

New Tricks

INNOVATIVE APPROACHES TO LIFELONG LEARNING

Cameron Tait | December 2017



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The **Changing Work Centre** was established by the Fabian Society and Community in February 2016 to explore progressive ideas for the modern world of work. Through in-house and commissioned research and events, the centre is looking at the changing world of work, attitudes towards it and how the left should respond. The centre is chaired by Yvette Cooper MP and supported by an advisory panel of experts and politicians.

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Friedrich-Ebert-Stiftung
44 Charlotte Street
London
W1T 2NR
www.feslondon.org.uk

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Fabian Society
61 Petty France
London
SW1H 9EU

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EXECUTIVE SUMMARY

Technological development, globalisation, changing demographics and shifting global demand mean the nature of work is changing faster than ever, and governments across the world need to establish more agile skills systems to equip workforces for the future of work.

This report compares the UK's adult skills and lifelong learning policies to approaches taken by five countries with strong records and strategies to boost adult participation in vocational training. It finds the UK government has cut back on investment in adult skills over recent years and it is falling further behind other developed economies in the 'lifelong learning league table'.

A concerted attack on adult skills budgets after 2010 unpicked much of the progress made in the final years of the last Labour government:

- The adult skills budget in England was cut by 34 per cent in real terms between 2010 and 2015, even though the 2006 Leitch review on employment and skills had warned the UK needed to substantially increase investment in adult skills to remain globally competitive.
- The sector skills council for lifelong learning and the UK Commission on Employment and Skills were closed as government adult skills policy has focused in on a narrow and controversial apprenticeships agenda in recent years.

Theresa May's government has promised a new approach to lifelong learning and has established a new national retraining scheme, but the £76m scheme is currently small in scope and applies to just two industries, digital and construction.

As a result of the government's neglect of adult vocational education, the UK's performance on adult education is going in the wrong direction at a time when most other developed economies are making major investments in order to mitigate risks presented by the changing world of work:

- The proportion of adults aged between 25 and 64 in the UK participating in education and training fell from 20 to 14 per cent between 2010 and 2016.
- The UK's participation rate declined by more than any other European country over the period, leaving the UK ninth in our EU lifelong learning league table, falling five places since 2010.
- Other countries have made great strides forward on lifelong learning in recent years, with France nearly quadrupling its participation rate and Sweden raising its participation rate to 30 per cent, the highest score in Europe.

The UK's adult education provision is also heavily skewed towards health and care, masking poor performance in training for engineering, manufacturing, construction and services.

The report sets out five lessons for the UK based on an assessment of approaches to lifelong learning in Germany, Singapore, Australia, Austria and France:

Lesson 1: Coordinated policy intervention can lead to rapid improvement in participation

Long-term culture change will require concerted work over many years, but France and other countries have shown the UK could make quick gains with a comprehensive and attractive package of courses, incentives to cover study and living costs, time off work, and support navigating the training market. The UK should include this offer as part of its forthcoming national retraining scheme.

Lesson 2: Individual learning accounts are back in fashion

The UK abandoned its individual learning accounts programme 16 years ago, but the changing labour market has led to a resurgence in similar schemes. The UK should consider reintroducing a new version of the initiative and learn from how Australia and Austria have tackled misuse of the system.

Lesson 3: Living costs allowances can give people the space they need to take a break and retrain

Many people would be unable to afford the career break required to retrain for work in a new field or industry, particularly those in low-paying work. The UK should learn from Austria and Germany's approaches by establishing a new employment insurance to cover living costs during training. The scheme could involve reorienting Jobcentre Plus to provide support navigating the training market for people both in and out of work.

Lesson 4: New rights for workers can give employers a role in boosting lifelong learning participation

Approaches in other countries have shown that modest compulsion - requiring employers to engage with the career development of their staff - can help to establish a lifelong learning culture. At the very least, the UK should consider introducing a right to request training leave after one year of employment and a mandatory career interview every two years.

Lesson 5: Political consensus is essential to the sustainability of lifelong learning programmes

Embedding a genuine lifelong learning culture in the UK will take longer than a single parliament. International approaches have demonstrated lifelong learning strategies tend to be more comprehensive, better resourced and more effective where they have cross-party support. Therefore, the UK government should invite the Labour party to take part in cross-party talks on establishing a lifelong learning strategy for the next two decades.

INTRODUCTION

The changing economy requires us to rethink our skills system. Technological development, globalisation, changing demographics and shifting global demand mean the nature of work is changing faster than ever, and the skills the workforce needs are changing too.

A recent report from Nesta, Pearson and the Oxford Martin School has predicted the skills needed for the jobs of 2030 will be very different from the skills required at work today.¹ The workers of the future will need fewer manual and routine cognitive skills, like machinery operation or accounting, and more soft interpersonal skills and higher-order cognitive and creative skills that give people the ability to manage complex systems and solve complicated problems.

This challenge requires us not only to rethink how we equip our children and young people to succeed in the future, but how we support people of working age too. Industrial change is accelerating, and it is creating winners and losers. There has been strong growth in digital and construction jobs in recent years, but it has been a painful period for former steelworkers in Redcar, the hundreds of retail workers at Boots who faced redundancy, and many others in both traditional and service industries. We are likely to see this industrial change continue.

Industrial change is not new, but the quickening pace of change raises a number of risks. Dystopian warnings of mass unemployment following a 'rise of the robots' may feel far-fetched, but there is a growing economic consensus that a failure to properly plan for how technology change will affect the world of work could deepen existing geographical, social and economic inequalities.

A recent report from Future Advocacy found the UK's former industrial towns – where local economies are still recovering from the last period of industrial change – are likely to be disproportionately affected by the increasing digitisation of jobs.² The Sutton Trust has warned that if the government fails to reform its skills system, we could see social mobility decrease and inequality increase because the gains from new technological adoption may not be fairly shared with all workers.³

These risks are amplified by Brexit. The UK's recent EU membership referendum campaign highlighted huge divisions between major metropolitan areas and smaller cities, towns and villages. A failure to prepare the workforce for coming changes could deepen this divide further, particularly if large employers follow through with threats to move parts of their business overseas.

The UK's departure from the European Union also raises another, more direct challenge to the skills mix

1 Bakhshi, H, Osborne, M, Schneider, P, & Downing, J. The future of skills: employment in 2030. Nesta / Pearson / Oxford Martin School, September 2017. <https://www.nesta.org.uk/publications/future-skills-employment-2030>

2 Fenech, M, Elliston, C, & Buston, O. The impact of AI in UK constituencies: where will automation hit hardest? Future Advocacy, 2017. <https://static1.squarespace.com/static/5621e990e4b07de840c6ea69/t/59e777fcd7bdce3041b57ac3/1508341775530/FutureAdvocacy-GeographicalAI.pdf>

3 The state of social mobility in the UK. Boston Consulting Group / Sutton Trust, July 2017. https://www.suttontrust.com/wp-content/uploads/2017/07/BCGSocial-Mobility-report-full-version_WEB_FINAL.pdf

of our workforce. Migration from the rest of Europe is likely to be reduced, which may mean employers have fewer opportunities to hire overseas workers to fill skills gaps. Employers will need to be assured there is an adequate talent pipeline to ensure the supply of relevant skills is sufficient to meet demand.

Despite these serious risks, the forecast economic change might also present opportunities if the government makes adequate preparations. New policies to equip the current and future workforce with the skills they need to succeed in growing areas of the economy will not only provide more rewarding and fulfilling work, but could also boost the nation's low productivity levels, give business better access to the talent they need to succeed, and put the UK on a more competitive footing in the global economy.

To make this happen, the UK needs to take a new approach to skills. The current skills system is too focused on developing skills before people enter the world of work, and not focused enough on how people can continually acquire skills when they are in work. The skills system of the future will need to have lifelong learning at its heart, with people retraining throughout their career and continually learning in order to keep pace with economic change.

This requires a major cultural shift in the UK, and across the world, among workers and employers. It also requires policy change and proper resourcing from governments who understand the vital role lifelong learning will play in equipping their workforces for the challenges of the future.

The UK is not the only country considering how to reform its skills provision. Other developed economies, including Germany, Singapore, Australia, Austria and France, have embarked on new lifelong learning initiatives to raise participation in education and training in working age adults. While the UK is facing its own distinct economic challenges, there are lessons to learn from the experiences and approaches of all of these nations.

With the world of work changing around us, governments need to act decisively now to mitigate future risks. A genuine lifelong learning culture is required to keep people active in the labour market and ensure the UK workforce of today and tomorrow is able to thrive in the new economy. This report sets out the lessons the UK can learn from international approaches to lifelong learning.

1. LIFELONG LEARNING IN THE UK

Recent economic forecasts have shone a spotlight on the consequences of the UK's long-term under-investment in adult skills. However, the concern is not new. This chapter sets out UK government policy on lifelong learning over recent years, and looks at how the UK compares to other European countries on adult participation in education and training.

Before 2010

Recent technological developments and employment forecasts have pushed lifelong learning higher up the agenda, but concerns in government about the UK's ability to compete on skills in the global marketplace stretch back well over a decade. In a 2004 Treasury report, Gordon Brown and Charles Clarke, then chancellor of the exchequer and education secretary, warned:

*"In an increasingly competitive global economy, with rapid and far reaching changes in technology, trading patterns and consumer demand ... Britain will need a skilled and flexible workforce prepared to adapt to all the challenges ahead."*⁴

This reflected a view in government that while post-1997 investment in school age and higher education had improved life chances for millions of children and young people, too few working age adults were participating in education or training after finishing school, and skills progression in work was limited for too many people. The Labour government commissioned Lord Leitch to assess the adequacy of the UK skills system in equipping the population with the skills needed to effectively compete in an increasingly technological, globalised world of work.

The 2006 report of the Leitch Review warned that the UK would be left lagging behind its international competitors if the nation's skills trajectory did not change. Other developed economies had recognised the challenges presented by industrial and workplace change and embarked on major investment programmes in adult skills. Leitch was clear: "to reach our goals" of improving our skills, increasing productivity and competing on the world stage, "we as a society must invest more" in education and learning throughout life.⁵

Ministers subsequently committed additional funding to adult skills and embarked on a number of new policy initiatives. Train to Gain, for example, was the government's flagship agenda for increasing the proportion of adults with level two skills by providing a brokering service and subsidies for employers to invest in training for workers who had missed out on GCSE-equivalent qualifications. The scheme supported more than 1 million people into further in-work training over four years between 2006 and

4 Skills in the global economy. HM Treasury, 2004. http://news.bbc.co.uk/nol/shared/bsp/hi/pdfs/02_12_04_pbr04skills_410.pdf

5 Prosperity for all in the global economy – world class skills. HM Treasury, 2006. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/354161/Prosperity_for_all_in_the_global_economy_-_summary.pdf

2010, though the National Audit Office said improvements could have increased its value for money.⁶

The government also established the UK Commission for Employment and Skills (UKCES) in 2008 to oversee the transformation Leitch had called for. The new body was designed to streamline the government's response to changing skills demand, and its membership of businesses, civil society leaders and education practitioners was intended to depoliticise adult skills governance. The body provided intelligence and support to businesses and government but in common with other productivity-boosting initiatives over the last twenty years, it was ultimately unable to meet the ambitious targets on productivity growth and overall skill levels it had set itself.

After 2010

The coalition government came to office in 2010 with a different set of fiscal priorities, prioritising higher education spending (despite introducing a controversial new funding system) and undoing much of the progress made on adult skills following the Leitch Review. The new government reversed the post-Leitch vocational education and training spending commitments, cutting the adult skills budget in England by 29 per cent in cash terms between 2010 and 2015, equivalent to a 34 per cent real terms cut.⁷ This included scrapping the Train to Gain scheme despite the UKCES suggesting the scheme's value for money could have been substantially improved with a tightening of eligibility criteria and a clearer focus on the needs of employers.⁸

The sector skills council for lifelong learning, which oversaw community based learning and development and work-based learning, was also closed during the coalition government's period in office. Rather than raising investment on skills to compete on the global stage as Leitch had called for, the coalition government moved the UK's skills trajectory further behind its international competitors.

Following the 2015 election, David Cameron's Conservative government made a commitment to freeze the adult skills budget in cash terms, though this meant it continued to fall in real terms.⁹ Cameron's government placed apprenticeships at the heart of their approach to skills, with a new apprenticeship levy to raise funds for 3 million new apprentices. The UKCES was closed in 2016 alongside the establishment of the Institute for Apprenticeships. However, the apprenticeship investment was criticised for being too narrowly focused, for example, in its failure to provide training for higher skilled work. Apprenticeship starts have since fallen since the policy was implemented.

Theresa May's government identified the need for a broader approach to lifelong learning, with a commitment in the industrial strategy green paper, published in January 2017:

6 Train to Gain: Developing the skills of the workforce. National Audit Office, 2009. <https://www.nao.org.uk/wp-content/uploads/2009/07/0809879.pdf>

7 Foster, D. Adult further education funding in England since 2010. House of Commons Library, November 2017

8 National Audit Office, 2009

9 National Audit Office, 2009

“We will explore ambitious new approaches to encouraging lifelong learning, which could include assessing changes to the costs people face to make them less daunting; improving outreach to people where industries are changing; and providing better information.”¹⁰

The spring budget announced £40m of funding to test approaches to lifelong learning, including a £10m flexible learning fund adult education providers can apply to.

A further £76m was promised in the budget of autumn 2017 to support a new national retraining scheme to be run in partnership with the CBI and the TUC. The scheme will initially focus on the digital and construction sectors with a view to giving workers the skills they need to plug skills gaps in the two industries.

It remains to be seen whether this retraining initiative will be extended to cover other industries, and whether it will have the power and coordination responsibilities to join up lifelong learning approaches across multiple government departments.

International comparison

The UK’s lack of investment in adult skills means it is heading in the wrong direction in our EU lifelong learning league table (see figure one). Our analysis of Eurostat data shows the proportion of the UK population aged between 25 and 64 reporting that they had participated in education and training fell from 20 to 14 per cent between 2010 and 2016, during a time at which most other developed economies had been investing in adult skills. This meant the UK fell five places in the lifelong learning league table over six years, and its participation rate fell below the European Commission’s 15 per cent benchmark on this measure for the EU as a whole.¹¹

The UK’s adult training participation rate fell by 6 percentage points between 2010 and 2016, the largest fall in Europe (and only Cyprus dropped more places in the league table). In contrast, other nations vastly improved their participation rate over the period, with France nearly quadrupling its participation rate from 5 to 19 per cent, and Portugal’s rate rising from 6 to 10 per cent. The Scandinavian countries Sweden, Denmark and Finland scored the highest participation rates, ranging between 26 and 30 per cent.

The UK’s adult skills enrolments also lack the balance seen on the continent. Figure 2 shows participation in adult vocational education in the UK is heavily skewed towards health and care. Nearly a third (32 per cent) of 25 to 64 year olds participating in training in the UK are undertaking ‘health and welfare’ courses, predominantly in the NHS. This is more than double the average for EU countries, which is 15 per cent.

¹⁰ Building our Industrial Strategy: green paper. HM Government, January 2017. https://beisgovuk.citizenspace.com/strategy/industrial-strategy/supporting_documents/buildingourindustrialstrategygreenpaper.pdf

¹¹ Commission Staff Working Document: progress towards the Lisbon objectives in education and training. Commission of the European Communities, 2009. <https://ec.europa.eu/transparency/regdoc/rep/2/2009/EN/2-2009-1616-EN-F-0.Pdf>

This strong performance in health is masking poor performance in several key areas. Over 10 per cent of adults enrolled in courses in the EU are undertaking engineering, manufacturing and construction courses, but this figure is less than half in the UK. And despite the large size of the UK's services industry, only 7 per cent of people undertaking courses are doing courses related to services, around half the rate of the EU as a whole.

This comparison suggests that if health courses were omitted from adult training participation rates, the UK would be languishing well below its current position of ninth in the lifelong learning league table. This presents a serious challenge to UK policymakers not only to increase the rate of participation in adult training, but also to diversify the mix of training that is taking place.



Source: Eurostat, 'Distribution by field of education of adult education and training: share of total hours spent by adults aged 25 to 64 on formal and non-formal instruction', 2016

Figure 1

EU lifelong learning league table

The proportion (%) of the population aged 25 to 64 participating in education and training in the four weeks preceding the survey.

Rank		Country	2010	2016	Change 2010-2016 (percentage points)
1st	↑ 1	Sweden	24.7	29.6	4.9
2nd	↓ 1	Denmark	32.6	27.7	-4.9
3rd	→ 0	Finland	23	26.4	3.4
4th	↑ 17	France	5	18.8	13.8
5th	→ 0	Netherlands	17	18.8	1.8
6th	↑ 2	Luxembourg	13.5	16.8	3.3
7th	↑ 3	Estonia	11	15.7	4.7
8th	↓ 1	Austria	13.8	14.9	1.1
9th	↓ 5	United Kingdom	20.1	14.4	-5.7
10th	↓ 4	Slovenia	16.4	11.6	-4.8
11th	↑ 7	Portugal	5.7	9.6	3.9
12th	↓ 3	Spain	11.2	9.4	-1.8
13th	↓ 1	Czech Republic	7.8	8.8	1
14th	↓ 1	Germany	7.8	8.5	0.7
15th	↑ 1	Italy	6.2	8.3	2.1
16th	↑ 1	Malta	6.2	7.5	1.3
17th	↑ 2	Latvia	5.4	7.3	1.9
18th	↓ 4	Belgium	7.4	7	-0.4
19th	↓ 8	Cyprus	8.1	6.9	-1.2
20th	↓ 5	Ireland	7	6.4	-0.6
21st	↑ 4	Hungary	3	6.3	3.3
22nd	→ 0	Lithuania	4.4	6	1.6
23rd	→ 0	Greece	3.3	4	0.7
24th	↓ 4	Poland	5.2	3.7	-1.5
25th	↑ 1	Croatia	3	3	0
26th	↓ 2	Slovakia	3.1	2.9	-0.2
27th	→ 0	Bulgaria	1.6	2.2	0.6
28th	→ 0	Romania	1.4	1.2	-0.2

Source: data from Eurostat 'Participation rate in education and training (last 4 weeks) [trng_lfse_01]' 2010 to 2016

2. INTERNATIONAL CASE STUDIES

Demand for skills is changing across the world. Many governments have recognised the consequent need to ensure all citizens are prepared for these changes by developing new approaches to lifelong learning.

This chapter provides case studies of innovative policies and approaches to lifelong learning in five countries: Singapore, Germany, Australia, Austria, and France. All five case studies are examples of proven strategies or well developed new ideas and approaches to improve adult participation in vocational education.

Singapore: SkillsFuture

- *Singapore's SkillsFuture credit provides financial support for workers to undertake further training.*
- *The scheme was designed to support Singapore's ageing population to stay in work for longer, tackle weak productivity growth, and reduce reliance on skilled foreign labour.*
- *One in 15 citizens claimed the credit in its first year and take-up is expected to increase, which has contributed to an upward revision of Singapore's growth prospects.*

Singapore's skills allowance is now in its second year. 'SkillsFuture' was set up in 2015 to improve productivity and upskill the domestic workforce by establishing a lifelong learning culture. The SkillsFuture Credit is the initiative's flagship scheme, which offers a S\$500 credit (equivalent to around £280) to all Singaporean citizens over the age of 25 which can be spent on courses approved by the government. The government has said it may periodically top up this credit, but it has not yet set out when it plans to do this.

The initiative is designed to support and encourage learning and training throughout people's lives, and to introduce a degree of coordination to Singapore's famously liberal economy. Singapore has amongst the highest GDP per capita and lowest unemployment rates in the world, and the IMF expects its economy to continue to grow in the coming years.¹²

However, the Singapore economy faces three particular challenges.

Firstly, Singapore has an ageing population. The proportion of its population aged 65 and over increased from 8.5 per cent to 13 per cent between 2007 and 2017, and the ratio of working age to pensionable age adults fell from 8:1 to 5:1 to one over the decade.¹³ This trend is expected to continue, and the country faces a real challenge to ensure its shrinking working age population is able to support people in retirement.

12 'IMF Executive Board Concludes 2017 Article IV Consultation with Singapore' in IMF Website, 28 July 2017. <https://www.imf.org/en/News/Articles/2017/07/28/pr17306-imf-executive-board-concludes-2017-article-iv-consultation-with-singapore>

13 Population trends. Department of Statistics Singapore. Last accessed 6 December 2017. <http://www.singstat.gov.sg/statistics/visualising-data/storyboards/population-trends>

Secondly, Singapore has been experiencing weak productivity growth. Despite reasonable levels of overall growth, labour productivity has been increasing at a rate of around 0.3 per cent per year, which economists say is holding back wage growth in the country.¹⁴ The Singapore government has identified productivity growth as a key priority as it plans for the future.

Thirdly, the Singapore government is attempting to reduce its reliance on foreign labour to fill skills gaps. The country's economic success has been built on foreign investment, which has allowed its manufacturing, pharmaceutical and services industries to thrive. A relatively open immigration system has historically sat alongside this investment, with a policy to actively fill skills gaps with foreign labour. However, the Singapore government now believes its domestic workforce lacks the skills it needs because of this reliance on skilled foreign labour, and this is contributing to Singapore's poor productivity record.¹⁵

These three challenges bear similarities with other developed economies, including the UK. The UK also has an ageing population, it has been suffering from weak productivity growth since the recession, and the government's plans to change immigration policy are likely to require further investment in skills development of domestic workers.

The Singapore government's SkillsFuture programme is designed to address these challenges directly. It seeks to provide older workers with the skills they need to stay active in the labour market for longer, improve productivity by driving up average skill levels, and ensure domestic workers are better equipped to fill skills gaps.

The scheme's S\$500 credit to put towards skills courses has had a 6.3 per cent take up in its first year, with nearly two thirds of participants (63 per cent) aged 40 or older. The Singaporean government expects usage to grow rapidly in the coming years, with a national poll showing 75 per cent of Singapore citizens intend to use SkillsFuture programmes within the next three years.¹⁶

The scheme's early signs of success have contributed to an increase in expectations for Singapore's GDP growth. Singapore's new approach to skills development was cited in the IMF's decision to revise its economic expectations upwards.¹⁷

Singapore's lifelong learning programme may be hard to replicate despite similarities between the challenges the UK faces and those this initiative aims to address. Its population of 5.6 million makes it similar in size to Scotland, or around two thirds of the size of London, so the limited range makes the

14 'Singapore needs productivity gains to restore robust growth' in Moody's Investors Service website, 1 March 2016. https://www.moodys.com/research/Moodys-Singapore-needs-productivity-gains-to-restore-robust-growth--PR_344865

15 'Productivity and wage growth in Singapore' in MTI Insights. Ministry of Trade and Industry Singapore, 24 February 2016. <https://www.mti.gov.sg/MTIInsights/Pages/Productivity-And-Wage-Growth-In-Singapore1.aspx>

16 'This is what Singaporeans really think of the SkillsFuture initiative' in Singapore Business Review, 18 January 2016. <http://sbr.com.sg/economy/news/what-singaporeans-really-think-skillsfuture-initiative>

17 IMF Website, 28 July 2017

policy easier to implement. Singapore's relative wealth and high levels of GDP per capita also make large spending decisions such as this easier to justify.

Nonetheless, the SkillsFuture programme is a good example of a lifelong learning policy that is successfully increasing levels of awareness and participation in education and training amongst working adults. The ultimate measure of its success will be if it is able to sustain these increases and create a genuine lifelong learning culture in Singapore.

Germany: Work 4.0

- *The German government's Work 4.0 initiative proposed a series of reforms to ensure Germany's workforce is equipped to deal with the future world of work.*
- *The recently published white paper includes proposals for a right to vocational training, personal workers accounts, and a shift from unemployment to employment insurance.*
- *The proposals were designed to improve participation in education and training in later life, though recent election results mean it is unclear what the legacy of the Work 4.0 initiative will be.*

The last German government published its 'Work 4.0' white paper shortly before the general election of September 2017. The paper included a package of proposals to reform the German labour market, social security provisions and skills system to prepare the workforce for the challenges presented by the changing world of work. The Work 4.0 agenda was developed by the then SPD-led federal ministry of labour and social affairs.

The German economy has been performing strongly by international standards over recent years, and it is expected to continue to grow in the future. Germany has a low unemployment rate (3.6 per cent) and its economy has been growing by at least 2 per cent each year.¹⁸ The International Monetary Fund expects the German economy to grow faster than any other G7 nation between 2016 and 2022.¹⁹ Nonetheless, the government has identified the need to make a series of substantial skills interventions to maintain its strong economic position.

The white paper sets out an aim to establish a genuine lifelong learning culture. This was based on an acknowledgement that workers are increasingly finding it difficult to ensure their skills development keeps pace with technological change and shifts in working practices. The white paper recommended a right to vocational training, personal workers accounts to support re-skilling for those in and out of work, and a shift from unemployment insurance to employment insurance.

The German skills system is already more closely coordinated than the UK and other developed economies because of its 'dual system' of in-work learning following compulsory education. Around

¹⁸ Economic and financial indicators. Haver Analytics / The Economist. Last accessed 6 December 2017. <http://www.economist.com/indicators>

¹⁹ 'Seeking Sustainable Growth: short-term recovery, long-term challenges' in World Economic Outlook. International Monetary Fund, October 2017. <https://www.imf.org/en/Publications/WEO/Issues/2017/09/19/world-economic-outlook-october-2017>

half of all school-leavers undertake vocational training in Germany. This leads to higher levels of vocational and technical skills in the workforce, but it also means the skills system can be more adaptive to changes in skills demand because there is an element of central control with standards agreed by the social partners (representatives of employers and employees). In this sense, it differs to the UK's more liberal skills system, in which the majority of post-compulsory education takes place on the job and there is less standardisation of skills and career trajectories.

However, while there is high participation in education and training after compulsory education in Germany, figure one shows participation in education and training drops off for older adults. As a result, Germany is 14th in our lifelong learning league table, behind the UK, with 7.8 per cent of 25 to 64 year olds participating in training.

The white paper seeks to address Germany's shortcomings on sustained lifelong learning, acknowledging the rapidly changing nature of work means formal training must continue throughout people's careers. The white paper sets out plans for a "right to independent vocational guidance" for everyone considering further training, and a further aspiration for a universal "right to continuing vocational education and training." It is envisaged these new entitlements will pave the way to embedding training throughout one's career in the national culture.

Plans for a 'personal worker's account' are also included in the white paper. This policy bears the hallmarks of the individual learning accounts introduced by the UK Labour government in 1999. The programme of individual learning accounts was abandoned in the UK after teething problems in its delivery, but a resurgence of interest from Germany and other countries suggests it may have been an idea before its time. The German proposals include a tax-funded allowance for workers to use for skills development and career breaks.

Finally, the white paper recommends a new employment insurance to accompany unemployment insurance. This insurance would allow workers to undertake career breaks and transition to new roles that they may currently shy away from because they are too risky and might involve a period of time without income. The white paper argues this would mitigate the risk of skills obsolescence and therefore reduce the risk of unemployment.

Germany's political parties are in coalition discussions following the general election. Therefore, it remains to be seen whether or not the next labour and social affairs ministers will take forward the plans set out in Work 4.0 beyond the white paper. If the plans do proceed into law, we are likely to see Germany move up the lifelong learning league table in the coming years.

Australia: VET fee help

- *The Australian federal government provides interest-free loans to incentivise workers to pursue vocational training.*
- *Recent reforms have been introduced to fill forecast skills gaps in key industries and end abuse of the system.*
- *The scheme is the subject of party political debate, with the Labor party currently arguing for it to be scaled down, despite introducing the policy while in government.*

Working age adults are given an interest-free loan to pursue vocational training in Australia. The 'VET (vocational education and training) fee help' policy was established by the former Labor government in 2009 to improve the nation's record on adult participation in education and training, which has since risen to twice the OECD average adult participation rate.²⁰ The scheme has recently been reformed to end abuse and to address the government's concerns its skills system may be unable to keep up with the change in skills demand following industrial change.²¹

The Australian economy has slowed down in recent years following a period of continuous growth that ran throughout the global financial crisis.²² The recent slowdown has largely been caused by a fall in the price of Australia's key exports. However, the Australian government has identified five key industries which it intends to provide support to in order to return to strong growth. The industries are: food and agribusiness; mining technology and services; biotechnology and pharmaceuticals; oil and gas; and advanced manufacturing.

A government review of the industries identified a clear need for a "more nimble workforce" with more opportunities to learn new skills and adapt to new roles.²³ The review warned of a number of skills mismatching risks, such as a forecast oversupply of low-skilled agricultural workers and undersupply of high-skilled biotech graduates.²⁴

Australia's interest-free and tax-deductible loan for vocational training provides an incentive for workers to pursue training that could help them into more rewarding roles and fill skills gaps in these sectors, or ensure they are able to keep up with changing demand in their own industry or profession. The loan builds on a broader culture of interest-free loan arrangements in Australia's tertiary education system, which like in the UK, also includes tuition fee and living costs loan arrangements to cover the

20 'Education at a glance 2017' in OECD Indicators. OECD, 12 September 2017. <http://www.oecd-ilibrary.org/docserver/download/9617041ec038.pdf?expires=1511776196&id=id&accname=guest&checksum=0149F7357575E78BAAD2D6DE77BA5632>

21 Department of Industry, Australian Innovation System report 2013, Canberra <https://industry.gov.au/Office-of-the-Chief-Economist/Publications/Policy/AustralianInnovationSystemReport/AISR2013/wp-content/uploads/2013/11/AIS-Innovation-Systems-Report-2013-v3.pdf>

22 Economic and financial indicators. Haver Analytics / The Economist. Last accessed 6 December 2017. <http://www.economist.com/indicators>

23 Beddie, F, Creaser, M, Hargreaves, J, & Ong, A. Readiness to meet demand for skills: a study of five growth industries. NCVET, 2014. https://www.ncver.edu.au/__data/assets/file/0017/9080/readiness-meet-skill-demand-2759.pdf

24 Beddie, Creaser, Hargreaves & Ong, 2014.

cost of higher education study.²⁵

The loan can be accessed to support training on approved courses. The courses are selected by Ministers in partnership with employer-led skills group so that they provide skills which are currently, or are expected to be, in demand and the course list is revised periodically.

There are currently three bands of loan entitlements ranging between AUS\$5,000 (equivalent to around £2,850) and AUS\$15,000 (around £8,550).²⁶ Repayment begins from the point the recipient reaches the compulsory payment income threshold, which was AUS\$54,869 (around £31,000) in 2016-17, with recipients paying between 4 and 8 per cent of the income towards the scheme proportionate to their income (only those earning above AUS\$100,000 a year pay 8 per cent).²⁷

The initial rollout of the loans led to abuse of the system with fraudulent activity from some providers. This echoed the introduction of the UK's individual learning accounts scheme in the late 1990s. However, while the UK government acted to scrap the learning accounts scheme, the Australian government has reformed its loans programme by tightening the selection criteria. Ministers say this has put the policy on a more robust footing going forward.²⁸

The vast majority of the loan is provided centrally by the federal government, with states and territories topping up some of the expenditure. The federal government expects to spend AUS\$3.2 billion (around £1.8bn) on vocational training this financial year, much of which goes towards servicing the interest-free loans.²⁹

The federal funding is a critical component of the lifelong learning scheme, as the Australian skills system as a whole is governed by states and territories. The federal government is able to use its budget to support wide-reaching and strategically important schemes to put the country as a whole in a stronger economic position.

The scheme has been successful in driving up adult participation rates, particularly in adults above the age of 45. However, the initiative has been at the centre of political debate about the state of federal finances because of its high cost. The Liberal government's 2016 reforms included plans to gradually decrease funding for the programme, but the government has been put under further pressure by the Labor party (which has changed its position since introducing the policy) to place additional caps on loans and reduce the total cost.

25 Hillman, N. A comparison of student loans in England and Australia. HEPI, 2014. <http://www.hepi.ac.uk/wp-content/uploads/2014/04/FINAL-AUSTRALIA-PIECE.pdf>

26 VET Student Loans. Australian Government Department of Education and Training. Last accessed 6 December 2017. <https://www.education.gov.au/vet-student-loans>

27 VET Student Loans: information for students applying for VET student loans – 2017. Australian Government, 2016.

28 The new VET Student Loans vocational education scheme. Deloitte, January 2017. <https://www2.deloitte.com/au/en/pages/financial-services/articles/new-vet-student-loans-vocational-education-scheme.html>

29 'Statement 6: Expenses and net capital investment' in Budget 2017-18. Australian Government, 2017. http://www.budget.gov.au/2017-18/content/bp1/download/bp1_bs6.pdf

The political debate over the future of the initiative places question marks over its sustainability, and highlights the important need for political consensus for lifelong learning policies.

Austria: Bildungskarenz

- *Austria's Bildungskarenz programme includes a package of training leave incentives and career development rights for workers.*
- *Workers have a universal right to request training leave and those who do so are supported with the equivalent of unemployment benefits while on leave.*
- *Take-up has increased dramatically since the financial crisis but there are question marks over whether or not it will continue under the incoming government.*

The Austrian government is in the sixth year of its 'strategy for lifelong learning', which runs up to 2020. The strategy was put in place to address challenges arising from the rapidly changing world of work, raise skill levels and living standards, and to strengthen the country's economic position. The strategy joins up primary, secondary and tertiary education and is designed around targets on increasing participation rates amongst older workers and raising standards of vocational education and training.

Austria has a well-developed economy with a strong mix of services, manufacturing and traditional industries and agriculture. The country's skills base has traditionally been a key asset, and like its neighbour Germany, social partnership between business, the workforce and government plays an important role in Austria's skills and employment planning. Nearly all employees are covered by collective bargaining agreements.

Austria's lifelong learning strategy builds on an established adult skills offer, in common with other leaders in lifelong learning policy implementation. A recent survey showed Austrian adults are amongst the most likely to report a wide range of access to learning opportunities in Europe,³⁰ and the country has the eighth highest lifelong learning participation rate in the EU, ahead of the UK.³¹

A programme of training leave incentives ('Bildungskarenz') was introduced in 1998, with a universal right to request training leave of between three months and one year following a worker's first year in employment in a job. Additionally, workers have been entitled to the equivalent of unemployment insurance benefits during their training leave since 2008.

It took some years for take-up of training leave to pick up. The number of people participating in the scheme ranged between 1,000 and 3,000 during the first few years of implementation (equivalent to around 0.02 per cent of the population), but participation grew substantially during the economic crisis (when further incentives were introduced including more generous eligibility criteria and entitlements) and it has continued to increase since.³²

30 Training leave: policies and practice in Europe. Cedefop, 2012

31 See figure 1

32 Cedefop, 2012

The 2011 lifelong learning reforms were put in place to improve this take-up further, and improve the quality of vocational training. The federal ministry of education has created a new portal to make it easier for workers to navigate the available training options.³³ The portal was also accompanied by the introduction and enforcement of new standards to ensure training being provided can genuinely help to fill skills gaps and improve employability.

Austria's political settlement has historically provided a degree of stability to its approach to lifelong learning. The Social Democratic Party and the Austrian People's party governed in coalition as the two largest parties between 1987 and 2000, and then from 2006 until the recent general election. This historic stability ensured the country's approach to lifelong learning was not exposed to the same political risks faced by other nations with leading lifelong learning agendas. However, it now remains to be seen whether the lifelong learning agenda will remain in place under an expected coalition between the Austrian People's party and the right-wing Freedom party.

France: VET reforms

- *Vocational education and training reforms in France have dramatically increased adult participation in education and training.*
- *The reforms included the devolution of responsibility for lifelong learning, individual training accounts, the establishment of career advice councils, and a new right to a career interview.*
- *Despite a major increase in participation levels, questions have been raised about the quality of vocational training programmes on offer.*

France boasts the most improved record on lifelong learning in Europe over recent years. The country went up 17 places in the EU lifelong learning league table (figure 1) between 2010 and 2016, growing its participation rate from 5 to 19 per cent over the period. France achieved this improvement by devolving responsibility for lifelong learning to the regions alongside the introduction of a series of entitlements and incentives.

France's economy has slowed down in recent years and unemployment has risen to a comparatively high 10 per cent. This has been associated with a slowdown in productivity growth. The OECD has argued relatively high salaries for low-skilled labour are undermining economic progress, although France still outperforms the UK on productivity.³⁴

The 2013 VET reforms were designed to address the drop in productivity growth and introduce a greater degree of control over France's well developed but sprawling adult skills system. The devolution of lifelong learning responsibility allowed regional governments and local businesses to work together to fill skills gaps and reduce the risk of skills mismatching.

33 'Adult Education and Training' in BMB Website. Germany Federal Ministry of Education. Last accessed 6 December 2017. <https://www.bmb.gv.at/enfr/school/adult/index.html>

34 Economic Survey of France 2017. OECD Presentation in Paris, 14 September 2017. <http://www.oecd.org/economy/surveys/France-2017-OECD-economic-survey-towards-more-inclusive-growth-and-employment.pdf>

The reforms also established career advice councils which offer free career advice to those in and out of work. The centres advise people to undertake training for in-demand skills and enter fields of work that are likely to be growing in the coming years, and thereby reduce the risk of skills obsolescence and under-utilisation. All employees were also given the right to a 'career interview' at least every two years to encourage consideration of career development.

The other key feature of the 2013 reforms was the introduction of individual training accounts. These accounts entitle every employee to 24 hours of training per year worked, up to a maximum of 150 hours. The entitlement applies to eligible courses agreed by national and regional skills councils (including employers, trade unions and government), which ensures the training is relevant to the needs of local and national economy.

While France boasts a high quantity of people in education and training, there are big question marks over the quality of these courses. France has the fourth lowest proficiency levels in numeracy and literacy in the EU.³⁵ However, the improvement in participation in recent years may well improve numeracy and literacy levels in the adult population over the coming years.

Lifelong learning featured prominently in Emmanuel Macron's presidential manifesto, so we can expect him to build on the 2013 reforms. However, it is unclear what plans are in place to do this. The challenge for France going forward will be to match the rapid improvement in the uptake of adult education courses to an equivalent improvement in the quality of those courses.

3. LESSONS FOR THE UK

The innovative international approaches to lifelong learning covered in chapter two highlight the potential for further divergence between the UK and other developed economies on adult participation in education and training. While other countries already have well developed lifelong learning systems or have made plans to develop them, the UK risks being left behind.

Broader economic developments are making the case for investment in lifelong learning more urgent. The growth in adoption of new technologies, increasing integration of international labour markets, changing demographics, and the need for everyone to work longer before retirement necessitate a need for ongoing skills development throughout careers. Any increase in dependency on the domestic labour force following Brexit is likely to catalyse the need for investment further.

If the UK is able to equip its workforce for the changing world of work and ensure its businesses can compete in a global marketplace, it needs to learn lessons from successful approaches to lifelong learning. This chapter sets out five lessons the UK can learn from the international case studies as it develops its own lifelong learning strategy.

Lesson 1: Coordinated policy intervention can lead to rapid improvement in participation

The UK has not made the same level of investment in vocational education and training as other developed economies over recent years. However, other countries have shown that large improvements can be made over a relatively short period of time with a comprehensive strategy and a well-coordinated delivery plan. Most notably, France nearly quadrupled the proportion of its adult workforce in education and training over six years.

Changing the national employment culture to embed lifelong learning and retraining into typical career journeys will take time. Lifelong learning policy should aim not only to offer and incentivise further training, but also to remove the stigma and reticence surrounding decisions to start again in a new profession or industry. Ensuring everyone has core transferable employability skills from a young age will be key to achieving this culture change as it will make career transitions easier to envisage. This will not be achieved overnight, or even over the course of one parliament.

However, international approaches to lifelong learning suggest an attractive package of courses, incentives to cover study and living costs, time off work, and support with navigating the training market can rapidly improve the uptake of vocational training in the adult workforce. The UK's forthcoming national retraining scheme could be the ideal vehicle for this coordinated approach to lifelong learning.

If the retraining initiative is to improve levels of participation in education and training, it must be extended to cover a greater range of sectors beyond just digital and construction. And the initiative

must be given the capacity and power to coordinate lifelong learning work across the Treasury, the department for business, energy and industrial strategy, the department for education, the department for work and pensions and regional and devolved governments across the UK.

Additionally, the retraining initiative should be measured and managed on the basis of its outcomes. This should include improving the UK's position in the lifelong learning league table by significantly raising its participation rate, as well as measures to ensure the quality of courses and training programmes being undertaken is raising skill levels across the country too.

Lesson 2: Individual learning accounts are back in fashion

It is more than 16 years since the UK abandoned its individual learning accounts initiative, which supported working adults to undertake small packages of additional training. But similar policies have seen a resurgence in other countries over recent years.

Singapore, Australia, Austria and France have all introduced entitlements to support further vocational study, and Germany has set out plans to do so. The rapidly changing world of work has introduced new risks of skills obsolescence, which have provided the context for the modern learning accounts.

The UK abandoned its individual learning accounts programme because of fraud and misuse. Rogue 'providers' were enrolling students on fake or inadequate courses in order to claim funding from the government, often by offering students free gifts to sign up. Similar problems occurred in Australia, where parliamentarians complained about the level of wasted funds that were supporting irrelevant or illusory courses.³⁶ Austria's entitlement to paid time off work was also being abused as an opportunity for new parents to effectively extend their parental leave without actually studying.³⁷ But both nations responded by tightening eligibility criteria – through restricting the courses to which entitlements could be applied to and introducing minimum hours of study per week – to tackle the abuse.

The resurgence of learning accounts suggests they were an idea implemented in the UK before their time had come. As former education secretary David Blunkett writes in his forthcoming Fabian Society essay, 'the government ... was not bold enough' in its previous approach, which "set back a flexible lifelong approach for decades."³⁸

The changing world of work and risk of skills mismatching presents a new need for policies to support people to continue training while in work. The UK should look again at individual learning accounts, and learn from how other nations have effectively managed abuse of the system.

36 Chung, F. 'Training colleges facing audit on predatory pricing' in news.com.au, 4 May 2015. <http://www.news.com.au/finance/money/costs/this-is-a-blatant-ripcoff-of-the-taxpayer-training-colleges-facing-audit-of-predatory-pricing/news-story/b82f5b31b12ccc58755939fbfdb6d66d>

37 Training leave: policies and practice in Europe. Cedefop, 2012.

38 Blunkett, D. 'Learners in charge' in Life Lessons. Fabian Society, December 2017.

Lesson 3: Living costs allowances can give people the space they need to take a break and retrain

The cost of courses is not the only barrier people face when considering further training and learning. Many people would struggle to pause their employment (and the income it provides) for the period of time required to retrain in a new field or industry.

This is a particular issue for people in low paid occupations where question marks have been placed over the future of employment. An example of this is the UK's retail sector, where the British Retail Consortium has warned one million jobs could be lost over the next three years. These retail workers would find it extremely difficult to save the money required for a career break in order to retrain.

The UK can learn from Austria's entitlement to the equivalent of unemployment benefit while training and Germany's plans for employment insurance. Austria's entitlement has given people the means to support themselves while training, and it also creates an incentive for employers to allow their staff to train as they do not need to pay salaries while employees are in training.

The department for work and pensions and department for education should jointly assess the feasibility of an employment insurance programme that could provide living costs support while people are undertaking training. This could be accompanied by a move to reinvent Jobcentre Plus to support those who are in work and looking to develop their career with help navigating the training market, as well as providing support for those who are seeking employment. Giving Jobcentre Plus this dual role could help to repair its reputation, which has often been associated with mistrust, sanctions and stigma. The institution could be remarketed as a means through which everybody could progress their career.

As part of the feasibility assessment, the department for work and pensions and the department for education may want to consider participation in approved full-time training as an acceptable activity for recipients of universal credit and the introduction of a national insurance training allowance for a year, conditional on sufficient past contributions.

Lesson 4: New rights for workers can give employers a role in boosting lifelong learning participation

New requirements for employers can help employees to continually reflect on their skills and training needs. Government can help to embed a lifelong learning culture by asking employers to take a role in the career development of their staff.

Austria and France have both legislated to provide workers with new rights to ensure people who want to pursue further training are able to do so. Austria has given all workers a right to request training leave after spending one year in their job and France has given every worker the right to a career interview at least every two years.

Many responsible employers will already consider requests for training leave and be committed to the career development of their workforce. However, these modest compulsions mean that these rights are extended to everybody, which helps to mainstream a lifelong learning culture. Of course, a right to request does not guarantee that leave will be provided by the employer, but it is a clear signal from government that requests should be expected and considered in good faith by employers.

The UK should consider introducing a right to request training leave after a year of employment and a mandatory career interview every two years. These new rights would provide a practical first step for employees who are interested in pursuing further training, but are unsure how to do so. And they would represent a strong symbolic call from government that employers need to be taking more responsibility for the career development of their staff.

Lesson 5: Political consensus is essential to the sustainability of lifelong learning programmes

Embedding a genuine lifelong learning culture will require time and coordination. People planning or undertaking courses need to be given the assurance that entitlements will not be removed at a later date because funding or political support has been withdrawn. Therefore it is vital that a lifelong learning strategy has cross-party support.

It is likely that lifelong learning approaches will span across multiple parliaments, and will require substantial investment. The case studies suggest that where lifelong learning policies have become political footballs, funding has often been restricted, and the uncertainty can hamper participation growth.

The UK should learn from other countries that have prioritised making their lifelong learning strategy a cross-party issue. Therefore, the government should set up cross-party talks with the Labour party to ensure both of the UK's main parties are committed to the approach taken by the forthcoming national retraining scheme and the broader, more comprehensive approaches to lifelong learning that should follow it.

Lifelong learning featured in both party's manifestos at the last election, and the Labour party has set out its own plans for a National Education Service that provides learning opportunities from cradle to grave. The Conservative government has also suggested it is open to discussion about how it plans for the future by inviting the TUC to play a role in its new national training scheme. Establishing cross-party talks would be the logical next step to depoliticising adult skills and embedding a lifelong learning culture in the UK.

A cross-party approach to lifelong learning would be an opportunity for the UK's main political parties to show they are committed to investment in the UK's future as the country negotiates its departure from the European Union.

