point out that ELQ rules could restrict efforts to upskill or retrain and many stakeholders have called for reform.

**Impacts of adult learning**

AE has direct and indirect impacts with individuals, employers and communities experiencing a range of benefits.

**Employment and earnings**

AE is associated with improved employability. Longitudinal Educational Outcomes data, which connects official datasets to track individual outcomes, indicates that most qualification levels are associated with better labour market outcomes. For non-graduates, study at Level 3 (equivalent to A Level) to Level 5 (equivalent to a foundation degree) is associated with higher employment rates and reduced claim rates for out of work benefits than lower level study. The L&W’s 2021 survey reported that 34% of respondents planned to change job or career. While AE can support career change, a positive career move is more strongly associated with formal college or university training compared to work-related training.

For England, the DfE estimate that Level 2 and 3 qualifications are associated with a 9% and 16% wage boost respectively, and technical Level 4 and 5 courses are associated with even greater earnings. There are variations in returns to wages according to subject, with those related to law, construction and engineering associated with higher earnings. The Social Market Foundation found that employer training had only a small impact on median personal income growth over a 5 year period against those who did not participate (12.8% vs 12%). Returns from non-formal and informal training are difficult to measure, however, the OECD estimated an 11% and a 3.5% return on wages respectively. Positive returns on earning associated with AE are generally greater for younger learners who are able to reap the benefits for a longer period.

**Community participation and active citizenship**

The OECD have found associations between higher literacy, numeracy and digital skill levels and positive social outcomes such as participation in volunteering and civic engagement. Populations in locations with higher levels of AE also reported less loneliness during the pandemic. A trial of English for speakers of other languages provision resulted in improved social participation and integration for its 527 participants.

**Health and wellbeing**

There is an association between adult learning and health and wellbeing benefits such as smoking cessation, exercise and nutrition. In a DfE commissioned study, participation in adult community education reduced clinically significant symptoms of anxiety and/or depression for 52% of learners.

**Priorities for public policy**

Key areas for policymakers to consider in relation to adult education, upskilling and retraining include:

- **Funding for delivery of upskilling and retraining**: The Institute for Fiscal Studies note that UK Government funding for AE remains below 2010 levels, and there has been a coinciding fall in participation. Employer funding for training has also decreased and the Education Select Committee, with other stakeholders, call for schemes to incentivise investment such as skills tax credits.

- **Addressing demand for skills as well as supply of skills**: There have been calls for a learning strategy that focuses on progression routes for lower skilled and lower paid workers. Academic stakeholders stress that boosting skills supply in areas with low demand for skills can have low impact and that issues around demand for skills should factor into local development strategies.

- **Accessible upskilling and retraining opportunities for adults**: There are concerns that funding restrictions around Level 2 and 3 (equivalent to GCSE and A Level), ELQ rules and a removal of some qualifications (such as BTECs) could create barriers to adult education.


21. Fuller, A. et al. (2019). *Improving Workplace Capacity as the Prerequisite for Effective Work-Based Learning: A Co-Production Approach.* *in* *Work-Based Learning as a Pathway to Competence-Based Education.* UNEVOC Network Contribution.


34. CIPD (2021). *Helping Employers Navigate the Skills Landscape in Wales.* CIPD.


71. European Commission (2020). *European Skills/Competencies, Qualifications and Occupations (ESCO).*


