

# North West Adult Learner Responsive Provision



Leading learning and skills

Autumn 2008

## Issues:

1. **The Policy Challenge - the contribution to the PSA1 targets**
2. **The Challenge of the PSA Skills for Life ambition**
3. **How to support workless people and move them into sustainable jobs (specifically focusing on priority groups)**
4. **Offender Learning and Skills Service (OLASS) contribution to the PSA agenda**
5. **Trends in Adult Learner Responsive Provision: Adult Level 2 & 3; Skills for Life and Adult Safeguarded Learning**

## Overview

- 1 This document is part of a suite of reports in this years Strategic Analysis which cover: **14-19; Employer Responsive and Adult Responsive provision**. This report provides an overview of Adult Responsive Provision in the North West and highlights some of the key challenges the LSC and partners face in order to successfully deliver the Government's PSA<sup>2</sup> targets. The report is supported by five sub-regional reports that focus upon the particular issues of Adult Responsive Provision for the sub-regions.

## Summary of Adult Learner Responsive issues:

The following provides a brief summary of the key issues identified related to adult provision.

### ***The Policy Challenge - the contribution to the PSA<sup>3</sup> targets***

The qualifications of the region's workforce are a proxy for their skills. Although the region has increased its qualification profile, it has not managed to close the gap with England.

- At Level 2 good progress in terms of young people and adults attaining this qualifications, **(65.8 per cent in 2005 to 67.7 per cent in 2007 (1.9% increase))**
- At Level 3 despite significant improvements **the performance gap in 2007 between the region and England has widened by 2.2 percentage points (46.8%: 49%).**(projections on Adult Level 2 and Level 3 see Employer Responsive report).

### ***The Challenge of the PSA Skills for Life ambition***

- Analysis suggests that without any growth, the North West would achieve the Literacy/ESOL Leitch PSA targets, however **the region would be 5,081<sup>4</sup> achievements short for numeracy Leitch PSA targets.**
- To support this PSA ambition an increase in the **volumes of adult functional skills is required, as the majority of provision is currently delivered at levels 1 and 2.**
- **To encourage growth the learning and skills sector** will need to encourage employers to invest in Skills for Life development for their employees.

### ***How to support workless people and move them into sustainable jobs (specifically focusing on priority groups)***

<sup>1</sup> Public Service Agreement.

<sup>2</sup> Public Sector Agreement.

<sup>3</sup> Public Service Agreement.

<sup>4</sup> (Per year), modelling based upon Comprehensive Spending Review and a 14.5% share of the national target.

- A key constraint upon the economic performance of the North West, and the key locations within it, is the extent of worklessness in the region. **Those who are 'workless'<sup>5</sup> in the North West equates to 600,000 individuals.**
- The more skills you have, the more you can earn – and the less likely you are to be unemployed. **In the region there is a clear pattern of lower attainment of the economically inactive population compared to the active. (72.2% of the economically active population are qualified to level 2 (2.2 million with L2) and only 19.5 per cent of the economically inactive population have the same qualification (202,000 with L2).**
- Over half of benefit claimants in the region are claiming incapacity benefit (54% of a total of 736,700)
- **Spatially within the region, the groups who have benefited less from the growth in employment are; older workers, those with no qualifications and some ethnic groups.** This is reflected in the proportion of benefit claimants from these client groups.

#### **Offender Learning and Skills Service (OLASS) contribution to the PSA agenda**

- **Based on national data, 50 per cent of offenders are below level 1 and over half do not have any qualifications.**
- **800 offenders are released in the NW every quarter (approximately 75% will be workless on release)**
- The challenge is to continue to improve participation on Skills for Life programmes from priority groups (such as offenders and ex-offenders). This becomes an even greater challenge as 'easier to reach' learners may be engaged and suggests that more innovative and flexible ways of delivering programmes may be required to those 'hardest to reach' but with the most need – especially offenders in the community.
- In response to this challenge, providers need to review current policies, recruitment practices and modes of delivery to provide opportunities for all- in partnership with the learning and skills sector.

#### **Trends in Adult Learner Responsive Provision: Adult Level 2 & 3; Skills for Life and Adult Safeguarded Learning**

- **Adult Level 2**

**The contribution of the learning and skills sector to the Adult Full Level 2 PSA target is crucial if we are to meet the expected future demand for skills. Based upon modelling the target,** the growth required in Adult Full Level 2 provision is a real challenge. The combined number of learners participating on employer responsive (15,787) and adult responsive (13,315) provision reached 29,102<sup>6</sup> learners in 2007/08. Despite this growth, modelling would suggest that 40,998 achievements are required.

- **Adult Level 3**

The combined number of learners participating on employer responsive (11,177) and adult responsive (13,804) provision reached 24,981<sup>7</sup> learners in 2007/08. Despite this growth, modelling would suggest a required 15,000 achievements. Despite the contribution from the LSC, significant action is still required if the Adult Full Level 3 PAS ambition is to be met (see Employer Responsive report for WAP<sup>8</sup> projections).

- **Adult Safeguarded Learning**

This learning covers leisure learning, family learning and neighbourhood learning for adults. In 2007/08 Adult Safeguard learner numbers were broadly maintained in the region at 100,000 learners, with a budget of £36m.

<sup>5</sup> are defined as these either unemployed without a Level 2 and those economically inactive adults without a level 2.

<sup>6</sup> ILRF04 return 2007/08.

<sup>7</sup> ILRF04 return 2007/08.

<sup>8</sup> Working Age Population.

Increasingly the Adult Safeguarded budget will focus on those who need help most and an increase in the proportion of fees collected from those who can afford to pay.

It is important to note that the challenges identified at regional level will vary in scale and intensity at the sub-regional and district level and will have a direct impact upon the level of skills supply.

## Background

- 2 A key proposal of the Leitch Review was that public funding and systems should become increasingly demand-led. **Employers and individuals should have more power to choose provision that meets their needs and training providers would need to become increasingly responsive to what learners and employers want.**
- 3 In 2007 the LSC consulted on proposals for a new Demand-Led Funding system and details of the system were outlined in the *LSC Statement of Priorities, Better Skills, Better Jobs, And Better Lives*.<sup>9</sup>
- 4 The Demand-Led Funding system in 2008/09 signified a wholesale step-change for the learning and skills sector and has implications for colleges and other FE providers. The new simplified funding system has three separate models: **16-18 model; adult learner-responsive model and employer-responsive model.**
- 5 The **adult learner-responsive model**: is a process by which providers will earn money based on actual delivery and (within tolerance limits) under or over performance against plan may lead to redistribution of funding allocations<sup>10</sup>.
- 6 **Adult learner-responsive funding** will feature a continuing **emphasis on Skills for Life provision**, with funds set aside to support a rise in **Foundation Learning Tier** provision from 375,000 in 2007/08 to 384,000 in 2010/11.
- 7 There is also increased funding for **first Full Level 2 and Level 3 provision** within the adult learner-responsive model and funding has been set aside to support **safeguarded adult learning provision.**

## Policy Overview

- 8 The LSC continues to make a substantial investment in adult skills. The Skills Strategy outlined: Skills for adult learners will be promoted by a clear, attractive ladder of progression which challenges and encourages people to achieve at every level. **It will stimulate people's aspirations to progress and fulfill their potential.**
- 9 In taking forward the actions set out in *World Class Skills* and the DWP's Welfare Reform Green paper "*in work better off*" the Learning and Skills Council continues its commitment to the investment in adult skills.
- 10 The LSC has a leading role to play in delivering the **new integrated objective on sustainable employment and progression, working with the DWP and Jobcentre Plus.**
- 11 This shared objective is contained within both the skills and employment Public Service Agreements (HM Treasury) which were published in November 2008.

### The Policy Challenge – the contribution to the PSA targets?

- 12 The Government's long-term vision is that the UK is a world leader on skills, in the upper quartile of OECD rankings by 2020, meeting the recommendation by the Leitch Review of Skills, which proposed a series of stretching objectives for the UK

<sup>9</sup> LSC, November 2007. <http://readingroom.lsc.gov.uk/lsc/National/nat-statementofpriorities-nov07.pdf>

<sup>10</sup> Over time, Skills Accounts are likely to become an increasing part of this funding model.

to reach by 2020. These objectives form the cornerstone of the Government's vision:

- 95 per cent of adults to achieve the basic skills of functional literacy and numeracy;
  - exceeding 90 per cent of adults qualified to at least level 2, with a commitment to achieve 95 per cent as soon as possible;
  - 68 per cent of the adult population qualified to level 3;
  - increasing apprenticeship to 500,000 a year; and
  - Over 40 per cent of the adult population qualified to level 4 and above.
- 13 The PSA Delivery Agreement 2<sup>11</sup> sets out the progress the Government will make on this vision with a series of stretching interim targets (2011) to drive performance in the further and higher education systems and to improve the skills of the UK population at all levels – from basic to degree level skills over the Comprehensive Spending Review07.<sup>12</sup>
- 14 The national PSA targets around employment and skills are set out: [\\manfp001\site\North West Regional Office\Learning Planning and Performance \(Learning\)\Research\Strategic Analysis\Strategic Analysis 0809\Outputs\adult responsive report\summary of PSA Delivery Agreements .doc](\\manfp001\site\North West Regional Office\Learning Planning and Performance (Learning)\Research\Strategic Analysis\Strategic Analysis 0809\Outputs\adult responsive report\summary of PSA Delivery Agreements .doc).

### The Challenge of the Economic Downturn<sup>13</sup>

- **The employment rate in the region has fallen (0.8%) to 71.8 per cent.** The North East (1.6% fall) and the West Midlands (0.9% fall) have shown larger in-year falls. Set against the Government target of an 80 per cent employment rate.
- **As the job market becomes more competitive, the LSC and its partners will need to be more responsive to the changing economic landscape,** take account of national and regional developments and refine the IES strategy as appropriate.
- The number people claiming JSA (Jobseekers Allowance) is rising both nationally and regionally. **The national JSA figure have risen from 795,500 in February 08 to 939,000 in Sept 08. In the NW region the figures have risen from 112,475 to 124,988 for the same period.**<sup>14</sup>
- **Redundancies in the NW have increased significantly as 2008 has progressed.** There were 3,426 job losses in the period January to April, in the next four months May to August this had increased 8,605. September's figure added a further 1,881. **The main sectors included;**  
**Manufacturing – 3,679 job losses**  
**Leisure/ Travel – 2,131 job losses**  
**Construction – 1,943 job losses**  
**Public Sector – 1,426 job losses**

\*(NB;Further detail can be found in the following section).

### Demographics: Population growth and location

- 15 The region has a population of 6.9m in 2008<sup>15</sup> and is expected to reach 7m by 2015 (an increase 142,400).

<sup>11</sup> PSA Delivery Agreement 2: Improve the skills of the population, on the way to ensuring a world-class skills base by 2020, found at [http://www.hm-treasury.gov.uk/media/A/5/pbr\\_csr07\\_psa2.pdf](http://www.hm-treasury.gov.uk/media/A/5/pbr_csr07_psa2.pdf).

<sup>12</sup> The 2007 CSR represents a long-term and fundamental review of government expenditure. It covers departmental allocations for 2008-09, 2009-10 and 2010-11.

<sup>13</sup> Paper creator Graham McKendrick, Skills Development Manager LSC.

<sup>14</sup> ONS September 2008

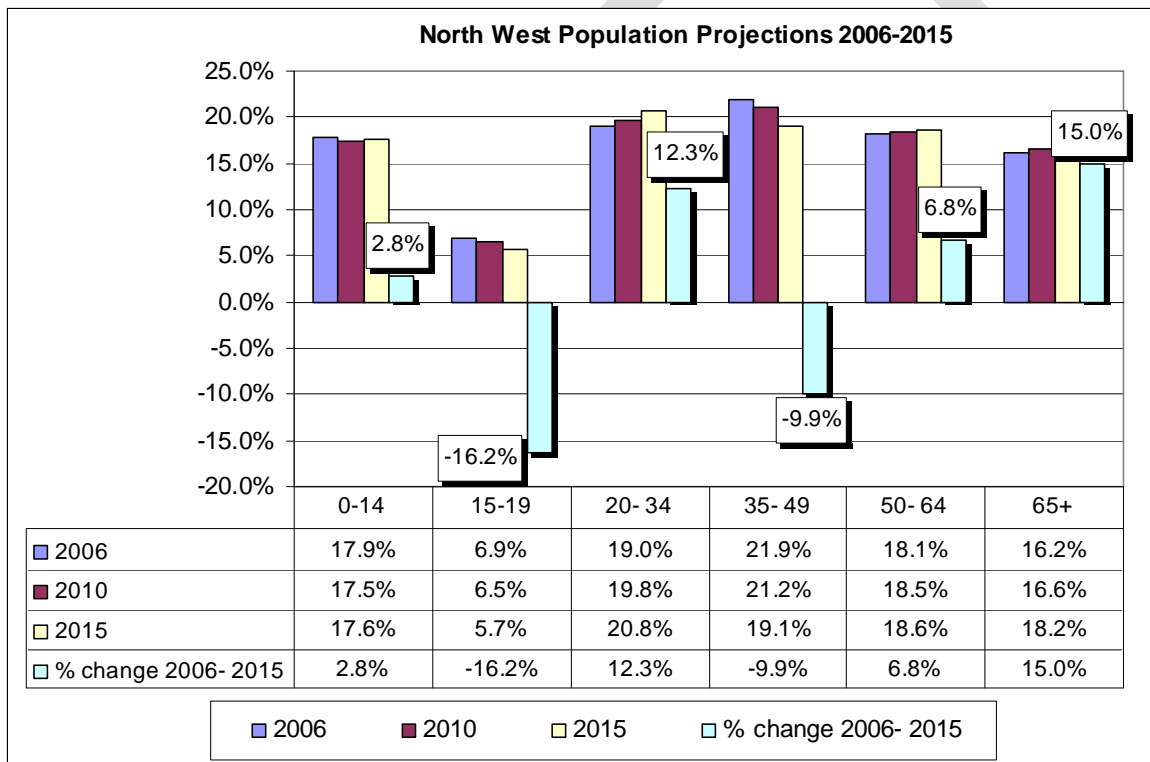
<sup>15</sup> Revised 2004-based Sub national population projections.

- 16 Historically the population in the North West has grown by just under 43,000 over the past ten years. This is considerably slower than in England as a whole, and disguises some significant variations at sub regional level.
- 17 Population growth has been strongest in Cheshire and Warrington and Lancashire. Greater Merseyside has seen a decrease of 3.3 per cent, which equates to around 50,000 people.

**Existing and emerging demographic trends will influence the age structure of the regional workforce and the groups from which employers draw their labour supply.**

- 18 On the supply side, a **key issue within the region is the ageing population and the uncertainty this brings with it regarding employment rates and the continuing economic competitiveness of the region.**
- 19 By 2020, the North West population is forecast to increase by 313,500 (+4.4%).
- 20 Between 1997 and 2006 there was a fall in the number of 25-34 year olds of 195,200 (19%), with the number of children aged 14 or under falling by 128,500. At the same time the number of people aged 55 and over increased by 155,500 (9%).

**Figure 1: NW Demographic Trends 2006-2015**



Source: Revised 2006-based SNPP Local Authorities and higher areas; population projections by sex and quinary age groups.

**In the period 2006- 15, there is expected to be:**

- **A fall of 2.8 per cent in 0- 14 year olds (34,900)**
- **A fall in the number of 15- 19 year olds of 66,200 (16.2%)**
- **Increase expected among 20- 34 year olds (182,800, or 12.3%)**
- **A fall in the number of 35- 49 year olds of 134,800 (9.9%)**
- **Increase expected among 20- 34 year olds (182,800, or 12.3%)**

- **A large increase in the number of people 50-64 by 90,600 or (6.8%) and over 65 years old: 195,800, or 15%.**

- 21 To summarise these trends are expected to continue and will have a significant impact on the region's age structure.
- The fall in 15-19 year olds will impact on the supply of workers of this age, especially given that staying on rates in education have increased among these groups. This will have implications for those sectors and occupations which traditionally rely on young people for employment. It may also increase the requirement for Level 2 qualified adults.
  - The strong growth in the number of older workers reaching retirement age will be a key issue for the region and the ability of employers to meet their skill needs.

### Working Age Population

- 22 The North West working age population<sup>16</sup> has continued to increase inline with England at 2.8 per cent. The pattern below the sub-region does vary significantly and may be attributed to the effect of the ageing population and of migration.
- Cumbria and Cheshire & Warrington have an ageing working age population;
  - Greater Manchester has a younger working age population profile than regionally and nationally.
- 23 Population has increased by 4.1 per cent in Greater Manchester (59,000), whereas Merseyside and Cheshire & Warrington have experienced little movement in their working age population.

**Figure 2: NW Working Age Population 2006 – 2007 (19- 59/64)**

	2006 Population aged 19- 59/64 (000s)	2007 Population aged 19-59/64 (000s)	Change 2006/ 2007
Cheshire/Warrington	499	502	0.5%
Cumbria	270	276	2.0%
Greater Manchester	1,442	1,501	4.1%
Lancashire	798	822	2.9%
Greater Merseyside	820	832	1.5%
North West	3,829	3,932	2.7%
England	28,726	29,519	2.8%

Source: Annual Population 2006, 2007 (19- 59/64).

### Qualifications Profile

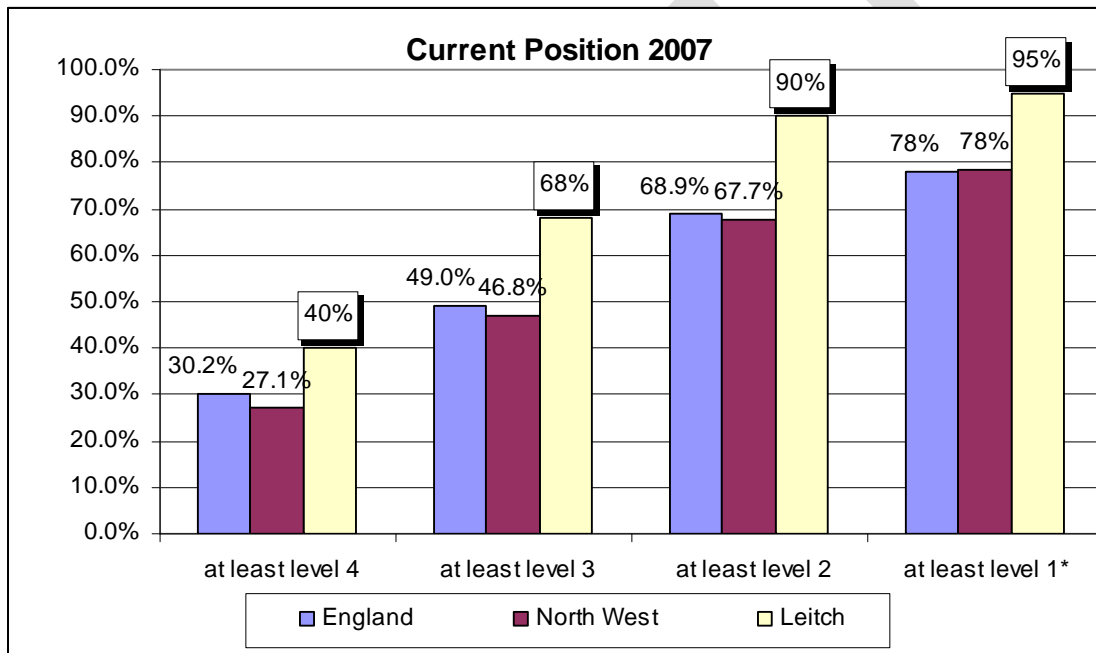
- 24 The qualifications of the region's workforce are a proxy for their skills. Although the North West has increased its qualification profile, in comparative terms it has not managed to close the gap with the England.
- 25 **The region has made good progress in terms of young people and adults attaining Level 2 qualifications**, from 65.8 per cent in 2005 to 67.7 per cent in 2007 (1.9% increase), this compares to a 1.6% increase for England over the same period.
- 26 Between 2005 and 2006, the percentage of the working age population with **Level 3 increased by 1.2 percentage points from 45.5 per cent to 46.7 per cent.** In

<sup>16</sup> Adult Working Age Population defined as aged 19- 59/64 (000s).

2007 Level 3 in the region remained static at **46.8 per cent**. In contrast, the England rate increased by only 0.9 percentage points between 2005/ 06. Despite the improvements made the performance gap in 2007 between the region and England has widened by 2.2 percentage points (46.8%: 49%).

- 27 **At Level 4, the North West is trailing behind England.** Between 2005 and 2006, the proportion of working age people with Level 4 or higher increased by 0.8 percentage points and in 2007 stands at 27.1 per cent in comparison to 30.2 per cent in England. The gap between the region and England has increased from 2.2 per cent in 2005 to 2.4 per cent in 2006 and now stands at 3.1 per cent.
- 28 **The pattern in the level of qualifications varies significantly by sub-region** with 35.6 per cent of residents in Cheshire & Warrington qualified to a Level 4 in comparison to 23.3 per cent in Greater Merseyside. (the sub-regional reports)

**Figure 3: Percentage of Workforce holding Qualification by Level in 2007 compared to Leitch Targets for 2020.**



Source: Annual Population Survey 2007.

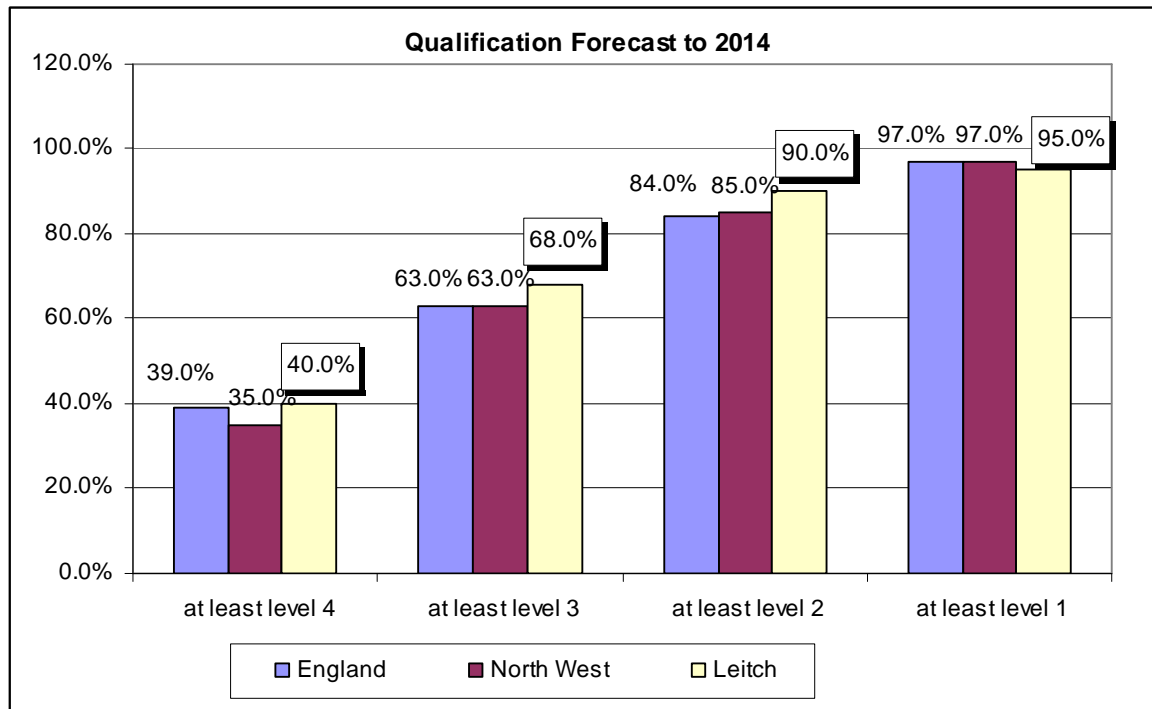
### Projected Demand for Qualifications

- 29 Working Futures II<sup>17</sup> forecast analysis indicates that, 'the challenging targets set by Leitch to 2020 are broadly in line with the projected future requirements of the North West economy.' The current position and progress is outlined in Figure 4.
- 30 By 2014, it is estimated that **85 per cent of the workforce required by employers in the North West will need to be qualified to at least Level 2**. This is a significant improvement on the 72 per cent at this level in 2004, and surpasses the interim Leitch target of 79 per cent for 2011.
- 31 Over the same period, **63 per cent of labour demand in the region is projected to be at level 3**, compared to an interim Leitch target of 56 per cent for 2011.
- 32 **Given the scale of the challenge ahead the LSC will have a significant role to play in continuing to raise participation in education and training at all levels**

<sup>17</sup> Employment forecasting model

**in the North West.** (Note: Further detail on employment trends and structure are reviewed in the Employer Responsive section).

**Figure 4: Projected Demand for Labour by Qualification Level in 2014, compared to Leitch Targets for 2020.**



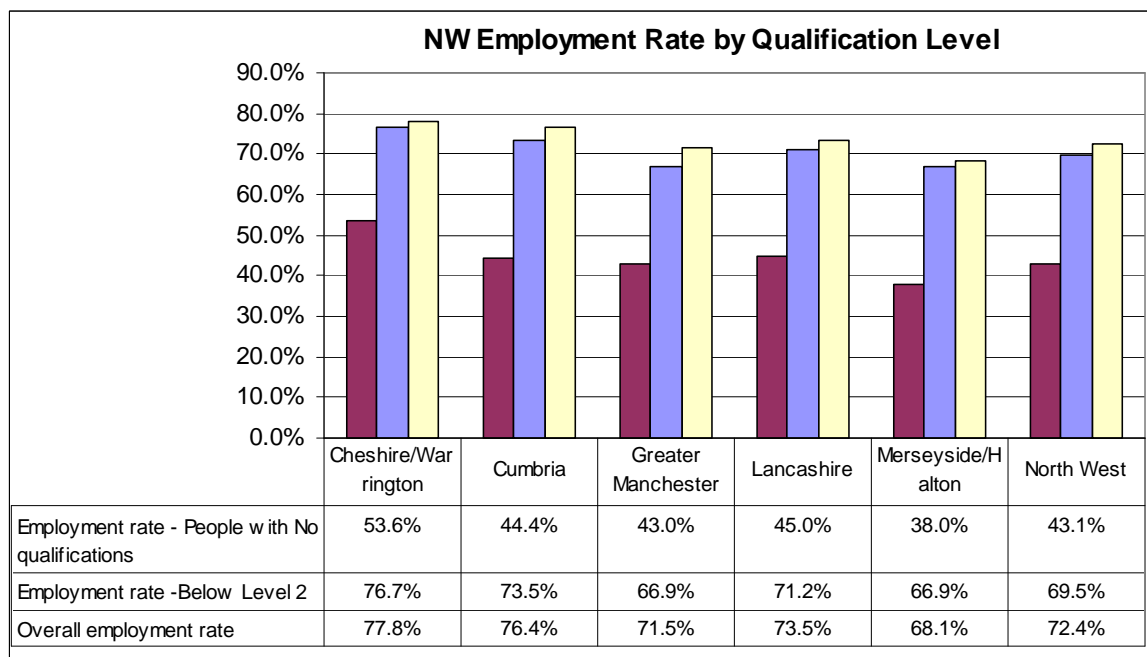
Source: Working Futures II, (NW Employment and Skills Evidence Base, 2008).

### Trends in Employment Below Level 2

- 33 The Government has the target of 80 per cent working age population in employment and this requires the strategic alignment of organisations and agencies on this agenda.
- 34 Given the historic strong growth in employment we would expect a decline in the level of worklessness<sup>18</sup>. While there has been a decline, this has been at a slower rate than the growth in employment. The economic slowdown will also have a significant impact upon progress made.
- 35 The employment rate of **people with no qualifications is markedly lower than those skilled to other levels**: in England it is 48 per cent and for the North West 43.1 per cent. (Figure 5). The employment rate in the North West sub-regions varies significantly and may be dependant to a degree upon the industrial structure of the area and the extent of people who are workless in the locality.
- 36 The employment rate rises to 70 per cent for those with a just a Level One qualification. Providing the opportunity for people to gain qualification up to Level 2 is expected to improve their employability and provide a platform for progression into the workplace. (Reference to Train to Gain programme).

<sup>18</sup> Worklessness defined as those people who are unemployed or economically inactive and who are in receipt of working age benefits (The Social Exclusion Unit (2004)).

**Figure 5: NW Employment Rate below Level 2**



Source: Annual Population Survey 2005-2007, Annual Local Area Labour Force Survey for earlier years.

## Employability & Worklessness

### How to support workless people into sustainable jobs (focusing on priority groups)

#### National Strategy

- 37 The Government has made a clear commitment to integrate its employment and skills strategies into a truly seamless employment and skills system which **not only helps people into work but helps break the cycle of low skills, short-term jobs and low wages.**
- 38 The joint DWP/DIUS publication **Work Skills** (June 08) and the subsequent **welfare reform green paper** (July 08) outline the plans to overhaul the welfare and training system and improve skills.

*“Our vision is a welfare state where no one is written off and everyone is expected to contribute. We want to do more to prevent people from drifting into long-term unemployment or inactivity and becoming detached from the labour market.” (No one written off: reforming welfare to reward responsibility, DWP July 2008).*

- 39 The LSC with partners will support individuals through skills development from worklessness into sustainable employment, through the delivery of PSA targets of the LSC (Skills for Life & Level 2) and those of other agencies.
- 40 A summary set of indicator has been produced (Figure 6) which provides a breakdown of labour market supply (employment, unemployment and economic inactivity).

**Figure 6: Regional labour market indicators**

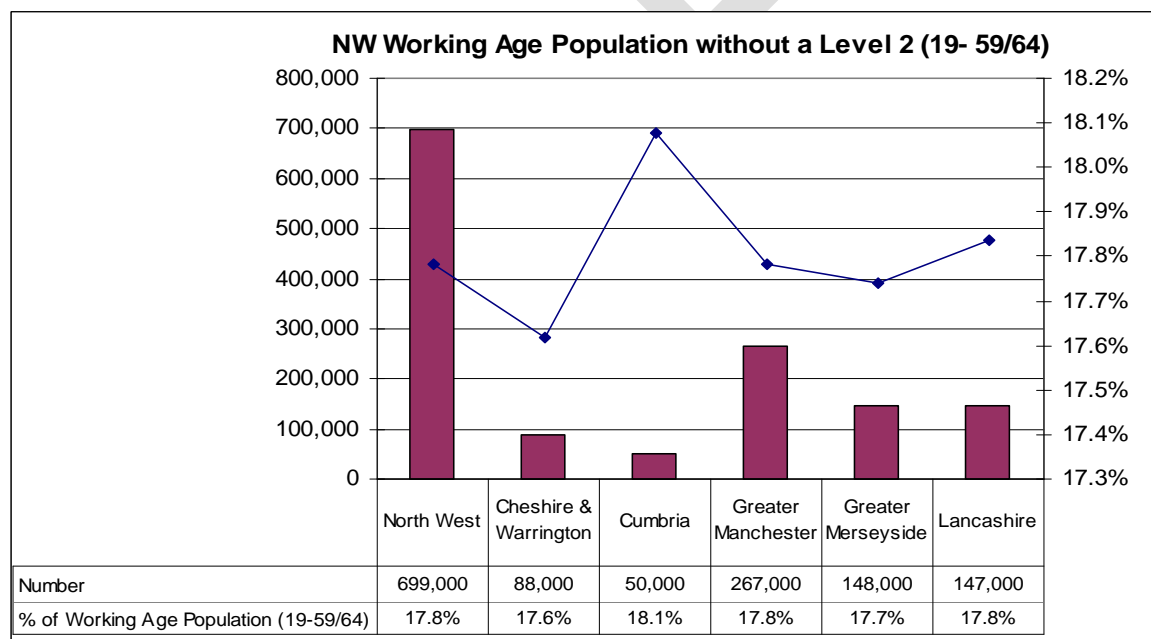
		mid-2007		April 2007 to March 2008				2006			
Population		Labour supply						Working age benefits	Labour demand		
		Employment		Unemployment		Economic inactivity		Claimant count	Jobs		
16-59/64 (000s)		Total 16+ (000s)	16-59/64 Rate (%)	Total 16+ (000s)	Rate <sup>4</sup> (%)	Total 16-59/64 (000s)	16-59/64 Rate (%)	Level	Proportion <sup>6</sup> (%)	Total (000s)	Jobs Density 16-59/64 (ratio)
United Kingdom	37,904	29,244	74.4	1,590	5.2	8,060	21.4	841,820	2.2	33,175	0.88
NW Regional	4,240	3,166	72.3	193	5.7	978	23.2	108,824	2.6	3,600	0.85

Source: ONS Regional Labour Market Statistics, November 2008.

### Working Age with a qualification lower than level 2

41 A significant proportion of those lacking a Level 2 are workless. In 2007, 17.8 per cent of the adult working age population<sup>19</sup> in the North West had a qualification **lower than a level 2**, this is equivalent to 699,000. This compares to 18.6 per cent for the England average. (Figure 6 provides a sub-regional breakdown).

**Figure 7: NW Adult Working Age Population without a Level 2 19-59/64**

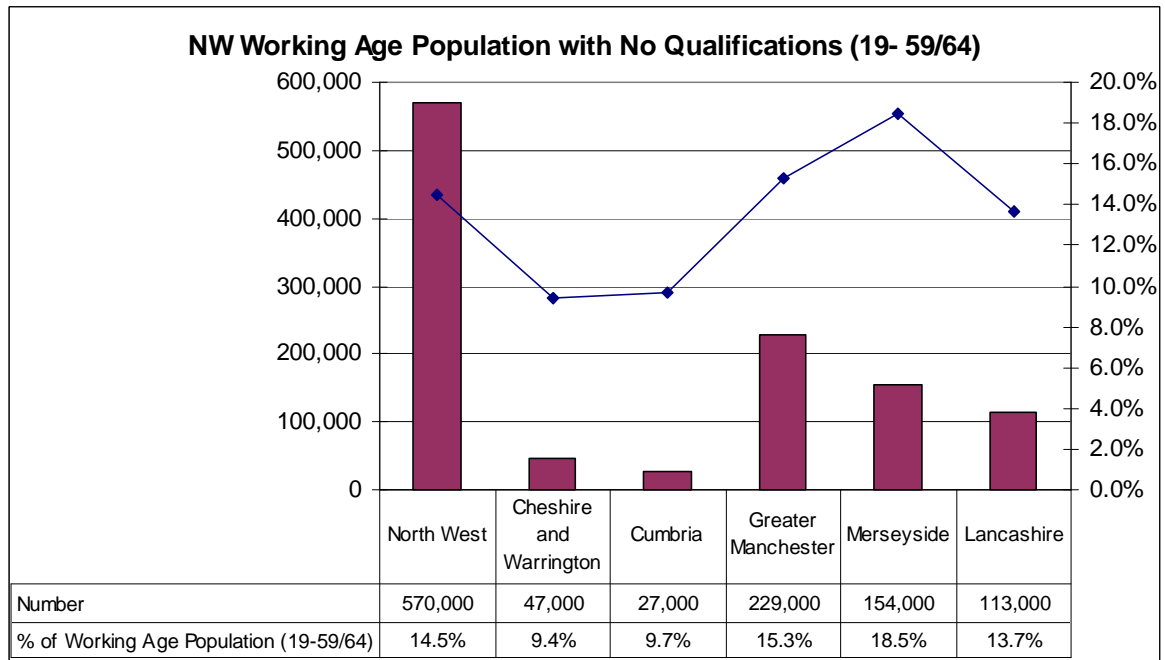


Source: Annual Population Survey 2005-2007 (19-59/64).

- 42 Over 14 per cent of the working age population have no qualifications which is equivalent to 570,000.
- 43 The distribution of the working age population with no qualifications is concentrated in the urban areas and is particularly high in Greater Merseyside at 18.5 per cent equivalent to 154,000. (Figure 7).

<sup>19</sup> Age19-59/64.

**Figure 8: NW Adult Working Age Population with No Qualifications 19-59/64**

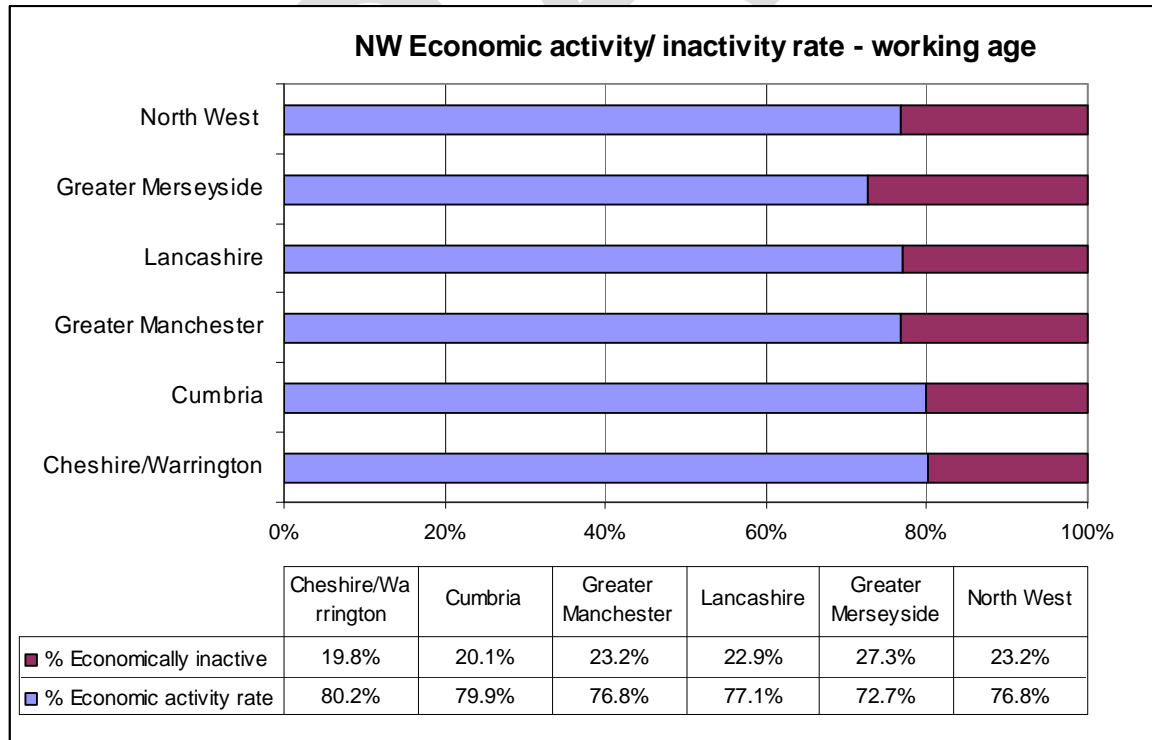


Source: Annual Population Survey 2005-2007, Annual Local Area Labour Force Survey for earlier years.

**Economically Active and Inactive**

44 The North West working age population is split into economically active and inactive with over 76.8 per cent of the region economically active (23.2% inactive).

**Figure 9: Working Age Population: Economically Active/ Inactive**



Source: Annual Population Survey 2007.

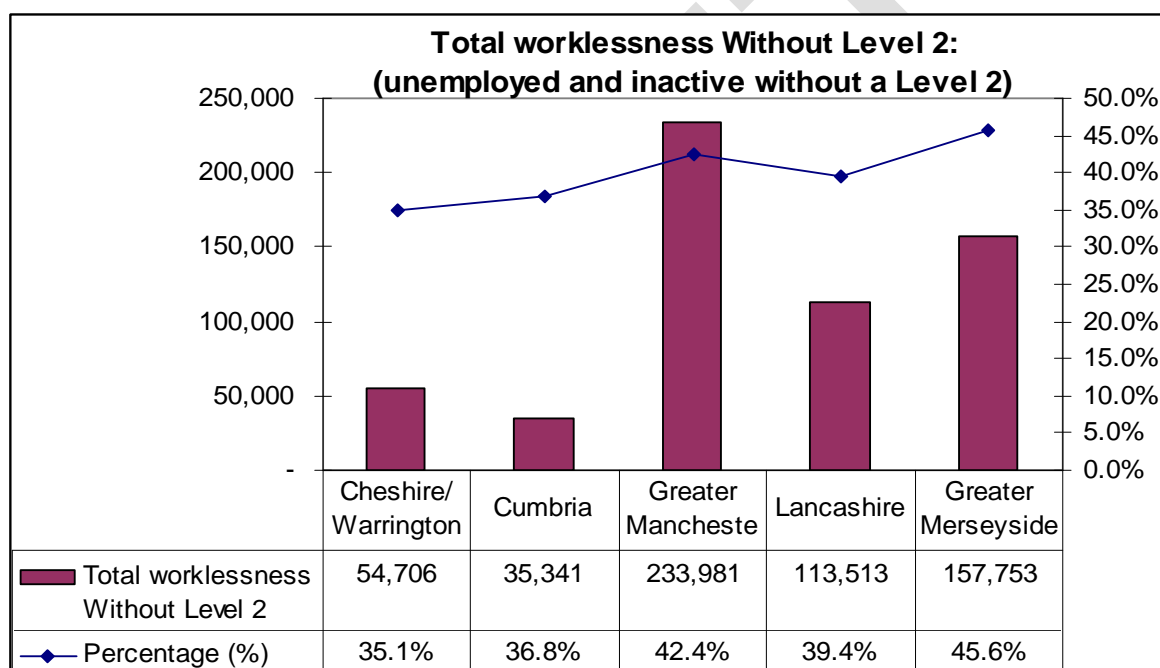
- 45 Of the economically active<sup>20</sup> population, 27.8 per cent do not have a Level 2. For the inactive population, the corresponding figure is 49 per cent. **Rates of economic inactivity are typically higher amongst those with no qualifications**, The North West still has a gap to close with the national average in the proportion of the working age population without a level 2 qualification.
- 46 The North West has a lower proportion of its economically active population qualified to Level 4 or higher than nationally. If the rate was equal to the national average, the region would have an additional 64,400 people qualified to Level 4.

**A significant proportion of those lacking a level 2 are workless**

**Workless People Without a Level 2**

- 47 Those are 'worklessness' are defined as those either unemployed without a Level 2 and those economically inactive adults without a level 2. For the North West this equates to 600,000 individuals.

**Figure 10: Workless People without a Level 2**



Source: Annual Population Survey 2005. (awaiting update from DCSF).

- 48 There is also a strong spatial dimension to worklessness. For adults the rate of inactivity is highest in Greater Merseyside at 27.3%, compared to the regional average of 23.3% and the England average of 21.4%. Cheshire and Warrington and Cumbria have inactivity rates below the England average.
- 49 **However, the North West has reduced the gap with England in terms of the proportion of working age people with no qualifications** from 2.9 per cent to 2.2 per cent. The region also made faster progress on reducing this percentage—reducing it by 1.2 percentage points, compared with 0.5 percentage points for England.

**The region has much higher level of claimants, especially of Incapacity Benefit...**

- 50 The North West has the second highest rate of Incapacity Benefit claims across English regions, double the lowest rate found in the South East.

<sup>20</sup> A person is economically active if they are either employed or unemployed in a particular period - usually the survey reference week.

51 A significant proportion of the working age people within the region who are not in work will be claiming out of work benefits. (link to sub-regional reports)

**The number of people claiming out of work benefits remains very high in the region in general and continues to be highly concentrated amongst certain benefits...**

52 **In 2008 there were around 736,700 people in the region claiming out of work benefits, which is 17.4% of the working age population**, (compared to 13.6% for the UK as a whole). This is around 110,000 more people claiming these benefits than if the region met the UK average.

53 **The majority of these were claiming Incapacity Benefit (IB) (398,160 or 9.4% of the working age population)**. Figure 11.

54 This is around 150,000 more people claiming IB than if the North West matched the UK average.

55 The number of claimants has fallen by 60,000 between 2001 and 2008, but this is in the context of around 83,000 net additional jobs over this period.

56 **There have been large falls in the number of lone parents claiming Income Support (30,900 or 24.7%) and in IB Claimants (48,790 or 10.9%)**. However, there is the need for caution in interpreting the data for IB Claimants: around 45,000 people have been reclassified as 'disabled' rather than as IB claimant, which suggests that the overall numbers claiming IB or other disability related benefits have actually increased in the North West over this period.

**Figure 11: Change in Out-of-Work Benefit Claimants 2001- 2008**

North West	2008	change 2001- 2008	
job seeker	110,300	-21,460	-16.3%
incapacity benefits	398,160	-48,790	-10.9%
lone parent	94,330	-30,900	-24.7%
carer	53,500	6,870	14.7%
others on income related benefit	20,490	-1,060	-4.9%
disabled, bereaved, unknown <sup>21</sup>	59,910	35,960	150.1%
<b>total</b>	<b>736,700</b>	<b>-59,370</b>	<b>-7.5%</b>

Source: Benefit claimant data - DWP via NOMIS.

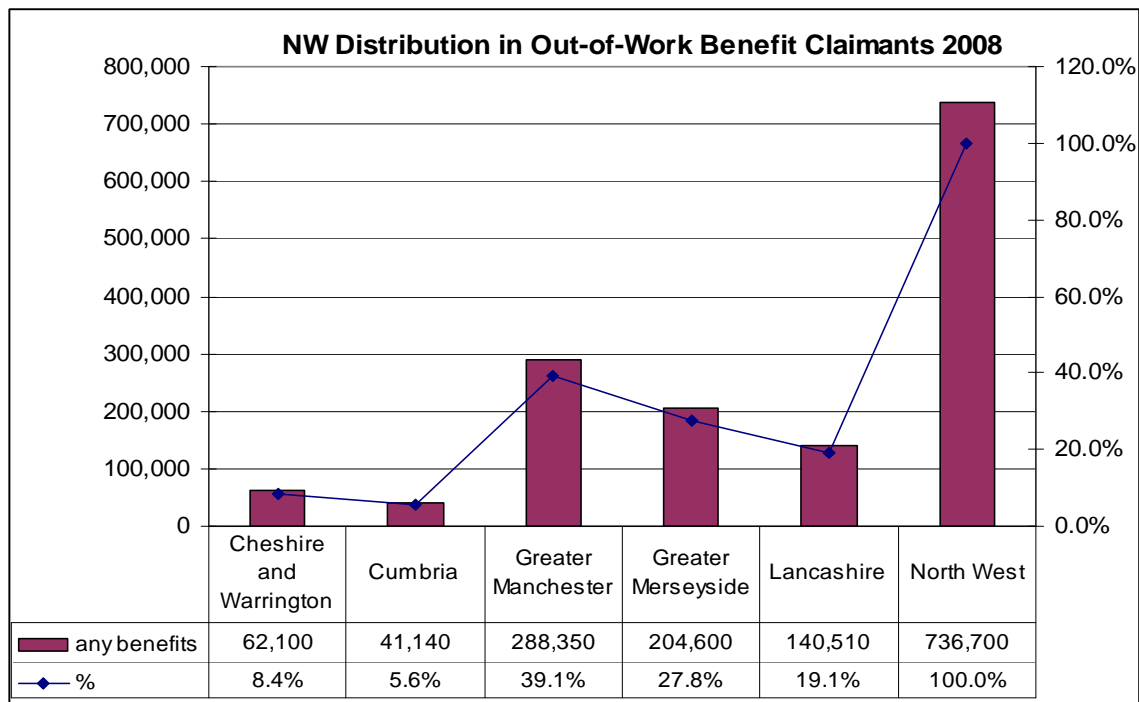
## Spatial issues

57 Distribution of the Out-of-Work Benefit Claimants for the sub-regions is provided in Figure 12, (further detail is provided in the sub-regional reports).

58 **Over 40 per cent of out-of-work benefit claimants are in Greater Manchester, the majority of which are claiming Incapacity benefit**. Analysis by statistical group indicates that this is equivalent to 157,560 incapacity claimants in Manchester.

<sup>21</sup> The increase in this category is accounted for by an introduction of c. 45,000 people in the 'disabled' category between 2001 and 2006, presumably rather than being classified as IB claimants. 23,000 unknown in 2001 have been reclassified into other categories.

**Figure 12: Working Age Population: Distribution of Out-of-Work Benefit**



Source: Benefit claimant data - DWP via NOMIS. Notes benefits include: carers allowance; disability living allowance; incapacity benefit; income support (IS)/pension credit (PC); job seekers allowance; severe disablement allowance; widows benefit and other combinations.

- 59 The pattern of worklessness is present in several local neighbourhoods and amongst particular labour market groups. The groups who have benefited less from the growth in employment are **older workers, those with no qualifications and some ethnic groups**. This is consequently reflected in the proportion of benefit claimants from these client groups.
- 60 Whilst many of the geographical concentrations of worklessness have been distant from the major hotspots of employment growth (such as places like **Barrow and Blackburn**), historically the wide geographical spread of job growth has provided good opportunities for many claimants to access work opportunities. Given the current economic slowdown this issue is likely to be exacerbated as job opportunities decline in the region.
- 61 A number of regeneration priority areas (such as East Manchester) have been reasonably successful in getting claimants into jobs, but the impact in terms of the overall level of claimants in the area has been limited due poor employment retention levels or their relocation out of the area (to be replaced by other claimants).

### **Worklessness: how we engaged with our priority groups?**

- 62 A key constraint upon the economic performance of the North West, and the key locations within it, is the extent of worklessness<sup>22</sup> in the region.
- 63 Despite the steady increase in the region's overall employment rate (closing the gap with England as the rate has risen from 70.5% in 1997 to 72.5% in 2007), **the NWDA's most recent economic analysis suggests the region's lower**

<sup>22</sup> The Social Exclusion Unit (2004) describes worklessness as including "people who are unemployed or economically inactive, and who are in receipt of working age benefits."

**employment rate accounts for £4bn of the region's current £17bn output gap with England.**

- 64 The numbers of young people and adults that are not engaged in any form of employment, or are unable to work for varying reasons creates significant gaps in the local and regional economy.
- 65 Overall there is a clear pattern of lower attainment of the economically inactive population compared to the active. **72.2 per cent of the working age economically active population are qualified to level 2 (2.2 million with L2) and only 19.5 per cent of the economically inactive population have the same qualification (202,000 with L2).**

**In developing services to tackle worklessness<sup>23</sup>, account needs to be taken of the higher levels of economic activity amongst certain groups in society.**

- 66 **Worklessness continues to be heavily concentrated amongst particular groups....there are a range of socio-economic groups which are recognised as suffering labour market disadvantage in general and this is likely to be reflected in lower employment rates and higher rates of benefit claiming.**
- 67 The circumstances and characteristics of key client groups: **Offenders; Lone Parents; People from Ethnic Minority Groups (BME); Learners with Learning Difficulties and/or Disabilities (LLDD); People from Deprived Areas and Older Jobseekers (aged 50+) are outline in the following section.**

### **Offenders**

- 68 55 per cent of all ex-offenders are economically inactive in the region. This has huge implications, as often they have multiple barriers to overcome before being available to the labour market.
- 69 Offender Learning and Skills and Employability Skills Programmes will continue to contribute to overall performance of the skills for employability agenda.
- 70 LSC has approved **capital investment of £950,000** in the learning and skills departments of prisons and probation.
- 71 Coming on top of a recent ICT Refresh investment of £1.8 m in North West prisons this is a significant change which will improve delivery of learning and skill to offenders. A further investment of capital in prisons for young offenders and young adult offenders has just commenced.

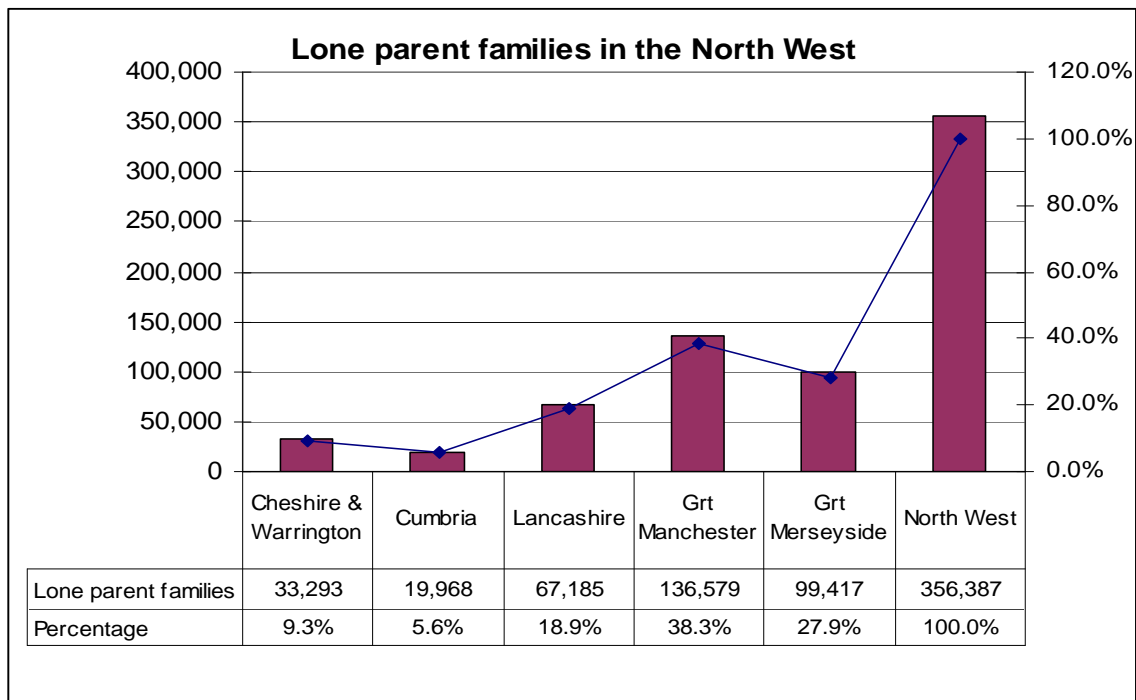
### **Lone Parents**

- 72 Cheshire & Warrington and Cumbria have a lower proportion of lone parents. Cheshire & Warrington has (9.3%) 33,293 (5,008 males and 28,285 females), whereas Cumbria has (5.6%) 19,968 (2,869 males and 17,099 females).
- 73 At 38.3 per cent Greater Manchester has the highest proportion of lone parents (compare to other sub-regions)

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<sup>23</sup> The Social Exclusion Unit (2004) describes worklessness as including "people who are unemployed or economically inactive, and who are in receipt of working age benefits."

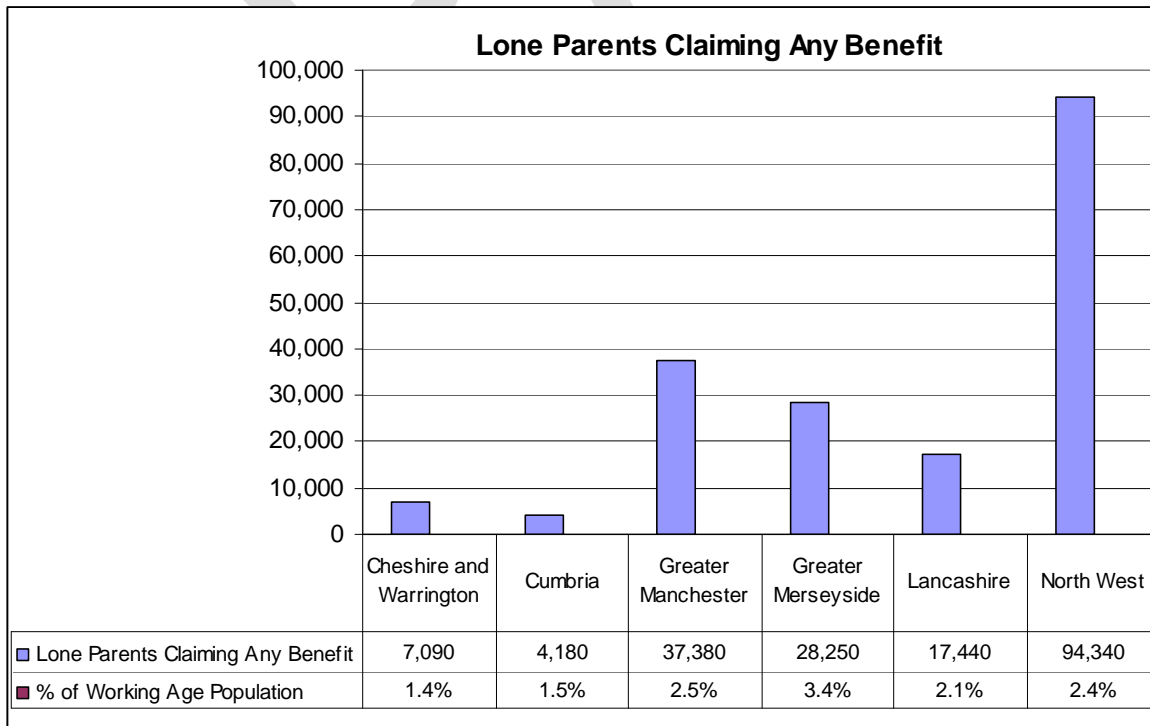
**Figure 13: NW Lone Parent Families in the Region**



Source: 2001 census - standard tables.

74 Analysis of the Lone Parents statistical group in the region indicates that 94,340 are claiming some type of benefit, over 80 per cent of which are claiming income support (IS)/pension credit (PC) (83,060).

**Figure 14: NW Lone Parents Benefit Claimants**



Source: Benefit claimant data - DWP via NOMIS, February 2008.

## People from Ethnic Minority Groups

75 Seven per cent of the region are from an ethnic minority group, this proportion varies significantly by sub-region with some local areas having over a quarter of the population from a Black and Ethnic Minority community.

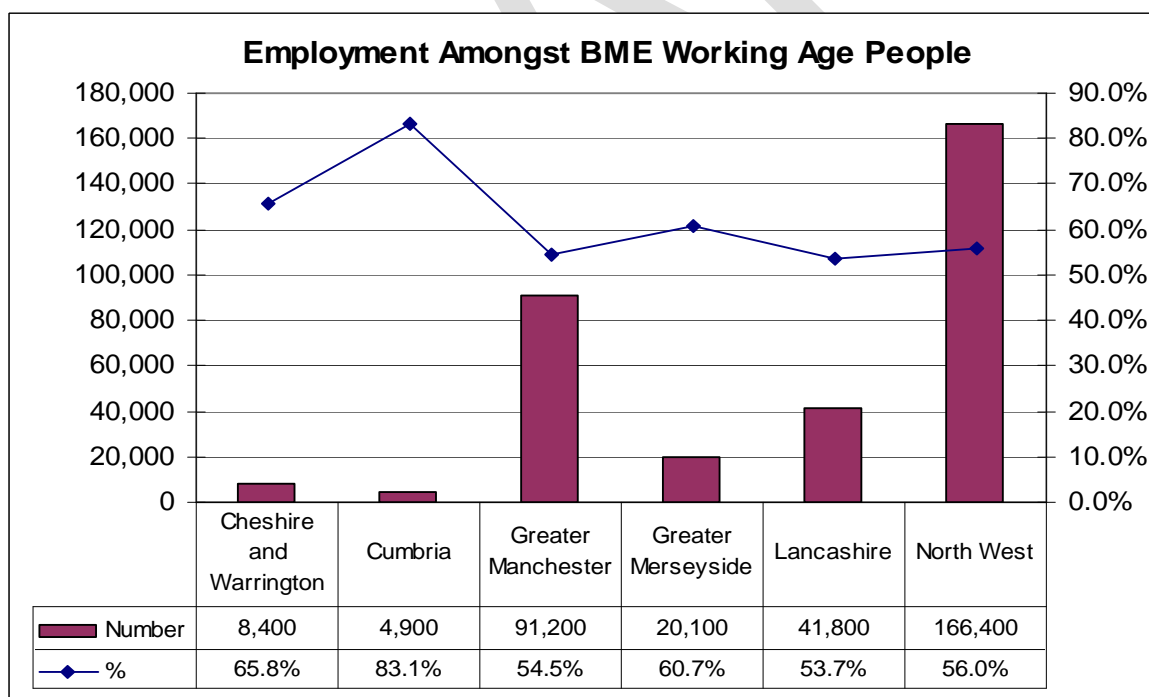
**Figure 15: Population breakdown by Ethnicity**

Ethnicity (%)	England	NW Region	Gtr Manchester	Gtr Merseyside	Lancashire	Cheshire & Warrington	Cumbria
% of white - working age	88.5	93.0	89.3	96.6	91.7	97.8	97.4
% of mixed ethnic group	0.8	0.6	0.8	0.4	0.7	0.6	0.8
% of Indian	2.5	1.2	1.4	0.4	4.5	0.0	0.6
% of Pakistani/Bangladeshi	2.3	2.6	4.1	0.4	8.9	0.6	!
% of Black or Black British	2.7	0.9	1.8	0.6	0.1	0.1	!
% of other ethnic group	3.1	1.6	2.3	1.4	2.4	0.2	!

Source: Census 2001.

76 The employment rate of working age adults from BME communities is 56 per cent, employment rates between sub-regions range from 53.7 per cent (41,800) in Lancashire to 83.1 per cent (4,900) in Cumbria.

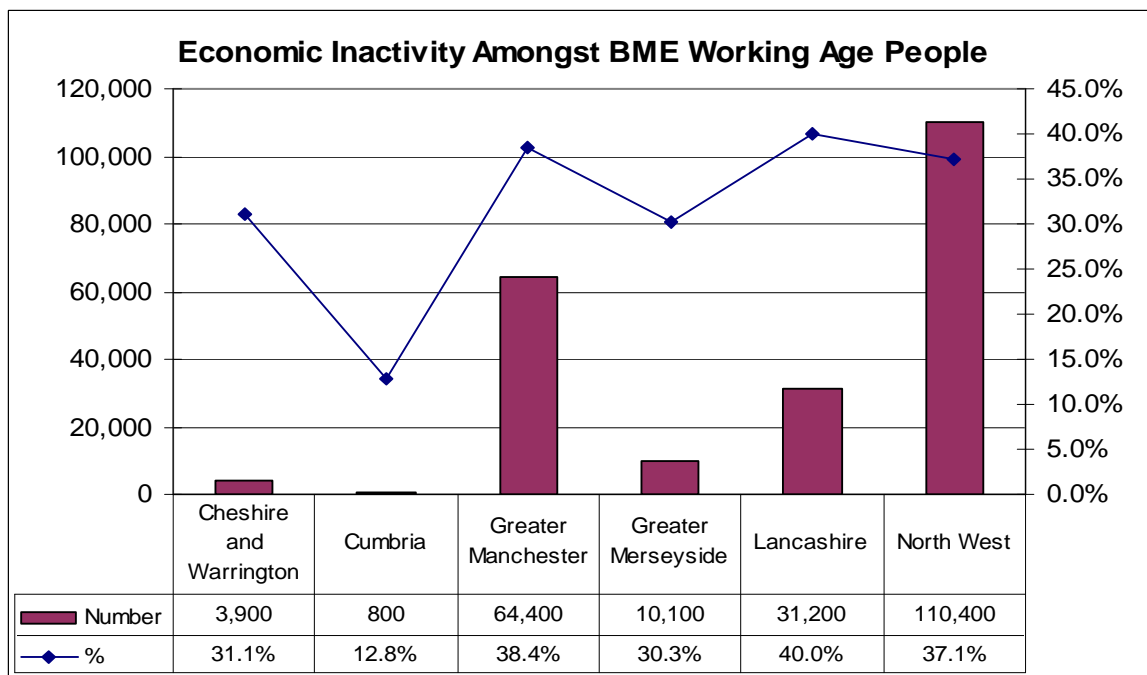
**Figure 16: Employment Amongst BME Working Age People**



Source: Annual Population Survey 2006.

77 Economic inactive amongst BMEs of working age stands at 37.1 per cent in the region, which is equivalent to 110,400 people.

**Figure 17: NW Economically Inactivity Amongst BME Working Age People**



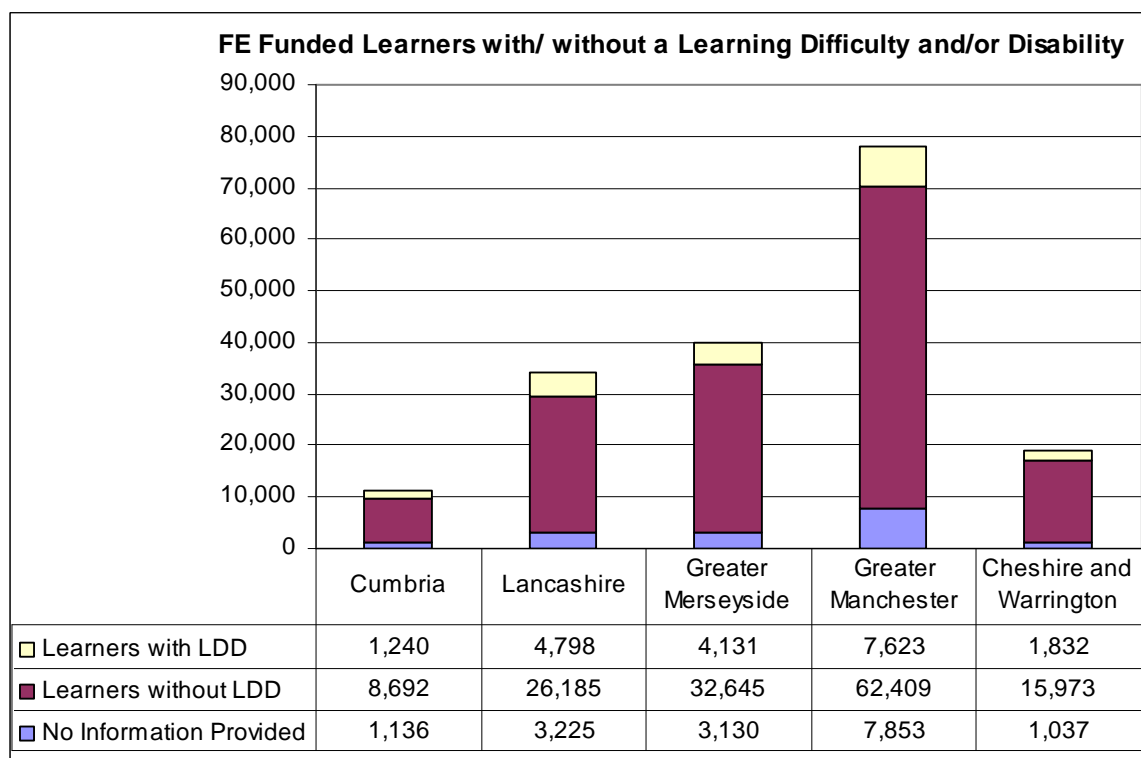
Source: Annual Population Survey 2006.

**Adult (19+) Learners with Learning Difficulties and/or Disabilities<sup>24</sup> (LDD) (including Mental Health problems)**

- 78 People with disabilities are twice as likely to have no qualifications.
- 79 Nationally, the rate of economic inactivity for people with a disability is significantly higher than for the population average. This is a particular issue in the North West, which has an inactivity rate for people with a disability of 51.9 per cent, 7.3 percentage points above the national average.
- 80 There are 19,624 adult learners in Further Education who have declared that they have a learning difficulty and/or disability in the region, this is a decline of 3,429 learners since F05 2006/07 (23,053).
- 81 The North West has the second highest rate of people with LDD (23.6%)
- 82 The Highest proportions of LLDD are in Hyndburn, Barrow, Carlisle, Knowsley and Liverpool.

<sup>24</sup> LDD- The LSC is intent on creating a fundamental change in attitudes to promote the inclusion of people with learning disabilities in the general community, and to ensure education and training provision extends the same range of opportunities and choices for all.

**Figure 18: NW Learners with Learning Difficulties and/or Disabilities**



Source: LSC FE F04, 2007/08.

### People from Deprived Areas

- 83 The Index of Deprivation 2007 is calculated by collecting data on seven main topic areas or domains, each measuring a different aspect of deprivation. Areas may be counted as deprived in one or more of the domains depending on the number of types of deprivation that they experience.
- 84 Results from the seven domains are combined to give an overall Index of Multiple Deprivation. The domains do not contribute equally to the overall IMD; the weightings used are Income Deprivation (22.5%), Employment Deprivation (22.5%) Health Deprivation and Disability (13.5%), Education, Skills and Training Deprivation (9.3%), Barriers to Housing and services (9.3%), Living Environment Deprivation (9.3%), Crime (9.3%)
- 85 Northwest Local Authorities feature in the worse performing 50 authorities in England (according to rank). **Liverpool remains the worst performing district nationally, whilst both Manchester and Knowsley feature in the bottom 10 despite improving their position since the IMD 2004.** (Figure 19).

**Figure 19: North West Districts featuring in the Top 50 Most Deprived Local Authorities**

	2004 Score	2004 Rank	2007 Score	2007 Rank	Score Difference	Rank Difference
Liverpool	49.78	1	46.97	1	-2.81	0
Manchester	48.91	2	44.50	4	-4.41	2
Knowsley	46.57	3	43.20	5	-3.37	2
Blackpool	33.91	24	37.66	12	3.75	-12
Salford	38.19	12	36.51	15	-1.68	3
Blackburn with Darwin	32.28	34	35.83	17	3.55	-17
Burnley	31.83	37	34.61	21	2.78	-16

Rochdale	33.69	25	33.89	25	0.20	0
Barrow-in-Furness	32.98	29	32.69	29	-0.29	0
Halton	34.29	21	32.61	30	-1.68	9
Hyndburn	28.53	58	30.91	40	2.38	-18
Oldham	30.73	43	30.82	42	0.09	-1
Pendle	27.59	71	30.24	44	2.65	-27
St. Helens	31.95	36	29.82	47	-2.13	11
Preston	28.47	59	29.78	48	1.31	-11

Source: Index of Derivation 2004, 2007.

86 Those districts which appear to be 'worse off' than their previous score in 2004 are provided in Figure 20. It would appear that Lancashire has experienced the most decline in the region with Blackpool; Blackburn with Darwen; Burnley and Hyndburn in the top 4.

**Figure 20: North West District that are 'worse off' since the 2004 Ranking**

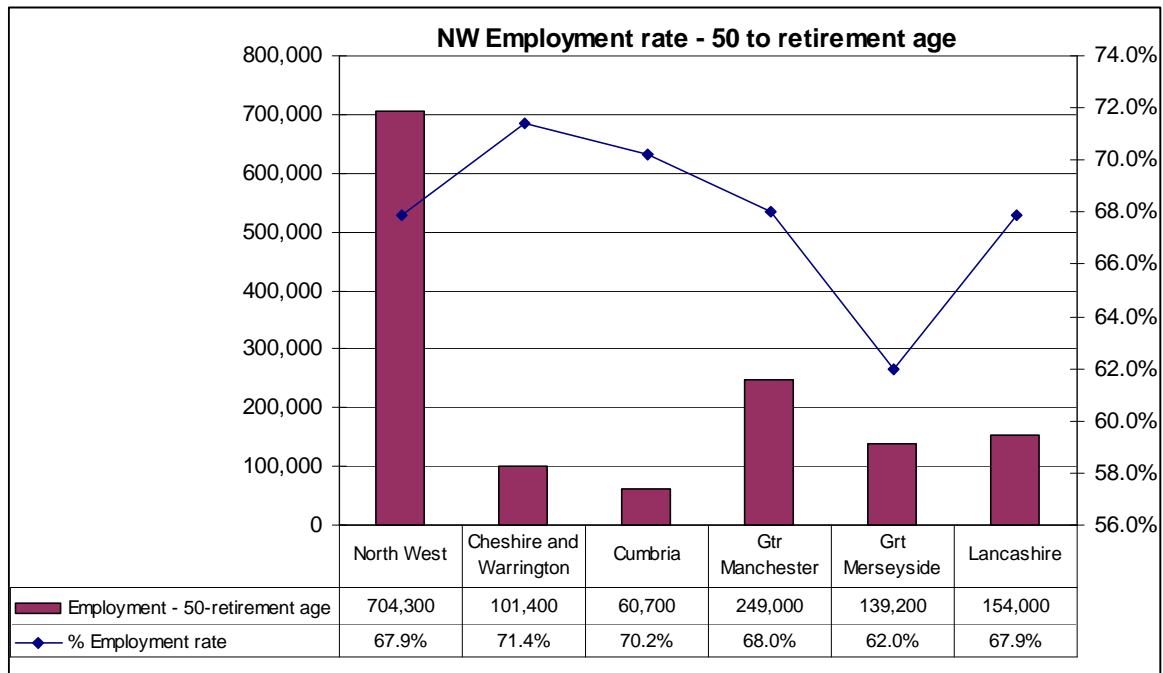
	2004 score	2004 rank	2007 score	2007 rank	Score Difference	Rank Difference
Blackpool	33.91	24	37.66	12	3.75	-12
Blackburn with Darwen	32.28	34	35.83	17	3.55	-17
Burnley	31.83	37	34.61	21	2.78	-16
Hyndburn	28.53	58	30.91	40	2.38	-18
Oldham	30.73	43	30.83	42	0.09	-1
Pendle	27.59	71	30.24	44	2.65	-27
Preston	28.47	59	29.78	48	1.31	-11
Copeland	25.67	84	25.73	78	0.06	-6
Congleton	9.51	305	9.86	303	0.35	-2

Source: Index of Derivation 2004, 2007.

### Older Jobseekers (50-retirement age)

- 87 The employment rate is 72.4 per cent for the region, which is lower than the national trend of 74.4 per cent.
- 88 **For adults in the 50 to retirement age, the North West rate is 67.9 per cent, well below the England average of 71.4 per cent.**
- 89 Overall Grt Merseyside has the lowest employment rate for 50+ at 62 per cent and Cheshire & Warrington the highest at 71.4 per cent. The employment rate varies in the sub-regions from Knowsley's at 57.4 per cent to 74.7 per cent in Stockport.

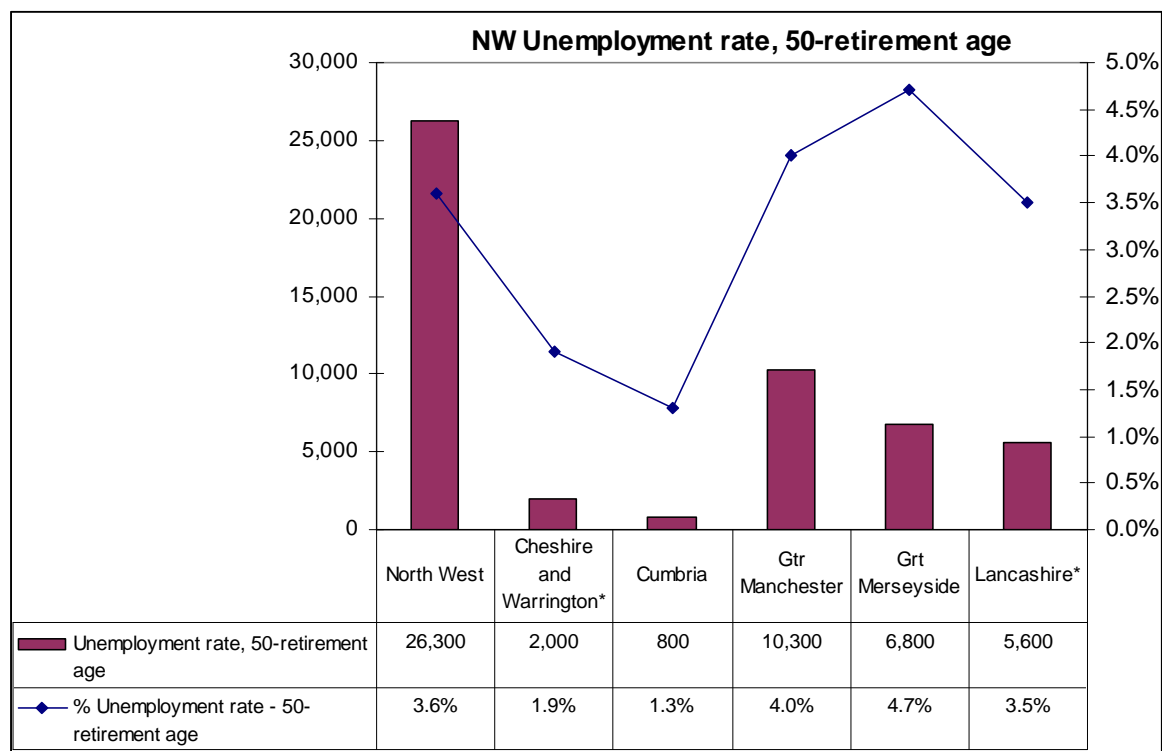
**Figure 21: Regional Employment Rate: 50- retirement age**



Source: Annual Population Survey 2007.

- 90 The North West rate of economic inactivity for people ages 50 to retirement age is above the England average.
- 91 The number of people aged over 50 with no qualification is relatively high at 25% and make up around a third of the total (250,000).
- 92 The unemployment rate for 50-retirement stood at 3.6 per cent or 26,300 people, Figure 22 for more detail.
- 93 While the lack of skills will be a barrier to employment amongst this group, it overlaps with other issues which limit employment (e.g. including mental and behavioural difficulties, record of offending etc).
- 94 It is also likely that over time, an **increasing number of people will remain in employment post retirement age**. It is likely that some retraining of these older groups will be needed to meet skills needs and this has implications for the future pattern of training delivery, with lower demand for full time provision, and increased demand for flexible part-time or work based provision.

**Figure 22: NW Unemployment rate - 50-retirement age**



Source: Annual Population Survey 2007. (note\* Estimate is less than 500; Blackpool, Warrington,.)

### Over 50 to retirement Age - Attitudes towards learning<sup>25</sup>

95 Of the differences noted among particular groups of customers, age was the factor that most clearly differentiated the views of Jobcentre Plus customers towards the Leitch recommendations. This is partly due to the variations in the type of programmes and the access to training that are currently available to younger customers, but attitudes to training also vary with age. **‘As people move towards retirement, they see less value in investing in training than younger people’.**

Key messages: Tackling Worklessness focusing on priority groups	
2. Economically inactive population and those with no qualifications	<ul style="list-style-type: none"> <li>• Key challenge of enabling workless people back into sustained employment.</li> </ul>
2. Lone parents	<ul style="list-style-type: none"> <li>• Lone parents significant variation in the sub-region</li> </ul>
2. Offenders 3. Ex-offenders	<ul style="list-style-type: none"> <li>• Lack of information available on this client group, making it difficult to quantify the multiple barriers faced by offenders.</li> </ul>
4. BME Community	<ul style="list-style-type: none"> <li>• Multiple barrier; lower employment rates and economic inactivity rates</li> </ul>
5. Older Job Seekers	<ul style="list-style-type: none"> <li>• * Adult Advancement &amp; Careers Service – link to the challenges that this new services will face given different client groups (i.e. as above older worker least flexible and less open to change).</li> </ul>
7. Learners with Learning Difficulties	

<sup>25</sup> NW Skills for Employability Study 2008.

**Key messages: Tackling Worklessness focusing on priority groups**

and/or Disabilities

**Partnership Interventions**

- 96 The LSC works with Jobcentre plus to address worklessness through the development of new provision that improves skills for life and employability, and the establishment of progression routes into work, with further training funded by Train to Gain.
- 97 Central to the approach and the delivery strategy is to design, develop, procure and deliver a range of interventions which sit within an overall **integrated model of employment and skills (IES)**. customer journey model; [\manfp001\site\North West Regional Office\Learning Planning and Performance \(Learning\)\Planning\IES\IES learner journey update 29 April 08.doc](#)

**Figure 23: Customer Journey Model: NW Learning and Skills Council- Integrated Employment and Skills Learner Offer (LSC or JCP/ LSC funded).**

Stage 1 Engagement with target customers	Stage 2 Customer Assessment	Stage 3 Pre-employment phase	Stage 4 Entry to employment	Stage 5 Progression in Employment.
Information Advice and Guidance				
Skills for Jobs (including SEPs, Employability Sector Toolkit, Skillworks)				
Skills for Life including ESOL				
Programme to support Offenders in the Community				
University for Industry (Ufi)				
Employer-led activity (including Apprenticeships, Technical Certificates)				
Support for learners with learning difficulties and/or disabilities				
Employability Skills Programme (phase 4)				
Mainstream FE activity (including adult level 2 and 3 entitlement)				
Train to Gain provision (including Pathways to NVQ 2)				
Neighbourhood Learning in Deprived Communities		Programme led apprenticeships		Employer- led responsive Level 2 and 3
Personal and Community Development Learning (including Family Learning and Family literacy, language and numeracy)				

**Integrated Employment and Skills provision (IES)**

- 98 Skills for Jobs aims to tackle worklessness **by reducing the number of individuals not in employment through more effective engagement, and to move individuals into sustainable jobs through coaching, skills development, ongoing support, and the achievement of qualifications.**

- 99 This will be achieved by linking people who want to work with employers/sectors where there are vacancies and preparing individuals to secure and sustain employment.
- 100 In the North West the LSC is working ever more closely with Jobcentre Plus, local authorities and the North West Development Agency to secure much closer alignment of interventions which aim to **support workless individuals into employment and then to enable them to sustain employment by effectively addressing their skill needs.**
- 101 This integrated approach has enabled greater alignment of resources through the development of a joint investment plan and will also be supported through co-financing activities thus ensuring the complementarity of provision.
- 102 **The IES trials – and the seven core components:**

- **Enhanced skills screening tools** for Jobcentre Plus advisers to identify the skills needs of Jobseekers' Allowance claimants;
- **Enhanced referral processes** between the different service advisers;
- **Skills Health Checks** to help build targeted Skills Action Plans;
- **Skills Accounts** offering online personalised accounts so learners can track all their information in one secure web portal;
- **Careers and advancement advice and guidance including nextstep**, the National Careers Advice Telephone and Web Service (formerly learndirect careers advice);
- **Support to access relevant job opportunities** to focus on sustained employment.
- **Relevant and responsive provision** to reflect customers' needs and local labour market conditions.

### Local Employment Partnerships (LEPs)

- 103 LEPs, announced in the March 2007 Budget, are part of this umbrella service and are an important first step on the road to a more integrated employment and skills service.
- 104 Led by Jobcentre Plus (JCP), LEPs are a key part of the welfare reform agenda. The objectives of LEPs are to:
- Help more than 250,000 disadvantaged people into work between now and 2010 through working in partnership with employers;
  - Equip individuals disadvantaged in the labour market with the skills needed to secure sustainable employment;
  - Support individuals to progress once in employment through ongoing training;
  - Provide employers with recruitment solutions to fill vacancies;
  - Support the Government's aspirations to address the worklessness agenda set out in the Green Paper *In work, better off: next steps to full employment*.
- 105 **LEPs Performance: LEP referrals are showing an upward trend with the LSC having received a total of 74 LEP pre-employability notifications to 31 July, 55 of those notifications are indicating 2,247 job vacancies.**

### Sustainable Employment Programme

- 106 **The LSC's Role in LEPs** – The LSC has agreed to be the first port of call for JCP for the provision of Pre-Employment training – one of the employer's options in a LEP – where the employer is committed to Workforce Development. To meet this agreement, the LSC will procure the **Sustainable Employment Programme (SEP)**.

107 A total of 947 learners have entered pre-employment training with 234 entering employment. **Interim Skills for Jobs is the first port of call to fund LEPs and we are now seeing these results feeding through to the Interim Skills for Jobs figures.**

**Key messages: Tackling Worklessness.**

**Issue:**

**Implication:**

1. Economic performance of the North West:	<ul style="list-style-type: none"> <li>• concentrations of worklessness have been distant from the major hotspots of employment growth</li> <li>• A priority for sub-regional partners is to improve the skill base of the local population by prioritising Skills for Life delivery to target groups.</li> </ul>
2. Spatial issues of worklessness	<ul style="list-style-type: none"> <li>• A key issue for Greater Merseyside is its high level of worklessness</li> <li>• Greater Manchester as a whole has a high proportion of adults not qualified to Level 2.</li> <li>• The groups who have benefited less from the growth in employment are <b>older workers, those with no qualifications and some ethnic groups</b>. This is consequently reflected in the proportion of benefit claimants from these client groups.</li> </ul>

**Adult Learner Responsive Provision  
Learner Volumes**

108 This analysis will review learner volumes with regard to Adult Learner Responsive Provision: **Adult Level 2, Adult Level 2, Skills for Life, OLASS, Adult Safeguarded Learning, Developmental Learning and IAG.**

**Adult Level 2**

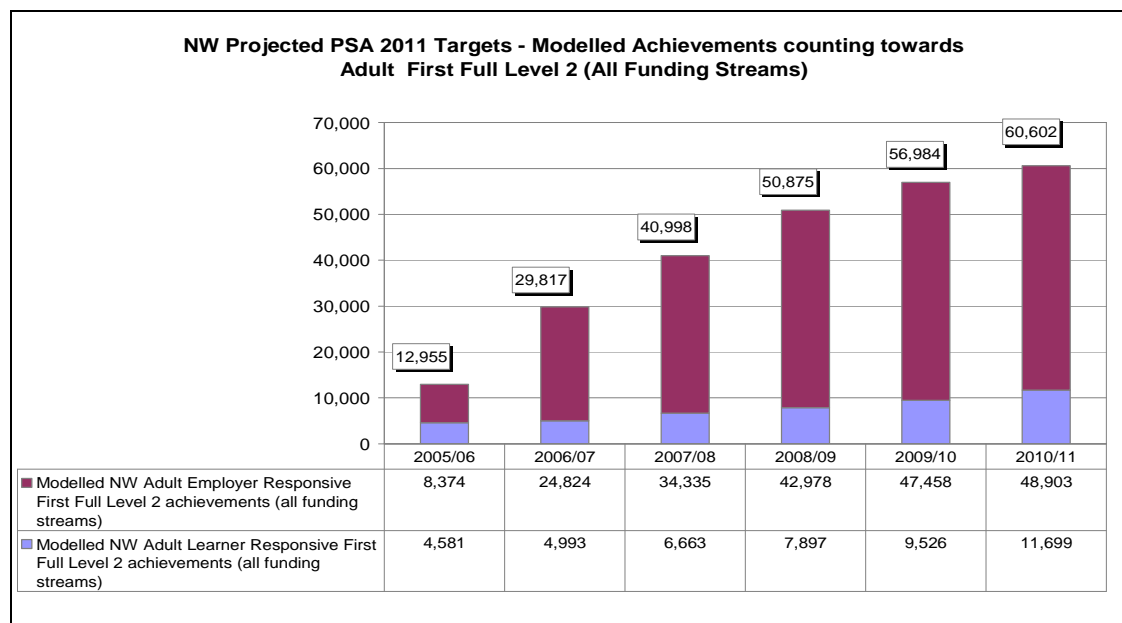
**PSA Indicator 2: By 2011 we should be aiming for 79 per cent of adults qualified to at least Full Level 2**

109 The latest figures from the Annual Population Survey indicate that 67.7 per cent of the region's working age population<sup>26</sup> has a Level 2 qualification: similar to the national level of 68.9 per cent.

110 Although regional targets have not been set for the Leitch PSA Targets the North West plans to establish a baseline (based upon the assumption of a 14.5 per cent of the national target) A significant proportion of provision will focus upon adult employer responsiveness as the modelling in Figure 24 indicates.

<sup>26</sup> qualification held by population aged 19-59/64.

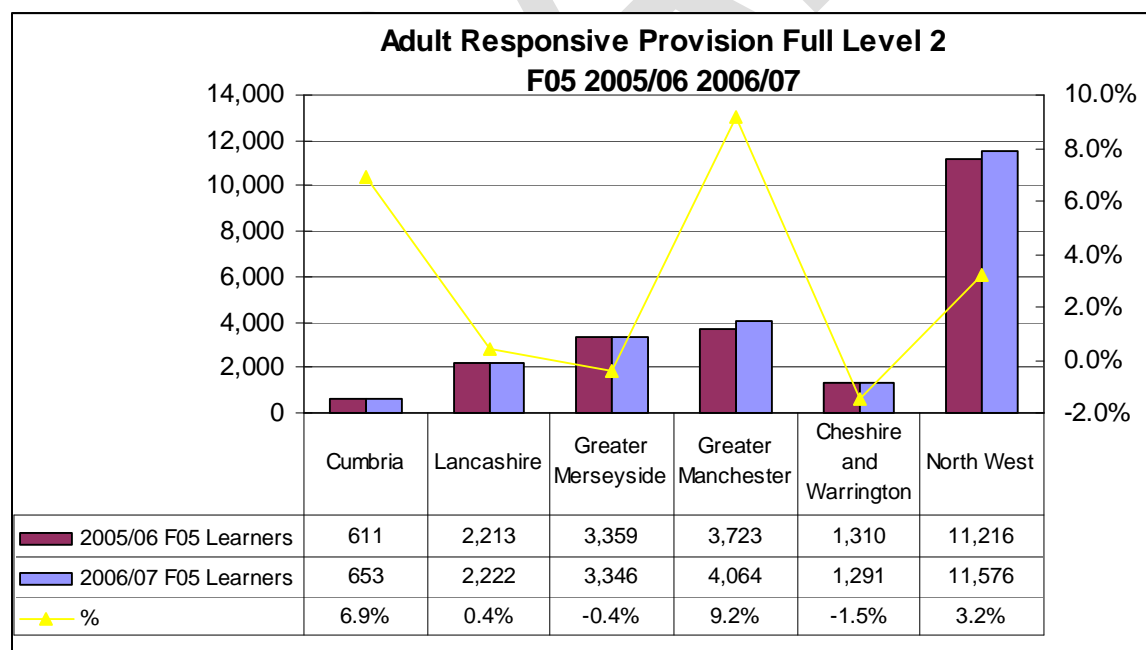
**Figure 24: Modelling PSA 2011 Target - Adult Level 2 Achievements**



Source: NWLSC Regional LPP 2008.

111 Trends in adult responsive provision indicate that just over 11,576 learners continue to study a full level 2 qualification in 2006/07, an increase of 360 (3.2 percentage points) learners from 2005/06 (11,216). The shift towards employer responsive provision continues (link to employer responsive report).

**Figure 25: NW Adults Responsive Full Level 2 Provision**



Source: 19+ Learner Responsive provision within FE, F05 2005/06, 2006/07.

112 The latest position is provided using F04 2007/08 for full level 2 indicates a growth of 15 percentage points to **13,315**.

**Figure 26: Regional Adult Responsive Full Level 2**

LSC	Number of Learners	%	FL2 Learners	Proportion of overall %
Cumbria	9,280	5.9%	618	6.7%

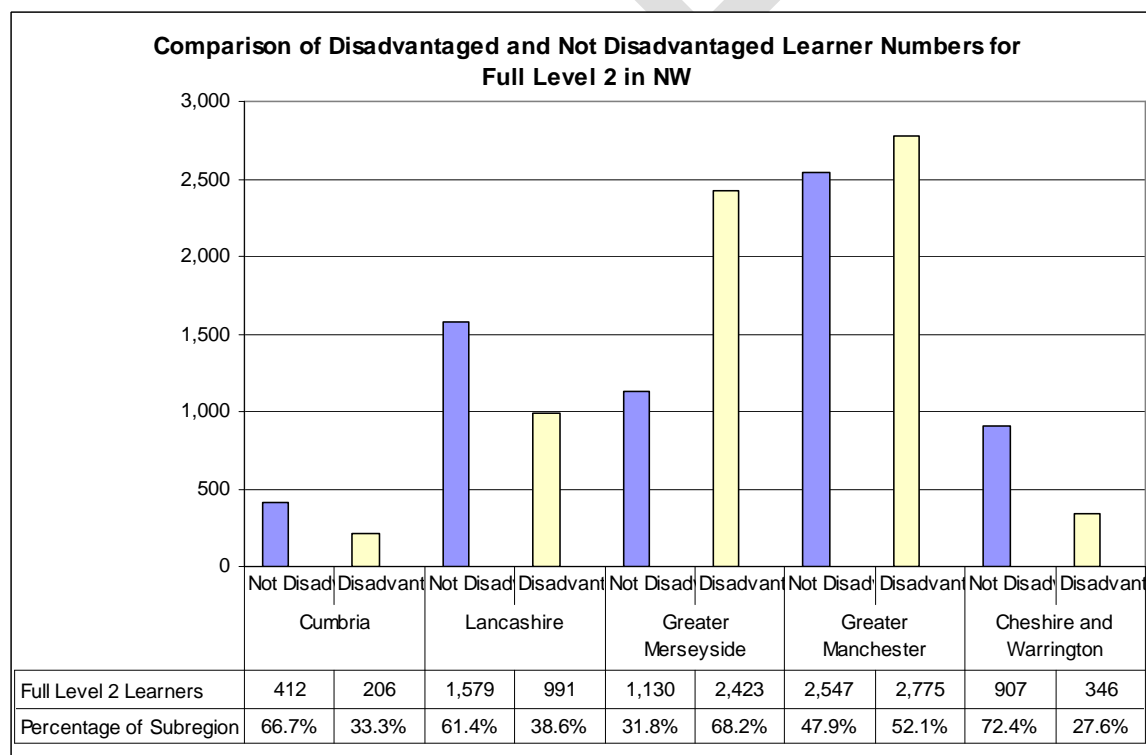
LSC	Number of Learners	%	FL2 Learners	Proportion of overall %
Lancashire	27,385	17.4%	2,570	9.4%
Greater Merseyside	35,347	22.4%	3,553	10.1%
Greater Manchester	68,605	43.6%	5,321	7.8%
Cheshire & Warrington	16,831	10.7%	1,253	13.5%
North West	157,448	100.0%	13,315	8.5%

Source: 19+ Learner Responsive provision within FE F04, 2007/08.

113 The growth required in Adult Full Level 2 provision is a real challenge with the combined number of employer responsive (15,787) and adult responsive (13,315) for F04 2007/08 reaching 29,102. Despite strong growth in Greater Manchester in particular, performance need to improve further if these ambitious targets are to be achieved.

114 The 13,315 adult responsive learners in the region have been divided into learners who are disadvantaged/not disadvantaged in the area. It is difficult to distinguish the differentiation in the urban areas, perhaps due to the location of the colleges in Merseyside and Manchester. The variance between the other local areas is more significant with less than 30 per cent of learners in local offices participating in a Full Level 2 qualification.

**Figure 27: Regional Adult Responsive Full Level 2**



Source: 19+ Learner Responsive provision within FE F04, 2007/08.

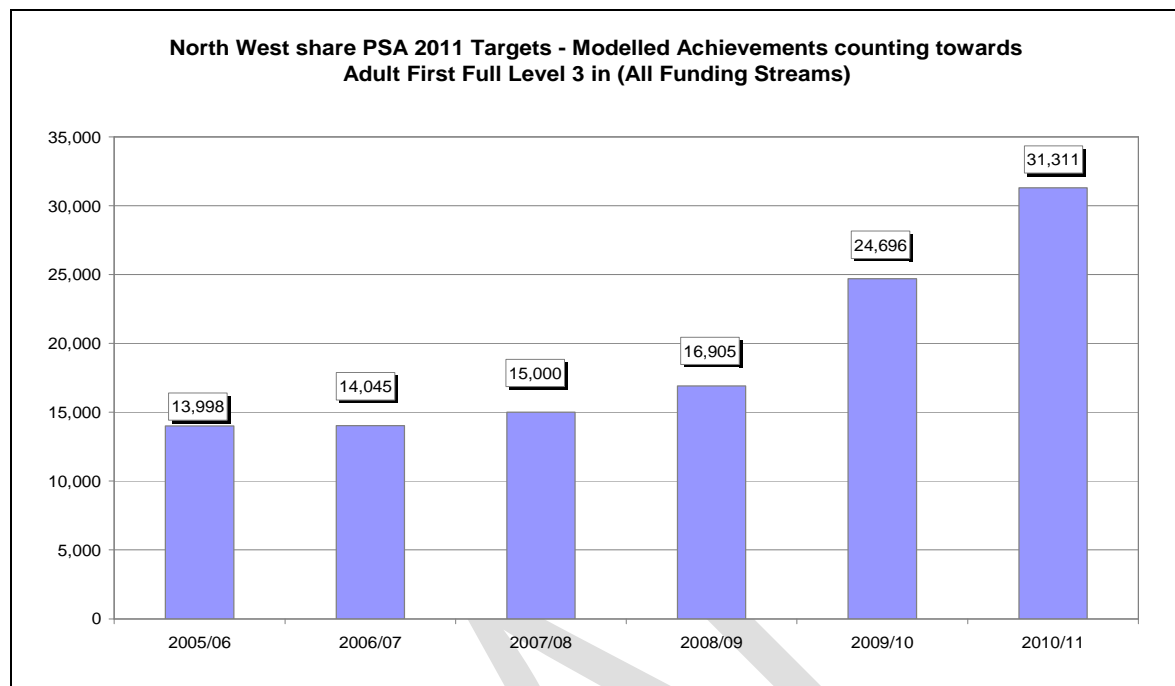
### Adult Level 3

**PSA Indicator 3: By 2011 we should be aiming for 56 per cent of adults qualified to at least Full Level 3**

115 The latest figures from the Labour Force Survey indicate that 46.8 per cent of the region's working age population had a Level 3 qualification: slightly below the national position of 49.0 per cent.

116 Although regional targets have not been set for the Leitch PSA Targets the North West plans to establish a baseline (based upon the assumption of a 14.5 per cent of the national target) A significant proportion of provision will focus upon adult employer responsiveness as Train to Gain growth continues.

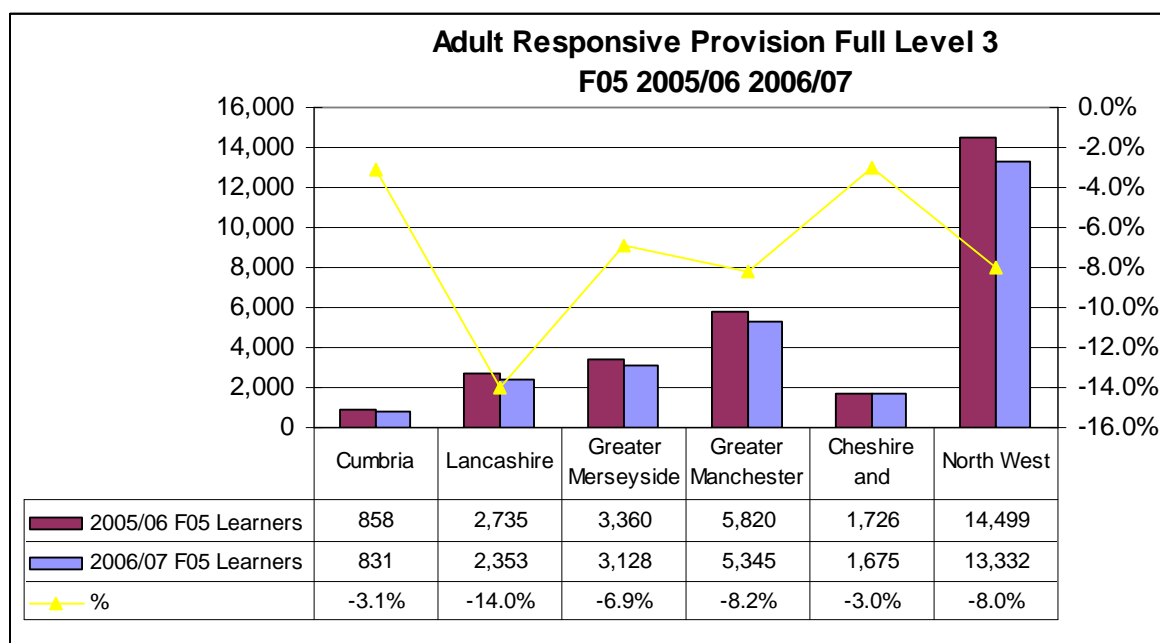
**Figure 28: Modelling PSA 2011 Target - Adult Level 3 Achievements**



Source: NWLSC Regional LPP 2008.

117 Adult Learner Responsive provision at Full Level 3 indicates that over 13,332 learners continued to study for a Full Level 3 (a fall of 8 percentage points from 2005/06). In 2005/06 this stood at 14,449 learners.

**Figure 29: NW Adult Responsive Full Level 3**



Source: 19+ Learner Responsive provision within FE, F05 2005/06, 2006/07.

118 The latest position using F04 2007/08 is provided in the summary table and provides a 3 per cent increase from 2006/07 (F05).

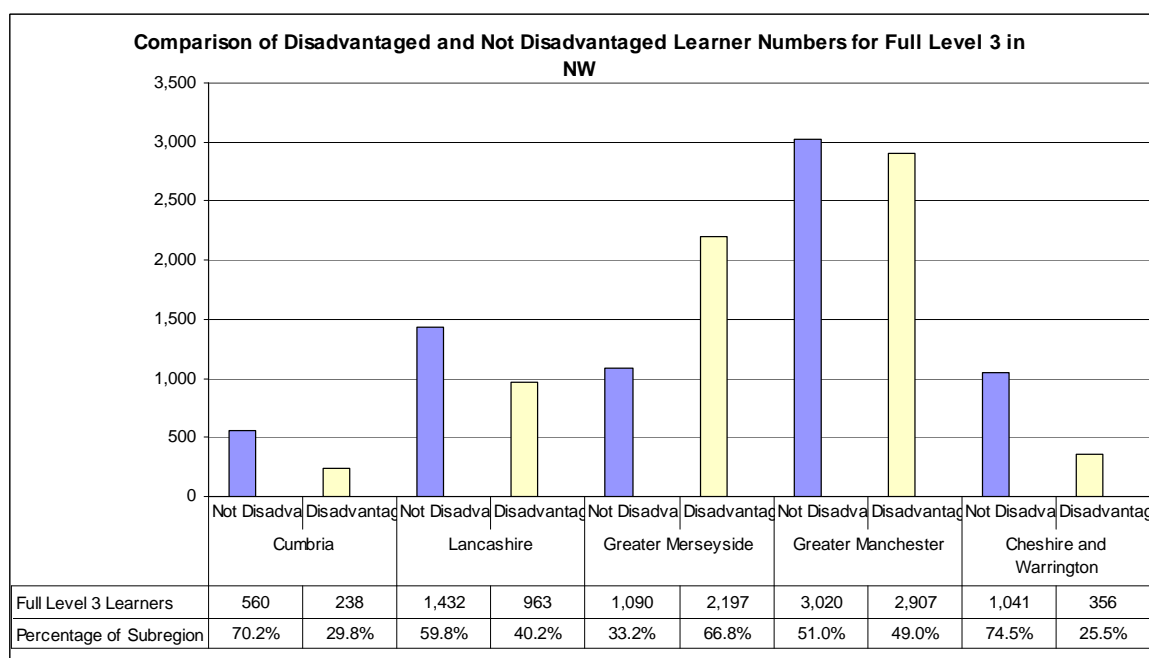
**Figure 30: Regional Adult Responsive Full Level 3**

LSC	Number of Learners	%	FL3 Learners	Proportion of overall %
Cumbria	9,280	5.9%	798	8.6%
Lancashire	27,385	17.4%	2,395	8.7%
Greater Merseyside	35,347	22.4%	3,287	9.3%
Greater Manchester	68,605	43.6%	5,924	8.6%
Cheshire & Warrington	16,831	10.7%	1,397	8.3%
North West	157,448	100.0%	13,801	8.8%

Source: 19+ Learner Responsive provision within FE F04, 2007/08.

119 At Full Level 3 the differentiation between advantage/ disadvantage learners is proportionally higher in some areas. Cheshire & Warrington at a split of 74.5%: 29.8% and Cumbria 70.2%: 29.8% have more learners from non-disadvantaged areas attending learning.

**Figure 31: Regional Adult Responsive Full Level 3**



Source: 19+ Learner Responsive provision within FE F04, 2007/08.

## How to achieve the PSA Skills for Life ambition?

### Skills for Life

- 120 The national Skills Strategy in April 2001 outlined the challenge “to improve the basic skills levels of 2.25 million adults (aged 16 and over) between 2001 and 2010”.
- 121 The region has made significant progress on this target and achieved the 2007 milestone by 200 per cent (2,276,000 by July 2008), but there is no room for complacency, given the challenges of the new Skills for Life target.
- 122 From August 2008, the LSC adopted the Leitch PSA target for Skills for Life. This target is that by 2020: **95 per cent of adults should have basic functional literacy and numeracy skills**”. (Functional Skills are defined as entry 3 for numeracy and level 1 for literacy/ ESOL).
- 123 Current baselines<sup>27</sup> would suggest that in the North West the actual figure of **adults operating at these levels is 83% for literacy/ ESOL at level 1 and 75% for numeracy at entry level 3**.
- 124 To support this challenging target the LSC grant letter confirmed that the total funding for Skills for Life will increase from £946m currently to £1,018m by 2010/11 with most of this targeted at individual rather than employer based training. It also confirmed total potential numbers of adult learners in England for Skills for Life as rising from 1,147,000 in 2007/8 to 1,227,000 in 2010/11.

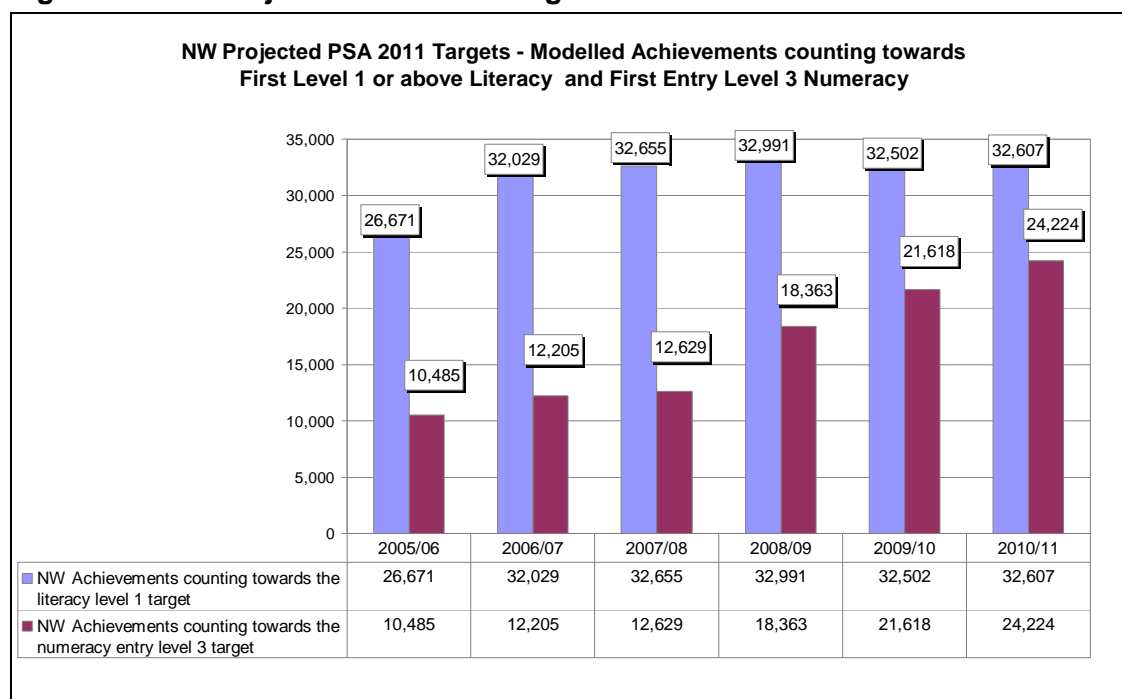
<sup>27</sup> Only baseline data available (DfES 2003 Survey).

## Modelling the Skills for Life ambition

125 Although regional targets have not been set for the Leitch PSA Targets the North West plans to establish a baseline (based upon the assumption of a 14.5 per cent of the national target) The Leitch interim PSA target for the region would be:

- **86,565 of the working age population to achieve a first level 1 (or above) in literacy/ ESOL qualification.** (28,855 per year).
- **54,550 of the working age population to achieve a first entry level 3 (or above numeracy qualification.** (18,850 per year).

**Figure 32: NW Projected PSA 2011 Targets for Skills for Life**



Source: NW LSC 2008.

## Position on the Skills for Life Target

126 The regional adult responsiveness budget provides the numbers of Skills for Life learners it will support. **For the region this is 13,310 literacy/ESOL enrolments and 4,551 numeracy enrolments.** These enrolments will be only at level 1 for literacy/ ESOL and entry level 3 for numeracy for 2008/09.

127 Adult Responsive Budget activity in figure 26 assumed for 2008/09 based on enrolments allocated, a 60% success rate figure and additional achievements for those achieving for the first time above the functional levels (based on 2006/07 trends).<sup>28</sup>

<sup>28</sup> This table also assumes a further 24% achievements contribute to Leitch targets from level 2 literacy/ ESOL learners and 65% from level 1 and 2 numeracy learners – achieving their first qualifications at a level higher than Leitch functional levels.

**Figure 33: Adult Responsive Budget activity**

	Adult Responsive Budget enrolments (Leitch only levels)	Adult Responsive budget achievements (Leitch only with a 60% success rate)	Additional activity using assumptions of first achievements at higher levels	Total assumed activity which will count towards Leitch in 2008-9 (no growth)	Further activity required in order to meet 14% of CSR Leitch targets
Literacy/ ESOL	13,310	7,986	1,917	9,903	17,957
Numeracy	4,551	2,731	1,775	4,506	13,694

128 Projected achievements for 2008/09 which will contribute to Leitch Skills for Life targets are provided in figure 28.

129 **This would suggest that without any growth, the North West would achieve the Literacy/ ESOL Leitch PSA targets, however the region would be 5,081 achievements short for numeracy Leitch PSA targets each year.**

**Figure 34: Programme contribution to the Leitch Skills for Life targets (16+)**

Across Funding stream	Literacy/ ESOL	Numeracy	Skills for Life provision procured but not broken down by subject or level
Adult Learner Responsive Budget (FE)	9,903	4,506	N/A
16-18 Learner Responsive Budget	19,276	3,388	N/A
Adult Employer Responsive (WBL)	5,338	5,022	N/A
Train to Gain	N/A	N/A	9,100
Employability Skills Programme	154	203	N/A
Offender Learning and Skills	N/A	N/A	1,000
Total	34,671	13,119	10,100
NW interim targets per annum	27,860	18,200	

Source: All Programmes, F05 2005/06, 2006/07.

### Regional Skills for Life Breakdown

130 Adult Literacy Level 1 has declined by 7.6 per cent from 2005/06 to 2006/07 from 29,496 to **27,258**.

131 Analysis of Skills for Life for **all ages** indicates Skills for Life Literacy has continued to perform at the same level, with Greater Manchester experiencing a decline of over 2,098 enrolments.

**Figure 35: Skills for Life Literacy Level 1 - 19+ Adult Responsive (enrolments)**

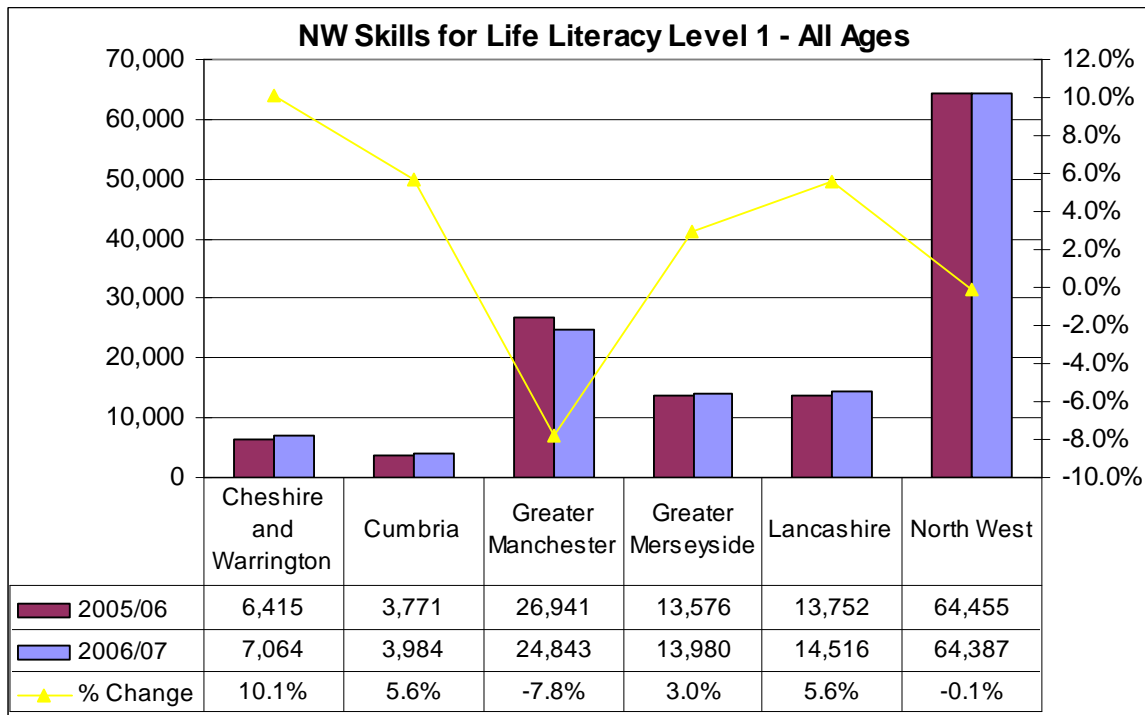
Skills for Life Literacy Level 1 - 19+	2005/06	2006/07	% change
Cheshire & Warrington	3,039	3,711	22.1%
Cumbria	1,657	1,639	-1.1%
Grt Manchester	12,673	10,458	-17.5%
Grt Merseyside	5,941	6,145	3.4%
Lancashire	6,186	5,305	-14.2%

Skills for Life Literacy Level 1 - 19+	2005/06	2006/07	% change
North West	29,496	27,258	-7.6%

Source: Residency, All Programmes, F05 2005/06, 2006/07.

**The Skills for Life PSA target is based upon all ages (16-18 and 19+),** the following charts also provide a position statement for the region for Literacy Level 1, (including ESOL Level 1) and Numeracy Entry Level.

**Figure 36: Skills for Life Literacy Level 1 (Skills for Life Target) all ages (enrolments)**



Source: Residency, All Programmes, F05 2005/06, 2006/07.

132 The trend in literacy is reflected in the sub-set of ESOL, with overall growth across the North West (2.3%) and a decline in Grt Manchester and Grt Merseyside.

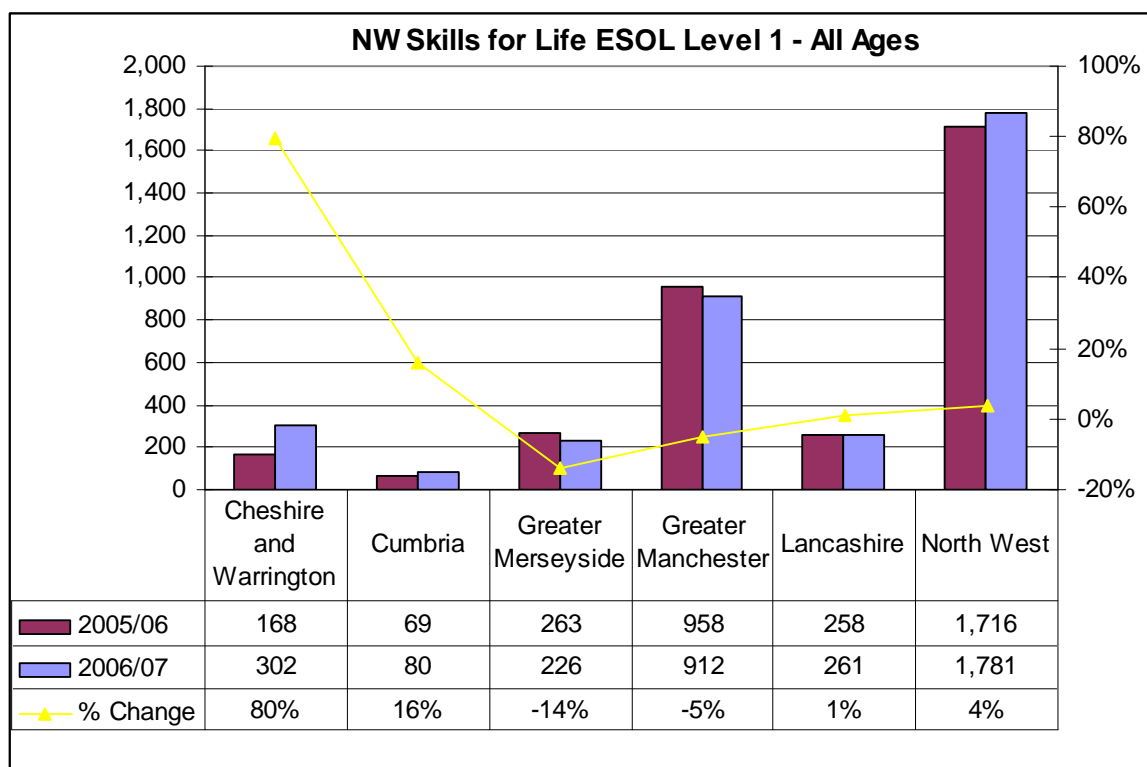
**Figure 37: Skills for Life ESOL - 19+ Adult Responsive (enrolments)**

Skills for Life ESOL	2005/06	2006/07	% change
Cheshire & Warrington	158	293	85.4%
Cumbria	67	78	16.4%
Grt Manchester	873	790	-9.5%
Grt Merseyside	250	216	-13.6%
Lancashire	241	248	2.9%
North West	1,589	1,625	2.3%

Source: Residency, All Programmes, F05 2005/06, 2006/07..

133 **Skills for Life ESOL is mainly delivered in the 19+ provision (1,625), as all ages demonstrates with 1,781 learners, an additional 156 learners (16-18).**

**Figure 38: Skills for Life ESOL Level 1 (subset of SfL Literacy L1 learners) all ages**



Source: Residency, Residency All Programmes, F05 2005/06, 2006/07.

134 Skills for Life Numeracy Entry Level 19+ increased from 988 to 1,245 (increase 6.2%).

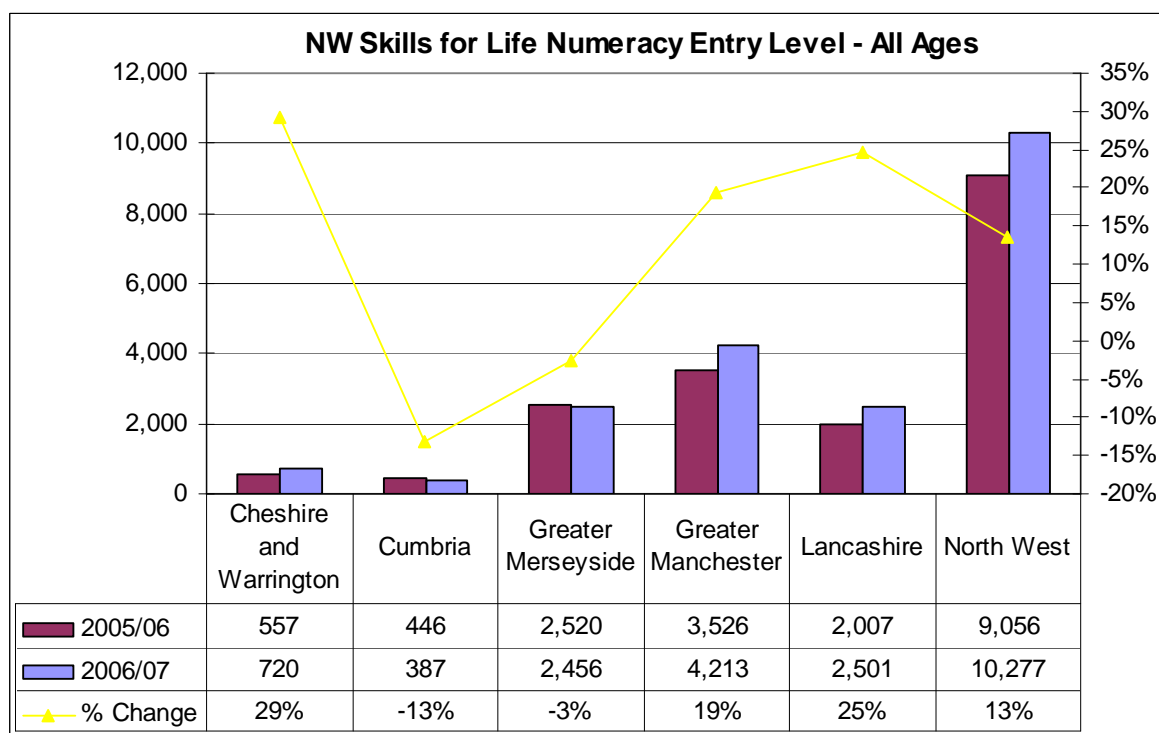
**Figure 39: Skills for Life Numeracy Entry Level - 19+ Adult Responsive (enrolments)**

Skills for Life Numeracy Entry Level - 19+	2005/06	2006/07	% change
Cheshire & Warrington	188	450	139.4%
Cumbria	65	137	110.8%
Grt Manchester	1,655	1,485	-10.3%
Grt Merseyside	1,417	1,263	-10.9%
Lancashire	988	1,245	26.0%
<b>North West</b>	<b>4,313</b>	<b>4,580</b>	<b>6.2%</b>

Source: Residency, All Programmes, F05 2005/06, 2006/07.

135 The additional learners 16- 18 make a significant difference to the Skills for Life Numeracy Entry Level target, taking it from 4,580 to 10,277 (increase of 5,697). As the PSA target includes all ages it would suggest that a significant contribution will come from the 16- 18 cohort.

**Figure 40: Skills for Life Numeracy Entry Level (subset of S4L target) all ages**



Source: Residency, All Programmes, F05 2005/06, 2006/07.

#### Skills for Life - Priorities for the Region

- 136 The National Audit Office (NAO) published; “Skills for Life: Progress in Improving Adult Literacy and Numeracy” on the 6th June 2008.
- 137 This document made a number of recommendations for the future focus for Skills for Life, the key areas of activity of which have been used as the framework for the **North West Skills for Life Implementation Plan**: (Full Plan [here](#)). The focus will be upon the following activity:
1. **The need to deliver more numeracy provision.**
  2. **Monitor the potential impact of other agendas including functional skills** (set to replace Skills for Life adult qualifications in 2013) and **the foundation learning tier,**
  3. **Improve participation and achievement on Skills for Life** programmes
  4. **Improve participation on Skills for Life** programmes from **priority groups**, including Jobcentre Plus clients and offenders,
  5. **More support to encourage employers to invest in Skills for Life** development for their employees (including better use of Train to Gain)
  6. Increased **engagement with the Third Sector** (voluntary and community organisations)
  7. **Continue to invest in professional development of teaching staff.**
- 138 **Those with numeracy skills at Level 3 and above attract up to 13 per cent more earnings compared to those with lower skills levels.**
- 139 in response to this nationally, the National Centre for Excellence in the Teaching of Mathematics (NCETM) has been commissioned by the Department for Innovation, Universities and Skills (DIUS), to work with key partners to develop a National Numeracy for Employability Strategy.

### Why is there a need to focus on numeracy?

#### Evidence suggests:

- Men aged 16- 37 with numeracy skills at Entry Level 3 are up to 8 per cent more likely to be economically active than men with lower skills. (Four Years On: Findings and messages for policy & practice, NRDC, 2006).
- For women the NRDC study showed that “while the impact of low level literacy and low numeracy is substantial, low numeracy has a greater negative effect.
- Employers surveys/ job requirements across a range of sectors and SSSA supported work on basic employability skills, all demonstrate the importance of good numeracy skills across a wide range of jobs and learning programmes.
- More than 6 in 10 of those in routine or semi-routine work had Entry Level 3 or lower numeracy skills.

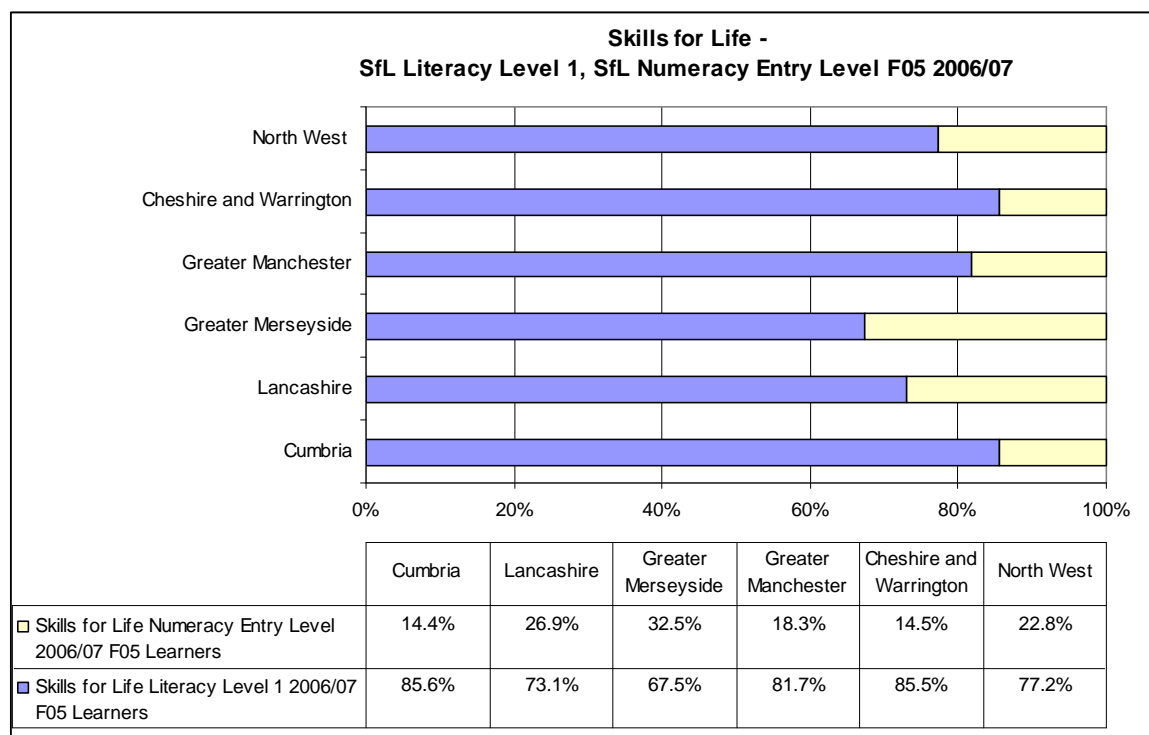
### Skills for Life Regional Performance

- 140 North West providers have also achieved the aspirational benchmark of 80:20 – approved/target: non approved provision. In 2006-7 the balance and mix for the region was 82: 20. However this move may have affected the success rates for Skills for Life provision as approved qualifications are more difficult to achieve.
- 141 Success rate for the region indicates that all Skills for Life provision (all subjects, all levels, and all funding streams) **is 53%**. This is **below the national average of 57% and significantly below the DIUS aspiration of 70% to be achieved by 2010.**

**Further support for providers will be needed to ensure this position improves. In particular there needs to be an increased focus in numeracy provision, which historically has been in the shadow of literacy programmes.**

- 142 In the North West there has been significant progress. The region achieved 108% of its 2001- 2004 Public Service Agreement (PSA) target.
- 143 The 2004-07 regional target for learner achievement was 109,670 and by August 2007 the North West had achieved 244, 329 (223%).
- 144 **The region has achieved a further 12,106 learner achievements in the first term of 2007-8.**
- 145 A key issue is that the majority of this provision **was delivered at levels 1 and 2 and therefore more needs to be done to improve achievement of entry level provision**, especially as this is the functional level identified for numeracy.
- 146 It is estimated that a significant amount of achievements at levels higher than the functional levels identified by Leitch are “first” achievements and therefore will need to be captured when monitoring progress.
- 147 Current benchmarks suggest that 30% of level 2 achievements in literacy and ESOL are learners achieving for the first time and 50% of level 1 and level 2 achievements in numeracy are from learners achieving for the first time, and thus will be included as counting towards Leitch aspirations.
- 148 2006/07 the balance between learner volumes for literacy and numeracy is provided in (Figure 41: Skills for Life Balance 2006/07).

**Figure 41: Skills for Life Balance 2006/07**



**Key messages:** Progress in Improving Adult Literacy and Numeracy - the challenge of the PSA targets...

**Issue:**

**Implication:**

1. Numeracy is one of the biggest challenges. An estimated 6.8 million adults have numeracy skill levels below Entry Level (national).	<ul style="list-style-type: none"> <li>there is a large national interest in increasing the level of numeracy provision, the North West is developing a Numeracy Implementation Plan which will support the increase in numeracy achievements.</li> </ul>
2. increase the volumes of adult functional skills – as the majority of provision is currently delivered at levels 1 and 2.	<ul style="list-style-type: none"> <li>more needs to be done at entry level – as this is the functional level which has been identified for numeracy.</li> </ul>
3. encourage employers to invest in Skills for Life development for their employees.	<ul style="list-style-type: none"> <li>We need to continue to ensure that employers promote the importance of good numeracy skills across a wide range of jobs and learning programmes – by promoting the end benefits to their company.</li> </ul>
4. continue to invest in professional development of teaching staff.	<ul style="list-style-type: none"> <li>As demand for tutor's increases, more qualified tutors will be required to achieve the delivery target.</li> <li>We need to build the capacity required to support this learning.</li> </ul>

**Offender Learning and Skills Service (OLASS) contribution to the PSA agenda**

149 The latest full years data on North West Learner numbers indicates that our region has a 16 percent share of the national total (Figure 42: National Learner Number Breakdown (OLASS)). Significant growth for F05 from 2005/06 to 2006/07 indicates significant growth at 13 percentage points (1,283).

150 82 per cent of which are white and the largest BME groups are Black Or Black British and Asian Or Asian British.

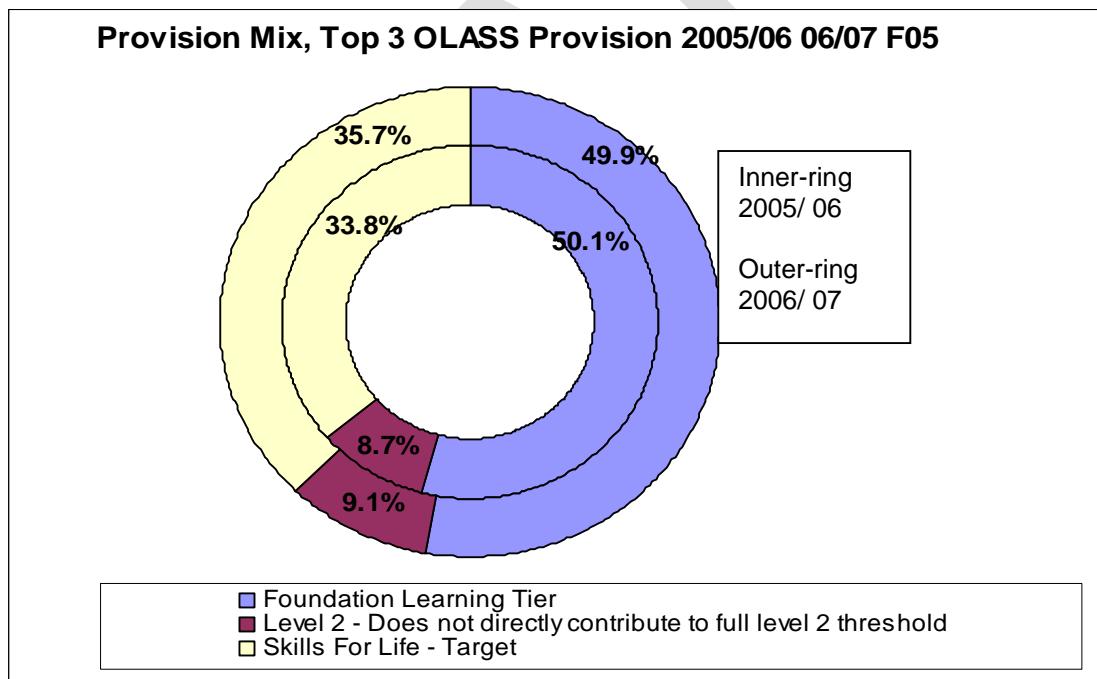
**Figure 43: OLASS National Learner Number Breakdown**

Region	2005/06 F05	2006/07 F05	2007/08 F02
East Midlands	1	7,623	6,994
East Of England	0	4,198	3,402
Greater London	2	8,281	2,703
North East	1,699	6,763	0
<b>North West</b>	<b>9,829</b>	<b>11,112</b>	<b>9,300</b>
South East	2	8,654	5,607
South West	14	1,464	2,365
West Midlands	1	7,967	3,769
Yorkshire & Humberside	3	7,981	6,996
Missing Data	3,045	1,422	583
<b>Grand Total</b>	<b>14,596</b>	<b>65,465</b>	<b>41,719</b>

Source: OLASS Provision 2005/06 F05, 2006/07 F05, 2007/08 F02).

151 The Mix of provision for OLASS is mainly delivered via the Foundation Learning Tier or Skills for Life provision – these are the top three OLASS provision mix for 2005/06 and 2006/07.

**Figure 44: NW OLASS Provision – Top three mix of provision 2005/06 and 2006/07**



**Key messages:** Progress in Improving Adult Literacy and Numeracy - the challenge of the PSA targets...

**Issue:**

**Implication:**

1. improve participation on Skills for Life programmes from priority groups.

- policymakers to review the characteristics and geography of workless people and the nature of employer demand to inform strategies and services to meet the need.

2. The easier to reach learners may have been engaged and more innovative and flexible ways of delivering programmes may

- Providers to review current policies, recruitment practices and modes of delivery to provide opportunities for all.

**Key messages:** Progress in Improving Adult Literacy and Numeracy - the challenge of the PSA targets...

**Issue:**

**Implication:**

be required to deliver to those "hardest to reach" but with the most need – specifically offenders in the community.

**Have we engaged and delivered successfully in areas where provision is needed specifically Adult Safeguarded Learning ?**

### Adult Safeguarded Learning

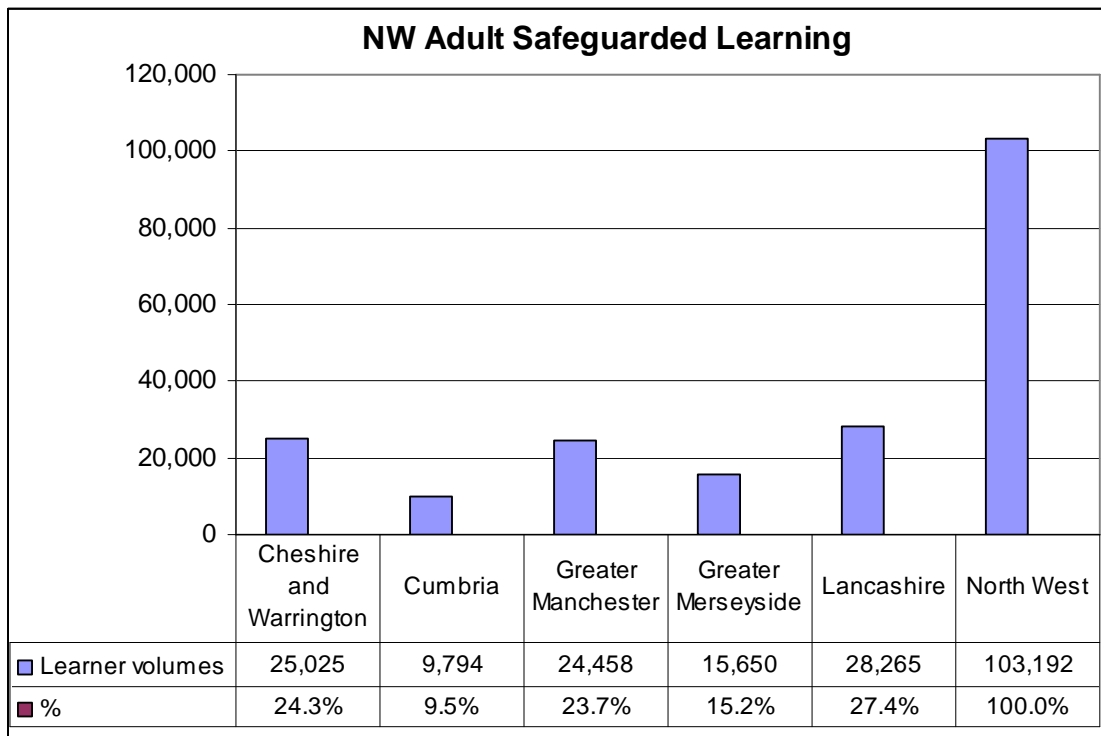
152 This learning covers leisure learning, family learning and neighbourhood learning for adults (NLDC).

- In 2007/08 Adult Safeguard learner numbers were broadly maintained in the region at 100,000 learners, with a budget of £36m.
- 2008/09 plans for delivery stand at 119,000 learners with increases in learner numbers mainly from PCDL in FE.
- In 2009/10 the LSC would wish to maintain learner numbers amongst providers across the Safeguard whilst anticipating increased learner numbers overall in the region of between 2-5% in response to a value for money review including PCDL in FE.
- Increasingly the Adult Safeguarded budget will focus on those who need help most and an increase in the proportion of fees collected from those who can afford to pay.

### Background

- 153 2007/08 saw the establishment of PCDL Partnerships across 22 local authority areas in the NW. Partnerships prepared PCDL Plans during 2008/09. Partnerships continue to evolve and will play a key role in planning 2009/10 at local area level, linked to Local Area Agreement and Multi Area Agreement priorities.
- 154 2008/09 saw an increased alignment of NLDC provision to meet the needs of workless people with 72 per cent of NLDC provision focussed on Skills for Jobs activity. In 2009/10 will continue **to grow with more emphasis on encouraging and supporting progression into further learning that enhances employability**, linked closely to wider pre-employment provision and support programmes through partnership activity.
- 155 PCDL Partnerships will ensure a broad, high quality curriculum that reflects local needs and where possible, secures fee income from those who can pay in order to support the costs of delivery to those most disadvantaged.
- 156 **2008/09 included growth in Family Learning through the Family Learning Impact Fund, will plan to reach an additional 2,300 learners.**
- 157 In 2009/10 the LSC will look to increase the focus of FLIF **provision on numeracy and financial capability programmes which support the achievement of Skills for Life targets either directly or through introductory learning that leads to target bearing progression routes for learners.**

**Figure 45: North West Adult Safeguarded Learning**



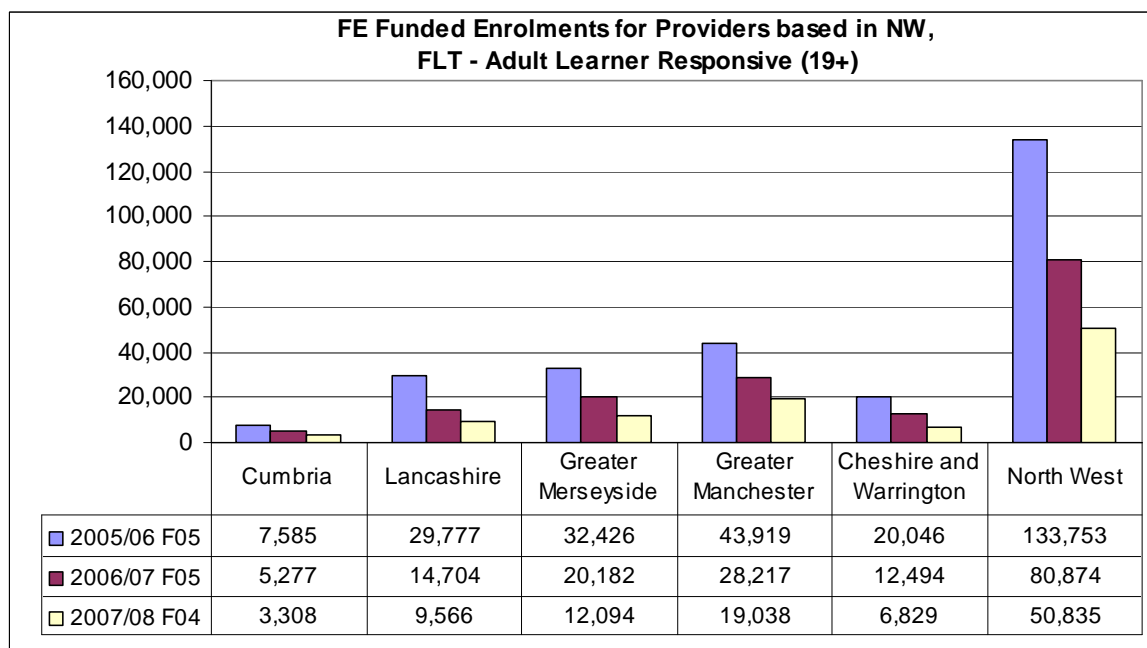
Source: Adult Safeguarded Learning. NB: Data for NLDC is not always accurate – NLDC is often delivered by voluntary organisations and therefore is not recorded on the ILR.

### Foundation Learning Tier

**FLT** is defined as a programme of work to develop a more focused and strategic approach to entry level and level 1 for learners aged 14 and over within the Qualifications and Credit Framework (QCF) in order to raise participation, achievement and progression amongst learners at these levels.

- 158 The Foundation Learning Tier (FLT) is the name given to the reform of provision below level 2. The LSC and the Qualifications and Curriculum Authority (QCA) are working together to ensure that by 2010 a revised set of credit-based units and qualifications will be in place, offering clear progression routes through entry level and level 1 and level 2.
- 159 The intention is to increase participation, achievement and progression for learners at this level. The term 'FLT' is also used to describe qualifications at entry level and level 1 within the Qualifications and Credit Framework (QCF).

**Figure 46: North West Foundation Learning Tier – 2005/06 to 2007/08**



Source: LSC Learner Responsive, F05 2005/06 2006/07, F04 2007/08.

**Have we engaged and delivered successfully in areas where provision is needed specifically Developmental Learning, and Information, Advice and Guidance (referrals)**

160 **In 2008/09 we are anticipating 87,000 learners who come under Developmental Learners within the adult responsive funding stream.**

161 This could account for a large proportion of the adult responsive budget, and includes priorities for the North West – e.g.: Sign Language as well as provision that we have a statutory responsibility to protect e.g.: Learners with a Learning Difficult and/or Disability.

**In summary Developmental Learning includes;**

- Sign Language
- TUC
- LDD
- 19+ Entitlement
- Non-Accredited Skills for Life
- Teacher Training
- Notional Level 2 and 3

162 In addition to the list on the slide Developmental Learning includes Contributory levels 2 and 3 provision, Non NQF Entry Level and Level 1 as well as Level 4 Provision.

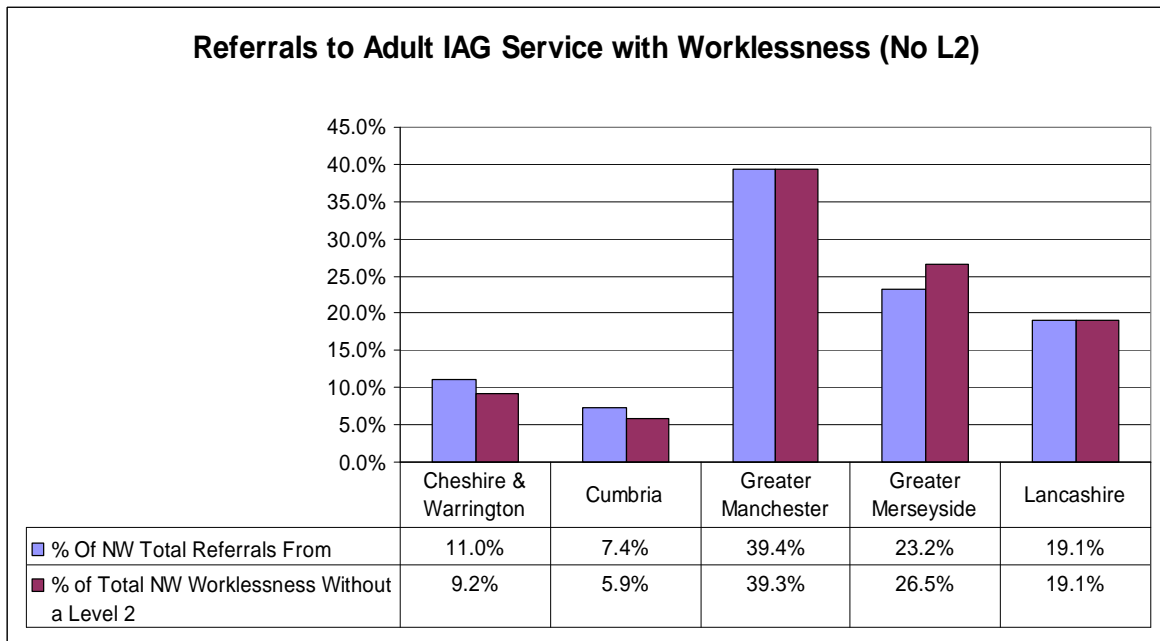
**Information, Advice and Guidance**

Universal services are available regardless of prior attainment, economic status, employment status etc. This is a short 1-2-1 intervention establishing a Unique Learner Number and an action plan.

163 **Universal services for 67,103 adults (20+) in NW, of which Personalised & Differentiated services for 20,130.**

164 Differentiated and personalised services are available for priority target groups including benefits claimants, pre-level 2, pre-level 3 (10%), BME, offenders, over 50's, women etc.

**Figure 47: IAG Referrals with compared to those without a Level 2**



165 Differentiated services may involve more than one more involved intervention supporting careers, skills, employment information and advice.

166 The enhanced IAG is available in Cheshire and Warrington, Lancashire and Greater Manchester and provides multiple interventions on a case load basis to support customers to enter sustainable employment.

167 Adult Advancement and Careers Service trials in Manchester to include: Co-location; Skills Health Checks ; Advancement Networks ; Skills Account (for JCP customers).

**Figure 48: IAG Referrals from**

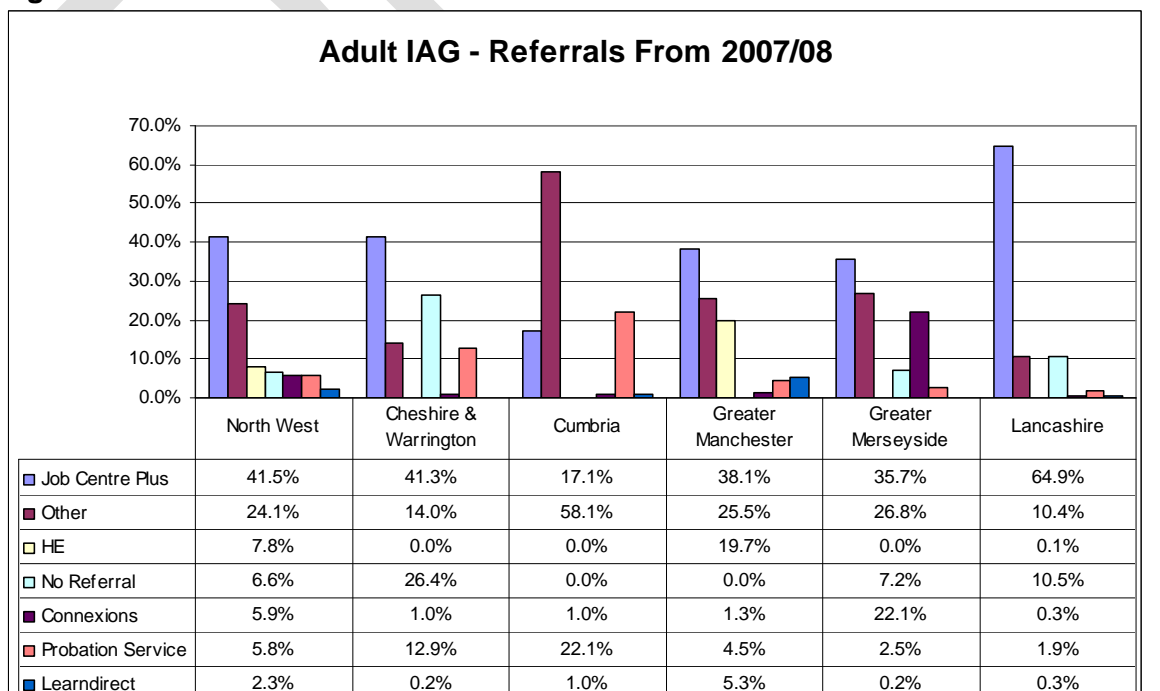
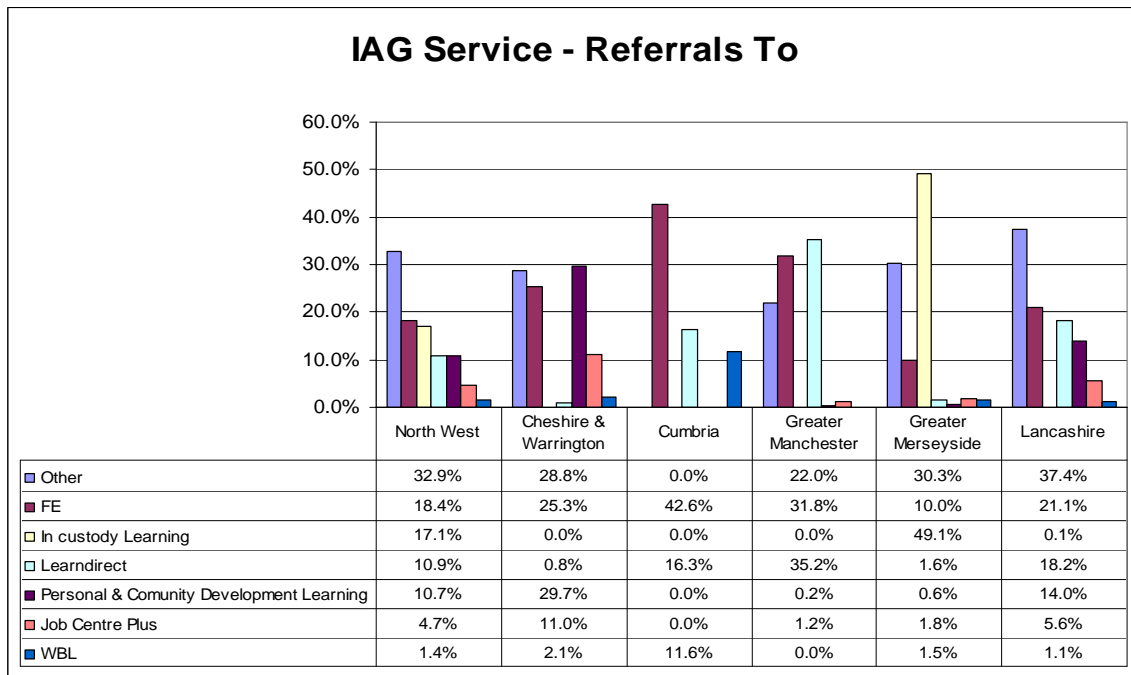


Figure 49: IAG Referrals To



168 The role of Information, Advice and Guidance will become increasingly important in the customer journey to sustainable employment opportunities.

**Summary of Implications for education, training and skills:**

**The dynamics of the age structure** have the following implications:

- **The fall in 15- 19 year olds** will impact on the supply of workers of this age, especially given that staying on rates in education have increased among these groups. This will have implications for those sectors and occupations which traditionally rely on young people for employment. It may also increase the requirement for Level 2 qualified adults.

**The LSC has a leading role to play in delivering the new integrated objective of sustainable employment and progression, working with the DWP and Jobcentre Plus.**

- **Workless People:** For the future prosperity of the region, there is a need to **get people who are currently economically inactive back into employment**, and particularly into jobs with **level 2 and above skills requirements**.
- **Skills for Employability:** The experience of the last 4- 5 years highlights **the challenge of getting these claimants into sustainable employment** and this will continue to be exacerbated by the shift away from lower skilled jobs.
- Nevertheless, **there will continue to be strong demand at Level 2 (though more associated with replacement demand than the creation of new jobs)**, which will provide opportunities for claimants provided they are able to gain the employability and basic occupational skills they will need to access and retain employment.
- **The economic downturn and ‘likely’ recession will bring with it a number of challenges**, as inevitably there will be an increase in the number of JSA claimants, so partners will need to **shift focus on the short/ medium term jobless alongside the longer term unemployed**.

- Other effects likely to bring further challenges to the region may include; a reduction in entry level and low-skill employment opportunities – making it a difficult climate to enable people to enter the labour market for the first time and achieve the aspiration of employment which is sustainable.
- **The Policy Challenge – the contribution of the PSA targets**
- **Adult Level 2: The contribution of the learning and skills sector to the Adult Full Level 2 PSA target is crucial if we are to meet the expected future demand for skills. Based upon modelling the target, the growth required in Adult Full Level 2 provision is a real challenge. The combined number of learners participating on employer responsive (15,787) and adult responsive (13,315) provision reached 29,102<sup>29</sup> learners in 2007/08. Despite this growth, modelling would suggest that 40,998 achievements are required.**
- **Adult Level 3:** The combined number of learners participating on employer responsive (11,177) and adult responsive (13,804) provision reached 24,981<sup>30</sup> learners in 2007/08. **Despite this growth, modelling would suggest a required 15,000 achievements. Despite the contribution from the LSC significant action is still required if the Adult Full Level 3 PAS ambition is to be met** (see Employer Responsive report for WAP<sup>31</sup> projections).
- **Skills for Life: Numeracy PSA target. Reviewing modelling produced by the region would suggest that the North West would achieve the Literacy/ ESOL Leitch PSA targets, however the region would be 5,081 achievements short for numeracy Leitch PSA targets each year.** Further support for providers is required to ensure this position improves. In particular there needs to be an increased focus in numeracy provision, which historically has been in the shadow of literacy programmes.
- **Offender Learning and Skills Service (OLASS) contribution to the PSA targets.** The challenge is to continue to improve participation on Skills for Life programmes from priority groups (such as offenders and ex-offenders). This becomes an even greater challenge as ‘easier to reach’ learners may be engaged and suggests that more innovative and flexible ways of delivering programmes may be required to those ‘hardest to reach’ but with the most need – especially offenders in the community.

<sup>29</sup> ILRF04 return 2007/08.

<sup>30</sup> ILRF04 return 2007/08.

<sup>31</sup> Working Age Population.