



**WorkDirections®**

## **NIACE - Call for evidence on lifelong learning and poverty reduction**

A response from the Ingeus Centre for Policy and Research

**May 2008**



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WorkDirections is a member of the Ingeus Group of Companies



# Call for evidence on lifelong learning and poverty reduction

Ingeus is a private sector organisation with a significant track record of delivering high-quality active labour market programmes in partnership with governments and local authorities in the UK, France, Germany and Australia. We have experience of delivering services to long-term unemployed people, single parents and people claiming health-related benefits.

The Ingeus Centre for Policy and Research seeks to use this operational expertise to contribute and inform the debate that surrounds issues relating to the labour market. In 2005 we published *Skills and sustainable welfare-to-work*<sup>1</sup>. This outlined how a better integration of these two agendas could occur to ensure progression in the labour market.

We believe that poverty reduction can be achieved through effective welfare-to-work policies which focus not only on job placement, but also on sustainability and progression. Lifelong learning has an important role to play in this process. The journey out of poverty is necessarily different for each individual. Underpinning the ideas, comments and recommendations in this paper is the understanding that success can only be achieved if the systems in place have the inherent flexibility to respond to the multiplicity of needs with which they will be confronted.

In this response we present both relevant research and organisational experience and views.

## **What does the evidence tell us about the relationship between lifelong learning and poverty reduction? What do we know about the effectiveness of particular lifelong learning policies and initiatives which have sought to tackle poverty and social exclusion?**

There is considerable evidence that demonstrates a strong link between skills levels and poverty. In recent years this has been of increasing interest and importance to the Government. It has been of particular interest to the Treasury in relation to increasing productivity amongst the UK workforce.

Over 78% of benefit claimants in England, Scotland and Wales are aged between 25 and 60<sup>2</sup>, and have already completed compulsory education.

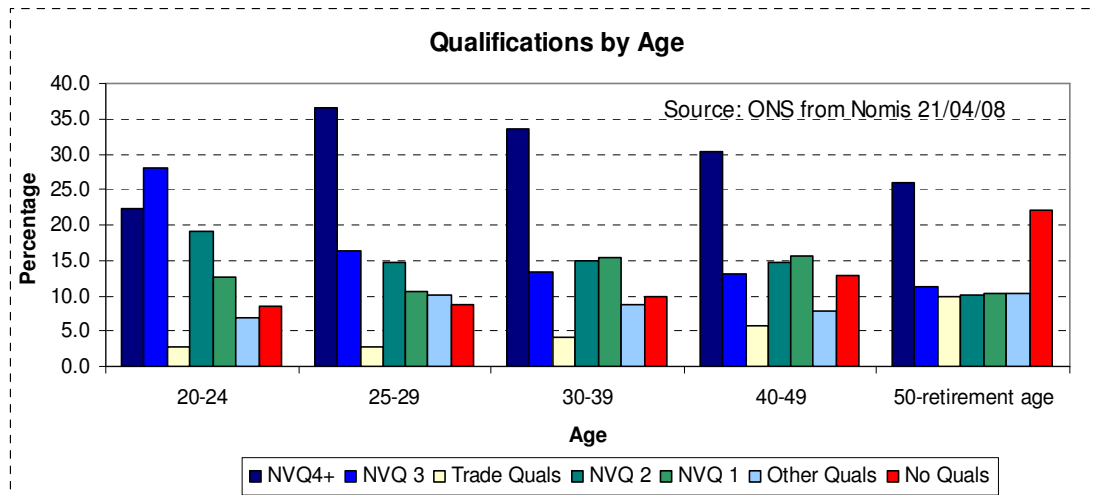
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<sup>1</sup> Available online at [http://www.workdirections.co.uk/files/uploads/DocFile\\_id\\_16.pdf](http://www.workdirections.co.uk/files/uploads/DocFile_id_16.pdf)

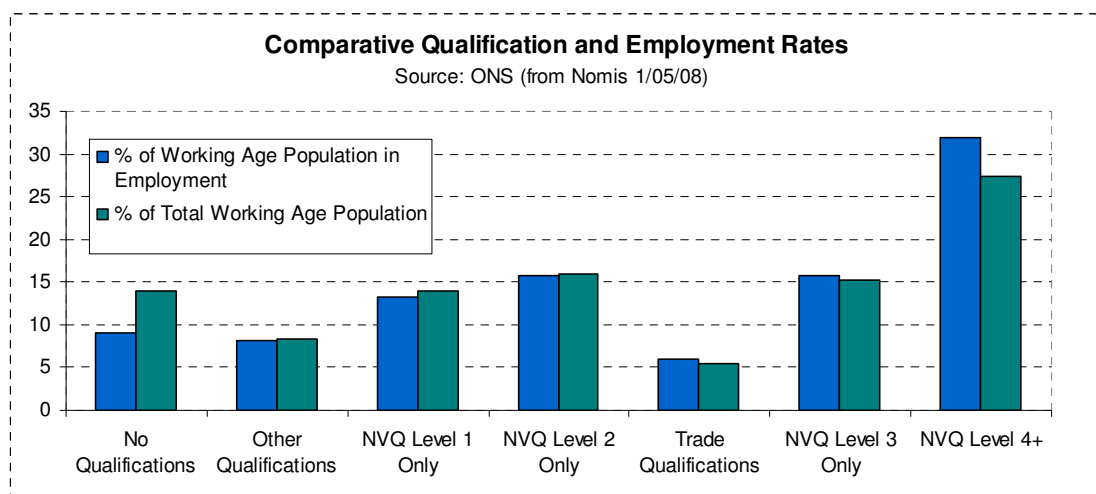
<sup>2</sup> Author's own analysis. Statistics from ONS: accessed via Nomis on 1<sup>st</sup> May 2008.



If skills acquisition is to be used as a means to lift these individuals from poverty, then the focus must be on lifelong learning. The evidence also shows that older members of the working age population in this country are more likely to have no formal qualifications, with proportionally fewer individuals holding high (Level 4+) qualifications:



In addition, as shown by the graph below, Level 4 qualifications and above give individuals a disproportionate likelihood of being in employment, whilst those with no formal qualifications are disproportionately less likely to be in employment. As the majority of benefit claimants have completed their formal education, and are more likely to have no qualifications, there is a significant opportunity for lifelong learning to increase the employability, and decrease the chances of poverty, for these individuals.



The biggest impact on earnings is achieved when levels of learning are significant - at least to Level 3, with the highest rewards at Level 4 and above<sup>3</sup>. This must be measured by the understanding that

<sup>3</sup> DWP, DIUS & The Cabinet Office (2008) 'Life Chances: Supporting people to get on in the labour market: An analytical discussion paper'.



wage/employment returns from qualifications in different industries vary according to the needs of employers. For example, Level 2 is the desired standard of professional qualification in care work, whereas construction trades tend to require Level 3.

This is exacerbated by the increased likelihood of employer investment in additional skills training for those already qualified to Level 4 and above; employers are far less likely to invest in providing learning opportunities to the lowest-skilled in their workforce (see *Skills and sustainable welfare-to-work* p28). The focus Train to Gain has placed on targeting ‘hard to reach’ employers<sup>4</sup> has gone some way to addressing this, but much more needs to be done.

In contrast, the training provided to those most likely to be in poverty – benefit claimants and those with low skills – is capped at Level 2. However, this is a point at which we know that qualifications provide no positive returns to income and no significant effect on the likelihood of employment. This may be in part due to the quality of the qualifications gained, or because Level 2 is the standard employers expect from even their lowest-paid staff.

Quality of training is a significant issue. There are two main areas of concern. Firstly, some provision has been designed to meet the needs of benefit administration rules rather than the needs of those accessing the learning. This can be seen in the high levels of attrition, and low levels of completion of such courses.<sup>5</sup>

Secondly, there exists the very real possibility of curtailing many of the additional social capital and networking benefits that accrue from learning if the opportunities that are funded are limited to courses available only to people in similar economic situations.

## Funding

Proposed changes to sustainability measurement<sup>6</sup> are welcomed. However, we have a number of outstanding questions regarding delivery and how this will work in practice. There is considerable risk that the focus of the proposed changes on the diagnosis of skills needs and the referral structure will be at the expense of a more fundamental review of the quality, type and levels of training on offer.

A discussion paper, produced in partnership with One Parent Families, which outlines these questions (*Sustainable employment and skills: Questions arising from Opportunity, Employment and Progression: making skills work*) is included with this submission.

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<sup>4</sup> <http://www.traintogain.gov.uk/News/One+year+on+and+on+target.htm>

<sup>5</sup> National Audit Office (2004) ‘Skills for Life: Improving adult literacy and numeracy’

<sup>6</sup> DWP/DIUS (2007) ‘Opportunity, Employment and Progression: making skills work’



We welcome the opportunities that are being created by the Train to Gain programme. However, we would like to see these extended to individuals who choose to take a job and train in an unrelated industry in order to achieve their career goals. This case study illustrates how this can work well for some individuals:

‘Martin’s career goal was to become a personal trainer. He had enthusiasm, a love of fitness and good interpersonal skills. However, he also lacked the requisite qualifications and had a poor work history. With his employment advisor he created a plan to tackle both constraints. He started work as a security guard, and after three months in post was assisted with the financing of his qualifications, which he gained while continuing to work in security. He was then able to apply for personal trainer jobs not only fully qualified but also with a significant period of recent referenced work history on his CV.’<sup>7</sup>

This shows how in-work learning can contribute to achieving career goals outside of the industry of current employment. It also demonstrates how working whilst learning can improve the chances of securing the desired job once the training has been completed. It is important that individuals have the opportunity to access learning that enables flexibility and movement in the labour market; particularly to facilitate progress from elementary jobs.

In order to maximise the impact on poverty reduction, funding for learning must encompass those who hold out-of-date or irrelevant qualifications as well as those with none. This is likely to be an issue for some lone parents and people with long-term health conditions who wish to return to work. They are not benefiting from the qualification(s) they do have, and find it more difficult to access funding for appropriate skills training.

Current proposals are that lone parents will have a Skills Health Check two years before a claim for Jobseeker’s Allowance is triggered by their youngest child reaching the age of 12.<sup>8</sup> This two-year period provides a real opportunity for providing access to skills that will have a considerable and long-term impact on poverty reduction. In these two years a lone parent could complete a Level 3 qualification such as Access to Midwifery. Such training offers a gateway to higher earnings, job security, control over a future career, as well as far greater chances of securing employment once they are required to return to work.

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<sup>7</sup> From: *Skills and sustainable welfare to work*, pg. 26

<sup>8</sup> Lone parents whose youngest child is over the age of 12 will be moved from Income Support to Jobseeker’s Allowance from November 2008. This will be extended in 2009 to lone parents with a youngest child over the age of ten, and in 2010 to a youngest child over the age of seven. As detailed in DWP’s (2007) ‘Ready for work: full employment in our generation’.



## What works?

Skills acquisition and lifelong learning must be considered in the context of a work focus and should be used effectively to increase the chances of the learner achieving 'good' employment.

All learning purchased should facilitate delivery of the policy objective. Lifelong learning can have a significant impact on the wider goal of reducing poverty. However, in order to achieve this, learning providers should be targeted and funded on delivering outcomes that are tied to sustainable employment and progression in work.

Skills for work must relate to qualifications that are recognised, understood and valued by employers.

We also know that the likelihood of individuals accessing lifelong learning is strongly influenced by their personal constraints to learning - the most commonly cited is family commitments<sup>9</sup>. This means that any efforts made to increase the level of participation in lifelong learning must consider not only the needs of employers, but also the needs and priorities of the individual. Particular attention should be given to the time and financial constraints faced by those in low-waged employment to ensure they can access opportunities to facilitate in-work progression.

## Where are the gaps in evidence in relation to this theme?

There are a number of areas which require additional study. These include:

**The impact of existing training:** To what extent does the training provided under the current system increase the likelihood of jobseekers finding and sustaining<sup>10</sup> work? Is the training on offer understood and seen as valuable by employers? Can accrediting existing 'on-the-job' training assist career progression?

**The need to fund higher skills:** It is not known how many people who would otherwise be entitled to free learning opportunities already have level two qualifications that are either out-of-date or irrelevant to the career they are now considering. We believe there is a need for a scoping study to understand how many people on active and inactive benefits would gain from a higher entitlement.

**Work and unrelated training:** What role does informal learning have to play in the ability to secure and advance in employment? How can welfare-to-work and skills providers co-ordinate more effectively to offer individuals

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<sup>9</sup> 'Life Chances', DWP/DIUS/The Cabinet Office, (2008)

<sup>10</sup> In this context sustainability should be measured to at least 12 months



new and more long-term opportunities? Both quantitative and qualitative evidence is required. The Government's Pathways to Work and Flexible New Deal programmes offer an opportunity to develop an evidence base in this area.

**Measurement of advancement in work:** This is difficult to measure. In the Employment Retention and Advancement Demonstration Project increases in salary was used as a proxy. This showed a positive return, but was rooted in increased hours worked rather than promotion, or movement to a better-paid job. Both are important to understand, but it is essential that they are not conflated.

Thought also needs to be given to advancement that cannot be measured financially. For some, a move into a similar or even lower paid but more satisfying, suitable or convenient job may be considered an improvement. This could be captured through a qualitative study of a representative sample.

**Sustainability beyond 13 and 26 weeks:** Data from the Work and Pensions Longitudinal Study should make it possible to measure sustainability from existing programmes at six, 12 and 18 months in work. Matching this data with information about skills opportunities accessed would facilitate a much deeper understanding of the correlation between ongoing learning activity and long-term success in the labour market.

## What key messages for the Inquiry we should extract?

The importance of aligning what is procured in terms of learning and employment interventions with wider policy objectives cannot be overstated. Failing to do so causes frustration amongst commissioning bodies, high-quality providers and those accessing services. This would necessitate a change in the way that performance is measured, a longer-term and more strategic approach to the setting of targets, and a heavier emphasis on outcome funding.

It is fundamental that learning initiatives continue to target the most disadvantaged within the labour market in order to maximise opportunities for poverty reduction. However, it is not enough simply to provide access to basic skills and Level 1 and 2 qualifications. There is a need for a more individual approach that facilitates investment in learning that enables people to progress in work. Currently, access to some learning opportunities is curtailed by criteria driven by benefit administration requirements, even though they would enable participants to achieve better personal outcomes.

For those people for whom the gateway to learning is Jobcentre Plus it is essential that it is made clear that the purpose of the intervention is not



simply about helping someone get work, but is rather about supporting them to sustain and progress within the labour market. A focus on longevity of outcome requires considerable change within Jobcentre Plus, which needs to be reflected in the way performance is measured - moving away from job outcome targets and towards sustainability objectives. The Integrated Employment and Skills pilots provide a good opportunity for this to be introduced.

The analysis and sharing of performance data needs to improve considerably. The Work and Pensions Longitudinal Study should be supporting a better understanding of the long-term impact of employment programme interventions. However, the time frames are so long, their relevance will be limited. Both the Leitch Review and the recent Cabinet Office report have demonstrated that there is substantial evidence linking skills levels and chances of success in the labour market. However, it is difficult to correlate information accurately, either laterally or longitudinally, to further our understanding of how different interventions work together, and how successful they are in the long term in helping people to escape poverty. We understand that legislation is being drawn up to facilitate data transfer between the Department for Work and Pensions and the Department of Innovation, Universities and Skills and hope that this will have a significant impact in this area.

Pilots for the Adult Advancement and Careers Service are to commence this year. The evaluation needs to assess their impact on poverty reduction. While using salary increases as a proxy has value, this is reduced if it is not possible to disaggregate rising wages from numbers of hours worked. The reduction of levels of in-work benefits claimed may be a more reliable guide, particularly for lone parents who are eligible for significant levels of support.

Employers have a central role to play. Their involvement to date in programmes such as Train to Gain and the Local Employer Partnerships has seen some success. However, it is vital that small and medium employers are able to benefit from such initiatives, as they provide many of the employment opportunities for those most disadvantaged within the labour market. We have often found there to be a lack of understanding of the existing system(s) amongst such employers, in addition to a perception that 'Government programmes' are for larger employers only.

The ability to work flexibly is key to the decisions many people make both about returning to work and taking up learning opportunities alongside employment. Local Employer Partnerships ask employers to consider ways in which jobs can be made more accessible for disadvantaged applicants. Whilst employers 'may also [be] ask[ed]'<sup>11</sup> to provide flexible opportunities, this needs to be a central tenet of the Jobs Pledge. Many of the employers

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<sup>11</sup> DWP (2007) 'In work, better off: next steps to full employment'. Available online at: <http://www.dwp.gov.uk/welfare-reform/in-work-better-off/in-work-better-off.pdf>



that have already signed up currently make their vacancies available through Jobcentre Plus and other providers. The key to sustainability, progression and poverty reduction is that those jobs fit with the needs of clients. For lone parents and people on Incapacity Benefit, and those wishing to study alongside work, flexibility is fundamentally important. Employers also have a responsibility to ensure that flexible workers are not disadvantaged in accessing in-work learning opportunities. The Local Employer Partnerships represent a great opportunity to work with employers to develop strategies that enable people from these vulnerable groups to get and keep a job with hours that meet their needs.

## **What approaches to poverty reduction might we take in the future, particularly in the context of debates on definitions of poverty and the 'social minimum', and what might the role of learning be within these?**

We support the focus on work as the key way in which individuals can move out of poverty. However, initial job placement is not enough to ensure economic security for many of those moving off benefits. Learning has an important role to play in enabling people not only to make the most of initial opportunities, but to progress into better-paying roles.

This requires a change in approach to labour market intervention strategies towards longer-term goals, and closer integration of the employment and skills agendas. This move is well underway as evidenced by recent joint publications and policy objectives from the Department for Work and Pensions and the Department of Innovation, Universities and Skills. The significance of these changes for both departments should not be underestimated.

It is fundamentally important for the policy rhetoric to be evident in the actions of the respective delivery agencies and their partners. The existing gap between work and skills would be quickly reinforced by failure. New initiatives, such as the Adult Advancement and Careers Service, need to challenge the status quo and offer new solutions. The current situation demands more than a rebranding exercise and the creation of new referral mechanisms to existing provision.

There is a clear need to improve the identification of learning interventions that have a positive impact on earnings. This process should not be limited to learning funded by the Learning and Skills Council but also look at professional qualifications available on the open market. The state should then signpost and financially support people to access these opportunities whilst in and out of work. Some courses may be considerably more expensive (for example obtaining a Category C+E large vehicle driving



licence), but this cost would be off-set by the savings made by reducing referrals to training that does not provide the same economic benefits to its participants.

This could be managed through credits to a Learner Account. These accounts could be made available to low earners and used to access learning opportunities not necessarily related to their current job and therefore not available through Train to Gain. It should be possible to exchange learning credits for training delivered by public, private or voluntary sector providers. This should not require employer agreement or even awareness. The objective would be to support those in work to plan for, and move towards, their future goal, so rewarding the culture of working while studying. This would also help build bridging social capital and support those motivated to make career changes as well as those wanting to progress within their current field. It would mean that those wanting to work whilst they undertake learning had access to the same or more opportunities when in work as they did when unemployed.

Ingeus supports lengthening the current period of time for which sustainability in work is measured. By extending this to 12 months and paying welfare-to-work providers on outcomes, those delivering the service are challenged to innovate, to design and fund programmes that are more likely to meet poverty reduction goals.

Further reward could be made available to providers who support clients to improve their salary during the first 12 months of work. We would recommend differentiating between increases per hour, and increasing the number of hours worked. This would incentivise providers to continue both to work with clients after placement, and to ensure pre-employment programmes provided clients with the skills required to navigate the labour market successfully.



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Train to Gain - [www.traintogain.gov.uk](http://www.traintogain.gov.uk)



## WorkDirections UK and the Ingeus Group

WorkDirections UK is a member of the international Ingeus Group of companies which provides effective, accountable welfare-to-work services. The Group, which has been operating since 1989, currently delivers services in the UK, France and Germany.

WorkDirections UK produces original research, responses to government consultations and business development activity in the countries in which we operate.

- Launched in the UK in November 2002, WorkDirections UK supports socially excluded and disadvantaged individuals to find suitable and sustainable employment.
- Our welfare-to-work operations assist people who have become long-term unemployed, as well as single parents, and those who are not working as a result of health issues.
- WorkDirections UK is delivering six three-year **Pathways to Work** programmes from December 2007 which will allow us to support over 98,000 Incapacity Benefit claimants in the London, Birmingham, Nottinghamshire and Edinburgh areas. In Birmingham, the Pathways to Work programme replaced our **New Deal for Disabled People** programme which we ran for over three years.
- We also deliver **Private Sector Led New Deal** programmes in Central and West London, and **Employment Zones** in Nottingham, Birmingham, Brent, Haringey and Southwark.

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