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Leading learning and skills

# What has learning ever done for us?

The impact of learning on London

**August 2008**

Of interest to everyone involved in improving skills and learning opportunities across London

# Contents

Setting the scene	03
The London skills challenge	05
Benefits of learning	08
In conclusion	13
Methodology	14
Appendix	15
– Learner Tracker in 60 seconds	



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# Setting the scene



David Hughes

In this age of intense global competition, developing a more skilled workforce is integral to the continued growth and success of London as a great place to do business, as well as a great place to live.

At the same time, there is increasing evidence of a lack of skilled staff in many industry sectors becoming a barrier to London's long-term competitiveness.

With this as the backdrop, there is ever more scrutiny of the impact the Learning and Skills Council's investment has on London's skills.

We spend more than £600 million per year in London supporting adults to improve their skills and employers to develop their staff. The impact of that spend needs to be understood; we need to be able to answer the question: what has learning ever done for me?

Using three key pieces of research, this short report sets out what that impact is on employers and individuals. By talking to learners and employers, and by getting real customer feedback, we can better describe their experiences and what learning has done for them.

This document explores the range of skills challenges that many London employers now face, both in potential new recruits and in the existing workforce. And it demonstrates how learning is tackling this issue head on, by equipping Londoners with the skills that employers tell us are in short supply.

The key message of this research is that London's colleges and learning providers are making a massive and positive impact on the lives of learners and success of employers.

I would urge you to look at the survey findings and a summary of the key messages, which can be found at the back of this document.

**David Hughes**  
LSC London Regional Director

Three main pieces of research were used in compiling this report.

- **2007 National Employer Skills Survey (NESS)** – the largest and most comprehensive study of the skills issues currently affecting employers in England. More than 12,000 of these employers were based in London.
- **Learner Tracker** – examines the immediate and longer-term impact of learning new skills and qualifications on employment prospects and advancement of 6,500 adults.<sup>1</sup>
- **Train to Gain Evaluation** – a substantial national study examining employer experiences of the Train to Gain service.

<sup>1</sup> See Methodology section on page 14 for more information on the four Learner Tracker surveys.



# The London skills challenge

London is a vibrant and successful city, but to secure the future economic growth of our region we need to continue improving skills, jobs and advancement prospects.

## Employers struggle to secure the right staff with the right skills

When the NESS report was published last year, London's employment total stood at 3.9 million.

Despite there being close to 127,000 job vacancies on offer, an increasing number of employers<sup>2</sup> are finding it difficult to recruit suitably skilled staff from London's labour pool. This is perhaps unsurprising, given that 13 per cent of working-age individuals in London have no qualifications.<sup>3</sup>

In fact, London's recruitment situation is more acute than in any other English region. At the time of the NESS report, a quarter of the national vacancies that employers found hard to fill were in the capital.

But it is not just about recruiting new staff: an increasing proportion of London employers are also reporting that their staff are not fully proficient, with more employers in London reporting a skills gap than anywhere else in the country, other than the North East. This equates to approximately 290,000 staff considered not to be fully proficient in their work.

The NESS report shows that employers in all sectors have significant skills issues. Employers in the customer service, construction, creative and media, and property services sectors<sup>4</sup> have particular recruitment problems, whilst high numbers of retail, customer services and financial services<sup>5</sup> employers report skills gaps amongst the workforce.

<sup>2</sup> Employers with skills shortage vacancies have increased from 4 per cent in 2004 to 7 per cent in 2007.

<sup>3</sup> The London Story, LSEB, October 2007, Figure 11.

<sup>4</sup> These sector descriptions are used to describe the sectors served by the corresponding Sector Skills Councils: People 1st, Construction Skills, Skillset and Asset Skills.

<sup>5</sup> These sector descriptions are used to describe the sectors served by the corresponding Sector Skills Councils: Skillsmart Retail, People 1st, and the Financial Services Skills Council.

### On-the-job skills

Aside from the job-specific skills that employers require, broad "employability" skills are particularly valued. In London, employers report that similar types of skills are lacking among potential recruits and existing staff across London.

Figure 1 highlights that more employers in London identify greater skills needs amongst applicants to vacancies than employers nationwide. It shows the type of skills that employers most frequently find difficult to recruit.

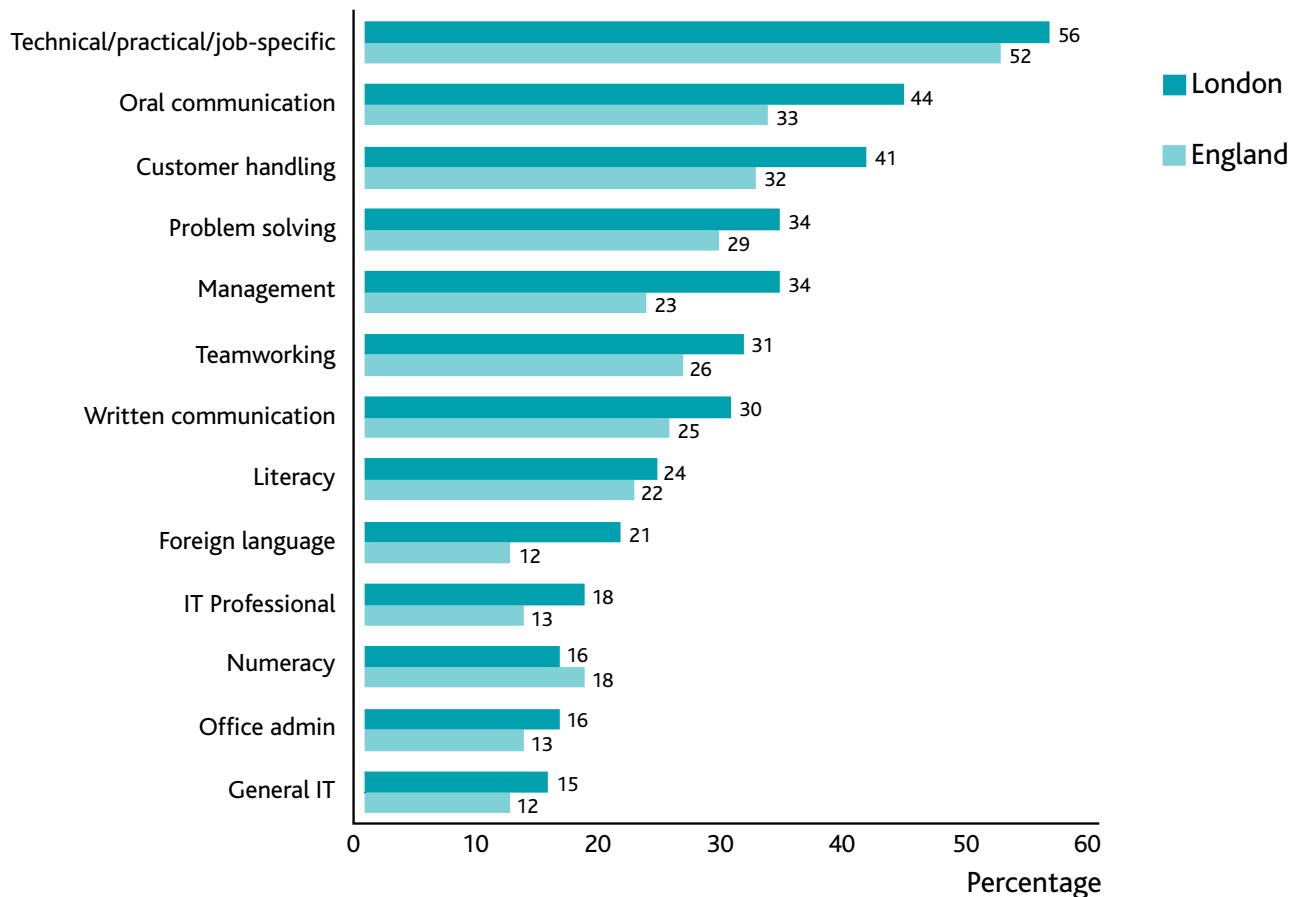
### Learning provides the answer

The difficulties faced by employers, employees, potential employees and the wider economy are being addressed by the services of colleges and skills providers across the capital.

The findings of recent research prove that people who pursue publicly funded learning programmes are succeeding in gaining the skills and qualifications that employers need.

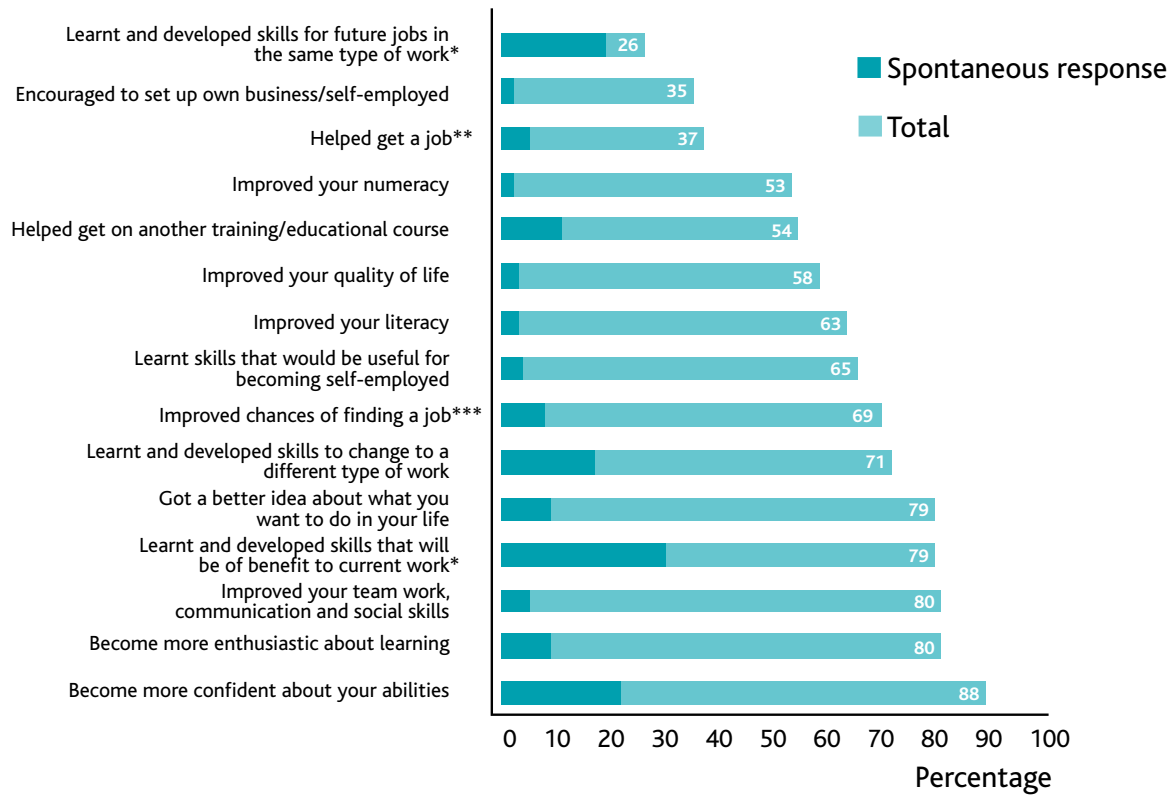
As a result, learners progress up the career ladder, gain employment and move onto higher levels of learning. Employers report business benefits such as higher competitiveness, improved productivity and reduced staff turnover.

Figure 1: Skills lacking in connection with skills shortage vacancies, London and England, 2007



Source: NESS  
Base: Skills shortage vacancy base,  
unweighted London = 2,517

Figure 2: Reported benefits of further education (FE) study



Source: What's achievement got to do with it?

Spontaneous = main benefits stated by learner without being prompted

Base: all 2007 FE learners (unweighted: 2,400)

\* Base: all 2007 FE learners currently in paid employment (unweighted: 1,456)

\*\* Base: all 2007 FE learners who were unemployed before starting the course (unweighted: 379)

\*\*\* Base: all 2007 FE learners not currently in paid employment (unweighted: 944)

Note: Respondents could report more than one benefit of study, meaning that the data presented here totals more than 100%

## Work in progress

Important changes are taking place in the learning and skills sector to ensure the needs of London's employers are being met.

More learners than ever before are gaining qualifications and training provision is significantly shifting to meet employers' demands:

- the Train to Gain service is growing, with approximately 10,000 more employees starting a full Level 2 qualification (equates to five GCSEs at grades A\* to C) in 2007/08 than in 2006/07
- the Apprenticeship offer is being expanded
- the LSC is working with the Qualifications and Curriculum Authority and the Sector Skills Councils to reform and rationalise vocational qualifications and develop a new qualifications framework that matches employers' and learners' needs.

## Oiling the wheels of business

The Learner Tracker research proves beyond a shadow of a doubt that learning providers are equipping people with the technical and "employability" skills that are needed in order for the wheels of business to run smoothly.

Figure 2, for example, shows that the majority of full Level 2 and full Level 3 (two A-level passes or equivalent) learners significantly improve skills that are beneficial to their current work and transferable to their future employment.

They also boost their confidence, motivation, personal and social, and communication skills. These are the crucial employability skills that employers identify as essential across all sectors.



# Benefits of learning

The positive spin-offs from learning are considerable, for employers and learners alike.

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### What do employers get out of learning?

As learning addresses the job-specific and generic employability skills that employers need in staff to ensure that their business succeeds, they report a range of business benefits. The Train to Gain Employer Evaluation shows:

- **increased competitiveness and profitability** – 64 per cent of employers using the Train to Gain service felt their long-term competitiveness had improved and 42 per cent said that the training had a beneficial impact on the bottom line or profitability of their business
- **skilled workforce** – three-quarters of Train to Gain employers reported that they had noticed an improvement in the skills of employees in relation to their specific job role – this figure was higher among employers whose staff had been working towards or who had achieved a Level 3 qualification
- **improved staff retention** – 44 per cent of employers reported that Train to Gain had helped them to retain employees.

### Employers want qualifications

London's employers value qualifications to provide a guarantee of reliable skills in their staff and recruits.

Research shows that **learners who achieve their qualification are much more likely to be recruited** than those who complete learning but do not get the qualification:<sup>6</sup>

- almost two-fifths of previously unemployed Level 2 and 3 achievers are now in work compared to three in 10 early leavers
- two-fifths of achievers also say the course was vital in helping them gain employment compared to just 3 per cent of early leavers.

Employers value the enhanced contribution made by those employees who develop new skills and gain qualifications from high-quality learning courses:

- **employers are willing to pay a higher salary** to employees who have a Level 2 or Level 3 qualification – up to £3,000 more per annum than those without this qualification<sup>7</sup>
- **learners who achieve qualifications are much more likely to gain an increase** in their hourly pay as a result of their course, to report that the course has helped them gain a promotion, or feel that they have better job security.<sup>8</sup>

Employers that support and encourage staff to gain qualifications are more likely to see the benefits:

- **learners who find out about the course through their workplace are more likely to achieve their qualification**, develop skills beneficial to their current job and report that the course has helped them to gain a promotion, pay rise or other financial benefits.<sup>9</sup>

<sup>6</sup> What's achievement got to do with it?

<sup>7</sup> Labour Force Survey: based on all full-time earnings in England, Q2 2007.

<sup>8</sup> See all four Learner Tracker surveys.

<sup>9</sup> What's achievement got to do with it?

Table 1: Longer-term impact by level of FE course

	Level 2			Level 3		
	Before the course	Immediately after	18 months after the course	Before the course	Immediately after	18 months after the course
Full-time work	33%	35%	48%	25%	18%	25%
<b>Paid employment</b>	<b>58%</b>	<b>63%</b>	<b>73%</b>	<b>51%</b>	<b>50%</b>	<b>58%</b>
On a course or government-supported training programme	26%	39%	33%	37%	53%	57%
<b>Either in paid employment or studying</b>	<b>74%</b>	<b>81%</b>	<b>85%</b>	<b>76%</b>	<b>81%</b>	<b>87%</b>
Unemployed	21%	21%	13%	18%	16%	13%

Source: Where are they now?

Results in each column can total more than 100%, both because of the inclusion of summary rows (in bold), and because individuals can be both working and studying/training

## Climbing the career ladder

The Learner Trackers show that new skills lead to progression at work, whether with the same or a new employer.

For example, almost two in five say they have had a promotion or are now in a higher-level job or position.<sup>10</sup> Around two-thirds of those that have continued in work say they are earning more per hour, their job is more secure, their pay and promotion prospects have increased, and they are doing more interesting work.<sup>11</sup>

## Progressing into higher learning

A significant proportion of learners progress onto another course to further bolster their skills and enhance their long-term prospects.<sup>12</sup> The Learner Tracker found that a third of all learners on courses below Level 2 progress to higher-level courses and 47 per cent of Level 3 completers progress into higher education.<sup>13</sup>

## Learning gets people off benefits and into jobs

Because employers value skills and qualifications, learning can have a dramatic and very positive impact on many people who are furthest from the labour market.

One Learner Tracker study found that of 2,679 unemployed learners, the proportion on benefits fell from 88 per cent before the course to 53 per cent after; and a third moved into employment.<sup>14</sup> One in five learners who had been claiming Incapacity Benefit moved into work.<sup>15</sup> These are significant achievements.

Learning also opens up opportunities for people from more disadvantaged and excluded communities. The same study found that three-quarters of London's Black, Asian and Minority Ethnic learners had achieved a qualification as a result of their course and just over a third achieved a job after the course.<sup>16</sup>

<sup>10</sup> Where are they now?

<sup>11</sup> Where are they now?

<sup>12</sup> See all four Learner Tracker surveys.

<sup>13</sup> What is the impact of the Foundation Learning Tier? / Where are they now?

<sup>14</sup> Impact of Learning on Employability.

<sup>15</sup> Impact of Learning on Employability.

<sup>16</sup> Impact of Learning on Employability.

## What has learning ever done for us?

The impact of learning on London

### Benefits are lasting

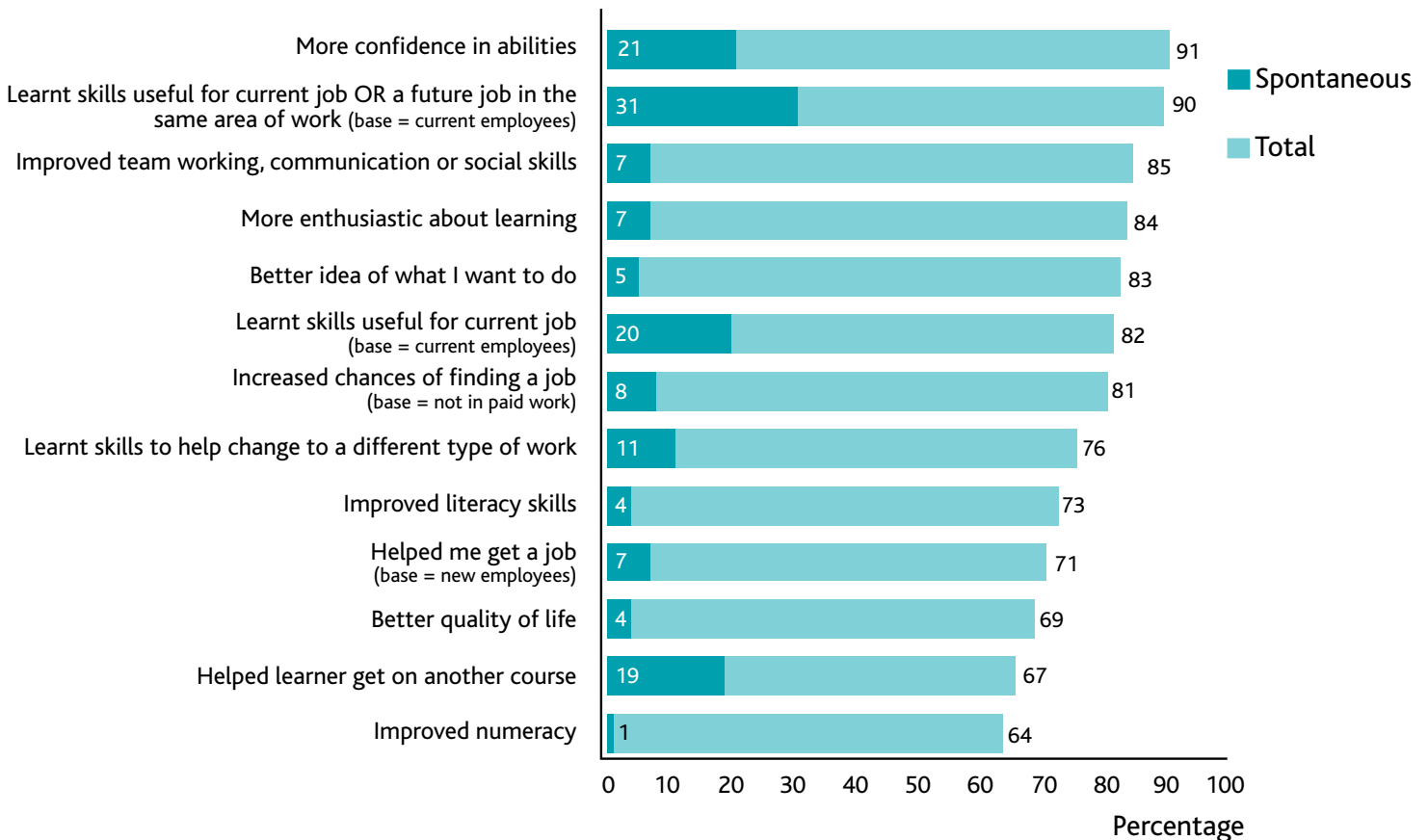
Learning new skills enables people to turn their lives around in both the short and long term. Many learners complete their courses and start work because they have the technical skills that employers need to run their business, together with soft skills necessary for success at work.

Table 1 shows that while learning has an immediate impact on unemployment for Level 2 and Level 3 learners, 18 months after completing their course even more learners were in paid employment.

Figure 3 demonstrates that other benefits associated with learning and valued by employers continue to improve long after the course has finished. Learners report improved confidence, and they continue to develop social, communication and teamworking skills, 18 months after completing their course.

The vast majority of London's learners at all levels and across all courses derive lasting benefits from their course. Ninety per cent of Level 2 and 3 learners, 18 months after completing their qualification, said they had learnt skills useful for their current job or a future job in the same area of work.

Figure 3: Benefits gained by going on a full Level 2 or 3 course



Source: Where are they now?

Spontaneous = main benefits stated by learner without being prompted

Base: all learners for spontaneous responses, and for prompted answers unless stated

Note: the base for "helped me get a job" is "new employees", meaning those currently working as employees who were not working as employees when last interviewed or those working in a new job



# In conclusion

London's skills needs are as diverse as its population. The delivery of high-quality, relevant learning holds the key to unlocking our region's potential.

London is a burgeoning economy. However, it continues to face significant challenges, especially when it comes to the skills available to employers.

But the skills needed by London's employers are readily available through our region's learning providers. These providers deliver not just technical skills in the right sectors but also crucial employability skills that ensure employees can work efficiently and effectively, both as team members and for customers. Furthermore, learners achieve accredited qualifications that provide employers with the reassurance they need.

Businesses that have taken this high-quality workforce development opportunity have seen their skills levels rise, their profitability grow and their staff retention rate improve, alongside noticeable improvements in business culture.

Over the past few years, learning has consistently proved to be a source of inspiration for Londoners. People from across the social spectrum have been liberated by the opportunity to garner the skills needed for them to move off benefits and into work.

London is better off by learning.

# Methodology

The technical summary for each of the main research reports referred to in this document is provided below.

## Learner Tracker 2007/08

The LSC has carried out four FE Learner Tracker surveys this year, with a focus on employability and progression into further learning of adult learners. The surveys involved a range of learners, across levels, gender, unemployed/employed and with/without previous qualifications.

- Where are they now?** A follow-up to the pilot Learner Tracker study that looks at the long-term benefits of learning for 922 London learners, 18 months after the end of full Level 2 or 3 qualifications.  
[http://readingroom.lsc.gov.uk/lsc/London/Where\\_are\\_they\\_now\\_final\\_report.pdf](http://readingroom.lsc.gov.uk/lsc/London/Where_are_they_now_final_report.pdf)
- What's achievement got to do with it?** A survey of 2,400 full Level 2 or 3 London learners in three categories: complete and achieve; complete but don't achieve; and early leavers.  
[http://readingroom.lsc.gov.uk/lsc/London/What's\\_achievement\\_got\\_to\\_do\\_with\\_it.pdf](http://readingroom.lsc.gov.uk/lsc/London/What's_achievement_got_to_do_with_it.pdf)
- What is the impact of the Foundation Learning Tier?** A survey of 1,000 London learners who completed an Entry Level or Level 1 qualification. Skills for Life courses were not included, but ESOL courses were.  
[http://readingroom.lsc.gov.uk/lsc/London/What\\_is\\_the\\_Impact\\_of\\_the\\_Foundation\\_Learning\\_Tier.pdf](http://readingroom.lsc.gov.uk/lsc/London/What_is_the_Impact_of_the_Foundation_Learning_Tier.pdf)
- Impact of Learning on Employability in London.** A survey of 2,679 London learners focusing on the impact of further education on unemployed adults.  
[http://readingroom.lsc.gov.uk/lsc/London/Impact\\_of\\_learning\\_Key\\_Findings\\_London\\_report\\_FINA.pdf](http://readingroom.lsc.gov.uk/lsc/London/Impact_of_learning_Key_Findings_London_report_FINA.pdf)

## National Employers Skills Survey 2007: Key Findings for the London Region – March 2008

The National Employers Skills Survey 2007 (NESS) was commissioned by the LSC along with its partners, the Department for Innovation, Universities and Skills and the Sector Skills Development Agency.

The purpose of NESS is to provide robust and reliable information on skills deficiencies and workforce development to serve as a common basis to policy development and assessing skills initiatives.

In total just over 79,000 employers were interviewed nationally. In London a total of 12,077 interviews were conducted for the main NESS study.

[http://readingroom.lsc.gov.uk/lsc/London/NESS07\\_Key\\_finding\\_London\\_regional\\_report\\_-\\_May\\_2008.pdf](http://readingroom.lsc.gov.uk/lsc/London/NESS07_Key_finding_London_regional_report_-_May_2008.pdf)

[http://readingroom.lsc.gov.uk/lsc/London/NESS07\\_London\\_regional\\_report\\_-\\_May\\_2008.pdf](http://readingroom.lsc.gov.uk/lsc/London/NESS07_London_regional_report_-_May_2008.pdf)

[http://readingroom.lsc.gov.uk/lsc/London/NESS07\\_Annexes\\_to\\_London\\_report\\_-\\_May\\_2008.pdf](http://readingroom.lsc.gov.uk/lsc/London/NESS07_Annexes_to_London_report_-_May_2008.pdf)

## Train to Gain Employer Evaluation: Sweep 1 Research Report – May 2008

Employers who had been contacted by a Train to Gain skills broker between January and April 2007 were surveyed during June and July 2007.

The research covered employers' satisfaction with the brokerage service, employers' satisfaction with the training and the impact of Train to Gain on the companies involved.

<http://readingroom.lsc.gov.uk/Lsc/National/nat-ttgemployerevaluation-may08.PDF>

# Appendix: Learner Tracker in 60 seconds

The four Learner Tracker surveys have highlighted seven key messages.

## The key messages from the Learner Trackers

- 1) **Level 2 is the key employment qualification**
- 2) **Employers value and reward qualifications**
- 3) **Benefits from learning last for the long term**, especially in gaining skills for current work
- 4) **Learning at all levels succeeds in moving people off benefits and into work**, especially those from hard-to-reach groups
- 5) **Learners who achieve qualifications at Level 2 and 3** are significantly more likely to access further learning and training and develop skills beneficial to their current role than those who left their course early
- 6) **Lower-level provision can provide a stepping stone** onto further learning; a third of all learners progress onto a higher-level course
- 7) **Unemployed learners completing a lower-level course** are more likely than those completing a Level 2 or 3 course to go onto further learning, but less likely to enter employment

## References

The four Learner Tracker surveys are:

[Where are they now?](#)

[What's achievement got to do with it?](#)

[What is the impact of the Foundation Learning Tier?](#)

[Impact of Learning on Employability](#)

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