

2 Enhancing adult learning in light of the consequences and opportunities of the COVID-19 pandemic

This chapter examines the impact of the COVID-19 pandemic on London's economy, its firms, and its workers. It analyses the importance of adult learning for providing re-training and up-skilling opportunities. The chapter focuses on i) the consequences of the COVID-19 pandemic for sectors, jobs, and skills in London; ii) the current adult learning system in London and its growing importance for addressing pressing labour market challenges; and iii) London's vision for a devolved adult learning system.

In Brief

The ongoing COVID-19 pandemic will put the adult learning system in London under pressure while also making it more important than ever

- **The ongoing COVID-19 pandemic crisis is causing widespread disruption in London's labour market, with some sectors expected to shrink by more than 20% in 2020.** Recent estimates predict a drop of London's GDP of more than 10% in 2020. Consequently, many jobs and livelihoods are at risk. Between March and August 2020, unemployment benefit claims in London rose by 154%. The impact of the economic crisis is concentrated on specific sectors and certain groups in London. Sectors such as hospitality, arts and entertainment will likely record revenue losses of 20-30%. Before COVID-19, London had enjoyed an employment boom, with low unemployment rates. However, COVID-19 risks erasing those gains.
- **The pandemic might have a lasting impact on where and the way people work in London.** COVID-19 has been a catalyst for technological change in the labour market, as remote working has become the new normal. Inadvertently, remote working is changing London's economic geography, putting many jobs in Central London's service industry at risk.
- **Adult learning is more important than ever as displaced or furloughed workers require learning opportunities to up-skill or re-train.** Unemployment is rising and further job losses will likely materialise in 2021. As of 31 July 2020, more than 700 000 Londoners remain on government support via the furlough scheme. Adult learning will need to play a vital role in allowing furloughed and displaced workers to transition to new employment opportunities by allowing them to gain the skills needed in other jobs and sectors.
- **London has developed a dedicated skills strategy but many aspects of the adult learning system remain centralised.** While the Greater London Authority (GLA) has set out a clear skills strategy, *Skills for Londoners*, many adult learning funding streams and competences, including apprenticeships, remain centralised at the national level, limiting the levers available for the GLA to create a joined-up training offer that combines skills delivery alongside other supports, such as careers advice, job counselling, and other social supports.
- **Devolution of adult learning could provide more opportunities for London to better align the delivery of skills programmes to its labour market needs.** Through the Skills for Londoners Strategy and new devolved funding for adult education, London is aiming to address local skill needs more effectively through closer consultation with employers and training providers, and by establishing a more flexible local skills system. While devolution in itself is not a panacea to address London's adult learning challenges, preliminary evidence indicates that training providers are better at gearing programmes to disadvantaged individuals. Notwithstanding this progress, adult learning in London will need to keep adapting, in particular due to the implications of COVID-19, as digital skills become even more important and online-learning has become the main channel for the delivery of programmes.

Introduction

The COVID-19 pandemic poses unprecedented challenges to London's economy and labour market. London emerged as an epicentre of the pandemic in the UK and one of the worst hit large cities in Europe. Economically, the pandemic has not only resulted in an unparalleled economic shock with significant repercussions for firms and workers, but it could also accelerate structural changes that were already in motion before the pandemic. Megatrends such as automation, job polarisation or digitalisation have been transforming the world of work and are likely to be reinforced by the pandemic and measures to contain and live with it. As social distancing and teleworking became the new normal for millions of workers, COVID-19 appears to be a catalyst for long-lasting change in the way firms operate and people work.

The COVID-19 pandemic and its impact on certain sectors and groups of workers, make adult learning in London more important than ever. As sectors such as hospitality, tourism, or the creative industries experienced an erosion of their current business models, hundreds of thousands of workers have been put at risk of job loss. As long as the pandemic lasts, a full recovery is likely to take years for these sectors, even if a return to the "pre-COVID-19 normal" takes place. Many of the workers that face the highest job risks due to the crisis were already disadvantaged before the pandemic. The low skilled and young appear to bear the brunt of the economic crisis and will need sufficient learning opportunities to gain new skills or to retrain in order to find a job or make a career transition.

What is the impact of COVID-19 on London's economy?

COVID-19 is an enormous shock that has caused a historically unparalleled fall in economic activity in London. Despite a strong recovery in the summer months of 2020, London's real gross value added is still expected to fall by 10.5% in 2020 (GLA Economics, 2020^[1]). While current projections for 2021 and 2022 predict fast growth (+7.9% and 4.7%, respectively), a full recovery to pre-COVID levels is likely not to occur before mid-2022. In terms of job loss, government support schemes have provided a strong support mechanism but a significant contraction of London's labour market in 2021 is expected.

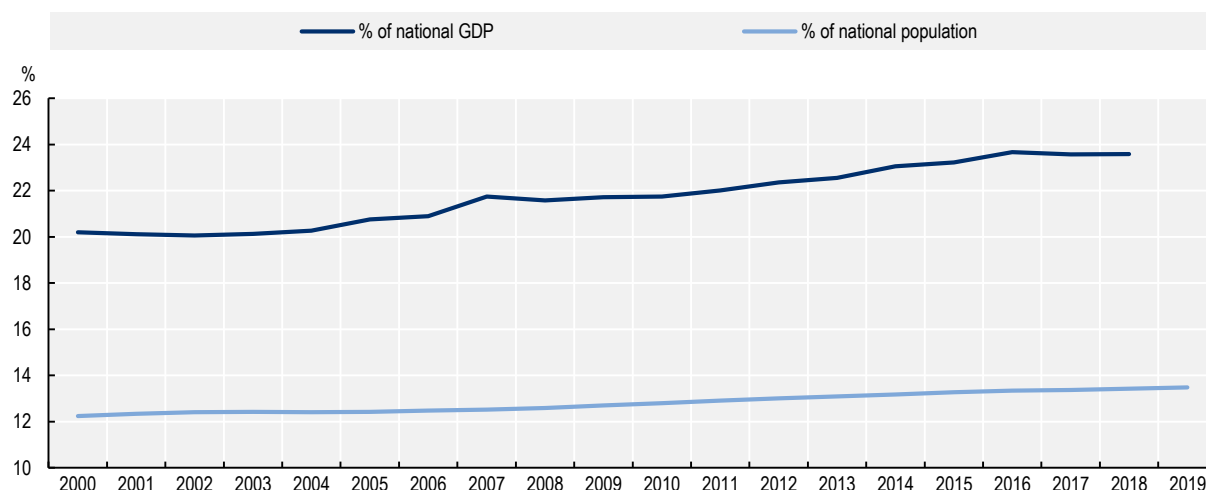
The pandemic creates new challenges for London's economy and threatens to exacerbate already existing labour market inequalities. This section analyses the impact of COVID-19 on London's economy. First, it provides an overview of London's economy, its relative strengths compared to other OECD metropolitan areas, and its challenges in terms of labour market inequalities. Second, it assesses the effects of COVID-19 on job losses, economic inactivity, vacancies, and specific sectors in London. Third, it examines how the pandemic is changing the economic geography and the way people work in London. Fourth, it examines how furloughed and displaced workers could benefit from public support, mainly through an effective adult learning and career guidance system.

London has a strong economy but large labour market inequalities exist

As the United Kingdom's capital and one of the leading financial services hubs of the world, London boasts a strong economy with an internationally competitive labour market.¹ With its population of around 9 million inhabitants (more than 13% of the UK's population of 66.8 million),² Greater London contributes almost 24% of the national GDP. The economic importance of London has steadily grown in recent years (Figure 2.1). While London's share of the national population grew by 9%, its contribution to the national GDP has increased by 17% between 2000 and 2018.

Figure 2.1. London's demographic and economic importance for the UK

Changes in the share of national population and GDP, 2000-19



Note: The figure displays the data for the TL2 region of London, which corresponds to Greater London.

Source: OECD regional database, 2020.

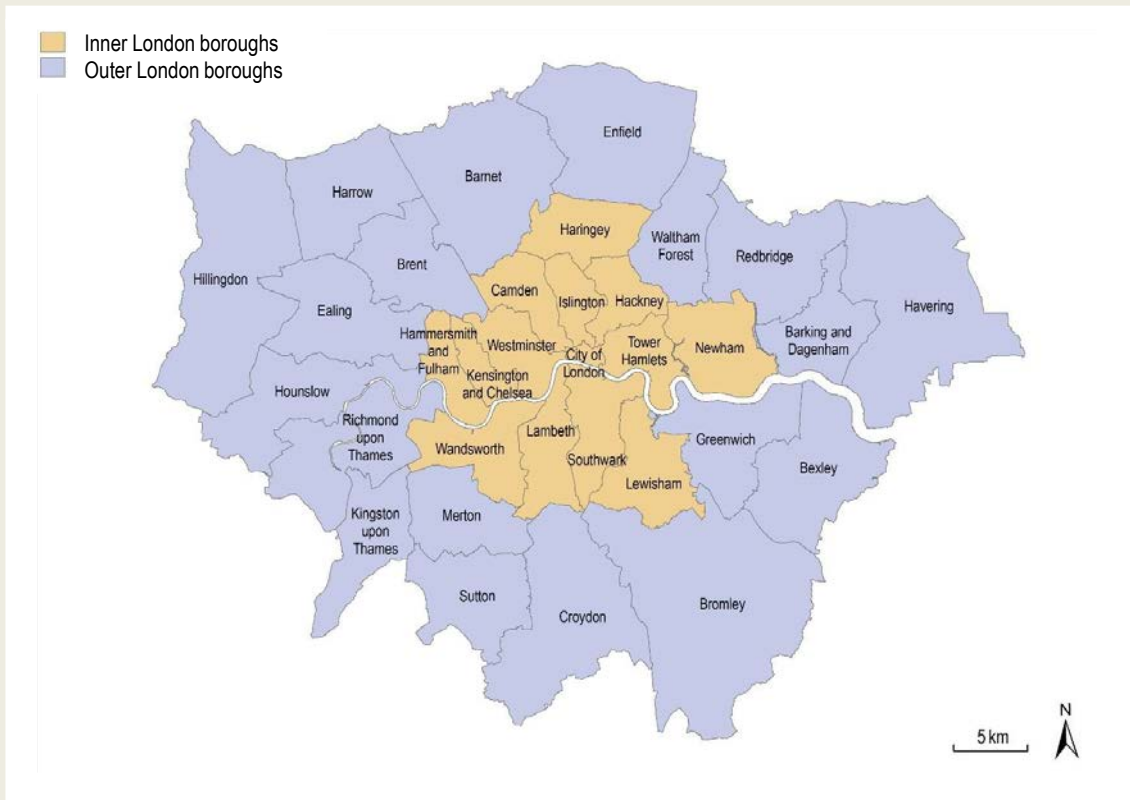
Over the past decade, London, like most parts of the UK, has benefitted from a boom in employment, which has driven a significant reduction in unemployment. Since 2010, the unemployment rate in London has fallen from 9.4% to 4.4% in 2019. Over the same period, labour market participation of those over 15 years old also increased by 3 percentage points, reaching 68.2% in 2019, 5 percentage points above the UK average.³ This surge in new employment opportunities has not only increased material welfare but also enhanced socio-economic mobility as vulnerable groups such as the young or low skilled enjoyed better access to jobs and fewer difficulties in entering the labour market.

Box 2.1. The geography and local government structure of London

The Greater London Authority and the local councils in London

Local government in London consists of 32 borough councils and the City of London. London boroughs are further divided into Inner London and Outer London (Figure 2.2). In 2000, the Greater London Authority (GLA) was created, comprising the Mayor of London and the London Assembly. The GLA is the devolved regional governance body of Greater London and is responsible for setting the overall vision for London with scrutiny from the Assembly. It holds powers over transport, policing, economic development, and fire and emergency planning. The boroughs and City of London provide many local services in London such as social services, leisure and recreation, or waste collection and disposal, and are also responsible for revenue collection. In this report, analysis of London refers to Greater London, unless stated otherwise. In addition, the report uses complementary analysis of differences within London, which are based on London's boroughs.

Figure 2.2. Map of London's 32 boroughs and the City of London



Source: Produced by the OECD, based on official boundaries provided by ONS.

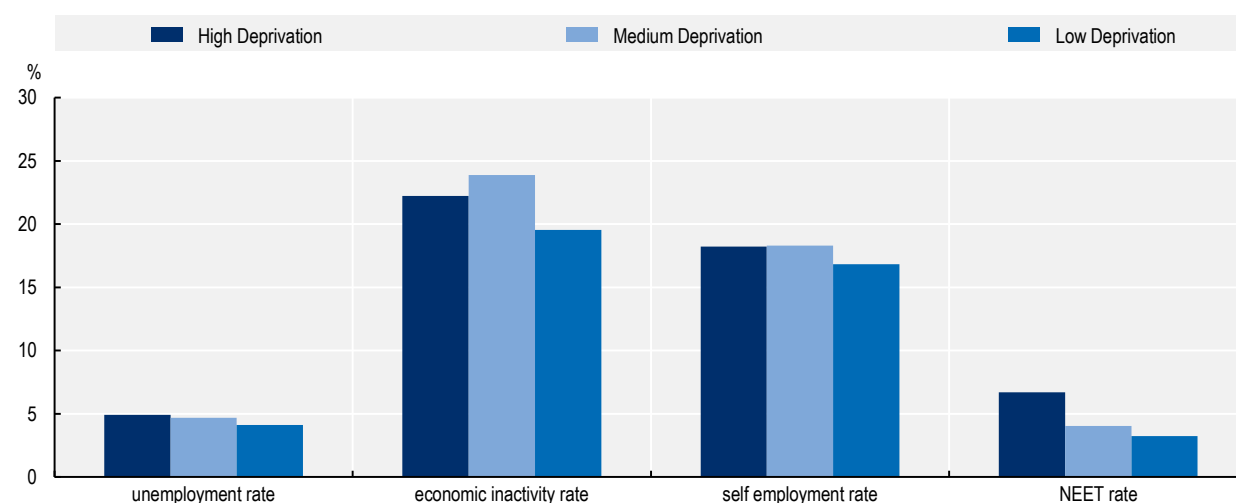
Internationally, data on economic activity, productivity, labour market trends, and income document the strength of London's economy. In a comparison with other major OECD metropolitan areas, London records the highest disposable income level (Annex Table 2.A.1). Furthermore, London is among the top 40% in terms of economic activity as measured by GDP per capita. Equally, it had relatively high labour productivity of almost USD 120 000 per worker in 2018, making it the metropolitan area with the seventh

highest productivity level out of 18 OECD metropolitan areas.⁴ London also reports relatively high labour market participation and low long-term unemployment rates. Finally, it benefits from a large pool of highly qualified workers, as documented by the second highest share of graduates with a tertiary degree (53.6%), only trailing Toronto where almost two-thirds of the labour force have completed tertiary education.

Despite strong economic growth, some parts of London lag behind economically and have much higher levels of deprivation than other parts of the UK capital. Based on ONS data, multi-level deprivation including factors such as income, employment, health, or education and skills, is more than twice as common in the poorest boroughs as in the most affluent boroughs of London.⁵ In the 10 most deprived boroughs, the pre-COVID unemployment rate and economic activity rates reached 5% and 22%, compared to 4.3% and 19.7% in the 10 least deprived boroughs. Differences within London are especially striking for youth not in employment, education or training (NEET). In London's 10 most deprived boroughs, 6.5% of youth are not in employment, education or training (Figure 2.3). In contrast, the NEET rate only amounts to 3.1% in the 10 least deprived boroughs. These labour market inequalities leave some parts of London, its most deprived boroughs, and their residents more exposed to economic crises. The COVID-19 pandemic is likely to exacerbate these inequalities across London. In responding to the unprecedented challenges of the COVID-19 pandemic, policy makers will need to find solutions for these disadvantaged areas to prevent further inequality (see Figure 2.4 for geographic differences in deprivation across London).

Figure 2.3. Labour market indicators by level of deprivation in London

Unemployment, economic inactivity, NEET, and self-employment rates by level of deprivation, 2019

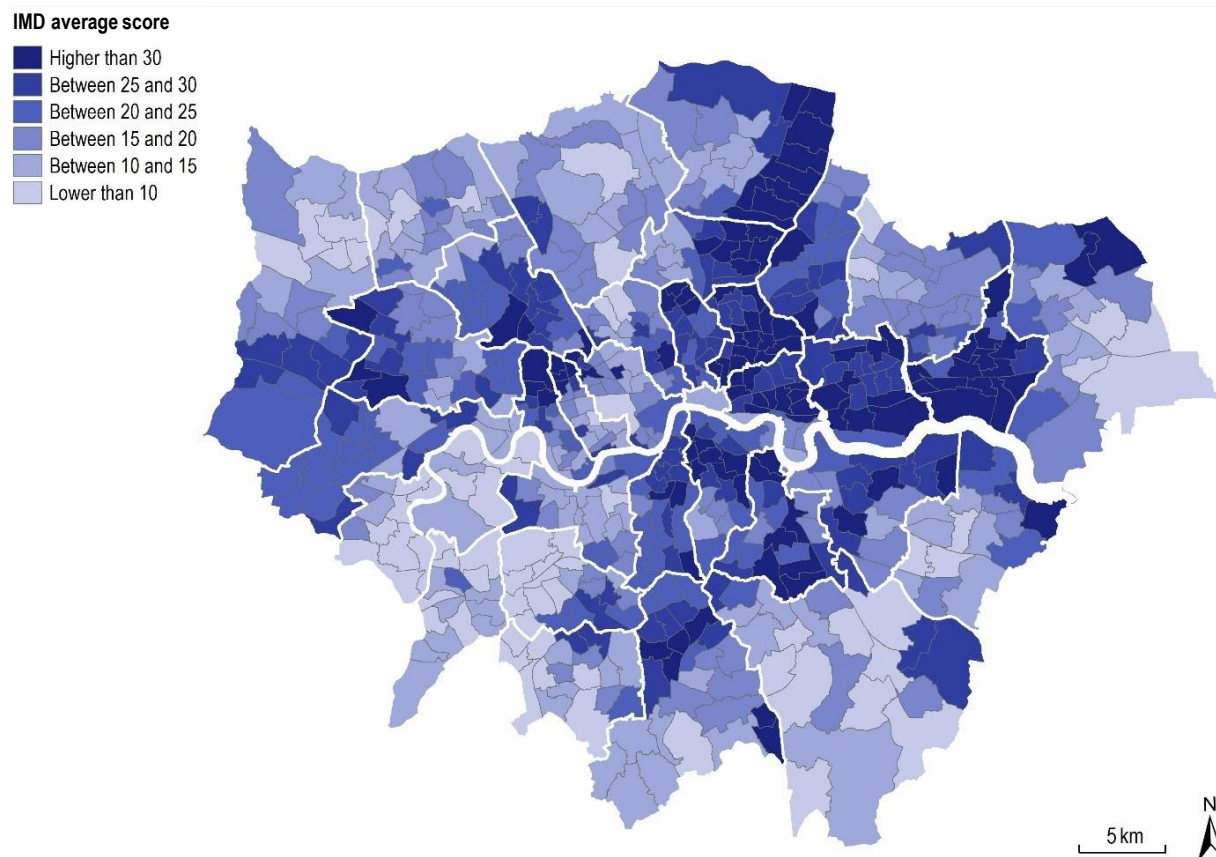


Note: The figure shows unemployment, economic inactivity, NEET, and self-employment rates for London boroughs by level of deprivation. London's 32 boroughs are classified into high, medium, or low deprivation based on the UK *Indices of Deprivation 2019* (Ministry of Housing, 2019^[2]).

Source: OECD elaboration based on data from (Ministry of Housing, 2019^[2]) and ONS.

Figure 2.4. Deprivation across London boroughs

Index of multi-level deprivation (IMD) across wards, sub-divisions of London boroughs, 2019



Note: IMD scores approximate the proportion of the population living in deprived households. Thus, higher scores indicate higher multi-level deprivation.

Source: OECD elaboration based on data from (Ministry of Housing, 2019^[2]) and ONS.

COVID-19 heightens risks of employment and job loss, especially among vulnerable groups

Notwithstanding the overall positive development over the past decade, London's labour market faces both novel as well as structural challenges. The COVID-19 pandemic is already having a severe impact on lives, jobs, wages and inequality in London. London had some of the country's highest COVID-19 mortality rates in March 2020 due to high levels of deprivation in some areas. To prevent a lost generation of young people who enter the labour market and workers who are losing their jobs, London needs proactive plans to help those groups most affected by the recession.

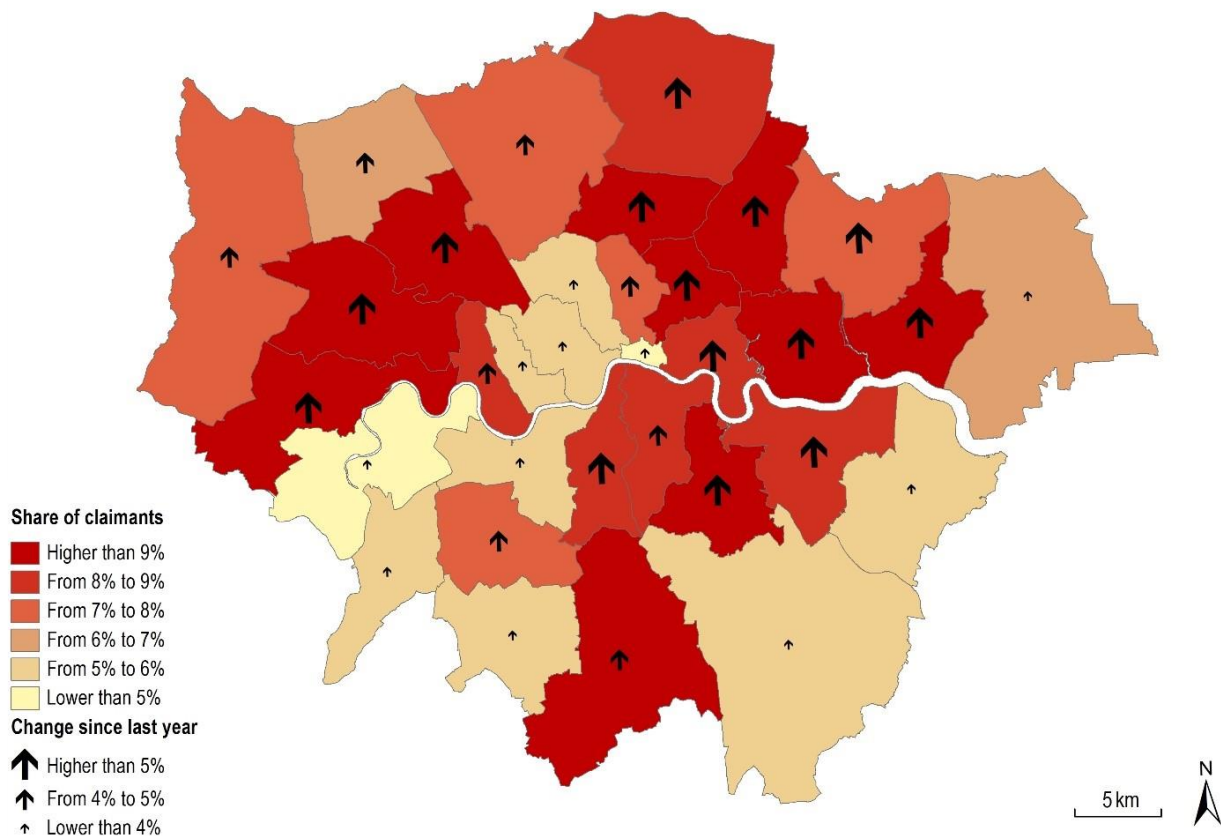
Data from the ONS showed the UK's economy shrank by 20.4 per cent in April – the first full month of lockdown – suggesting the UK is on course for a historic recession. According to September 2020 estimates, the London economy will contract by more than 10% in 2020 (GLA Economics, 2020^[1]). Nowcasting data from ESCOE show that London's Q3 2020 gross value added was 11.2% below its level in 2019, meaning London has experienced the worst contraction apart from Wales among all UK regions (Koop et al., 2019^[3]). This contraction is smaller than initially feared but the negative impact is concentrated on certain sectors and is more pronounced for low-paid and low skill jobs. Already, the crisis has led to a

considerable fall in employment and, given a significant drop in vacancies as well as the pending rollback of government aid such as the furlough scheme, the pandemic is likely to have long-lasting effects.

During the peak of the pandemic in the spring 2020, London lost thousands of jobs as lockdown measures hit the economy. Compared to the preceding three months, the employment rate of 16-64 year olds between April and June 2020 fell by 0.4 percentage points (to 76.5%) in London, a decrease that was more pronounced than the national figures, as the UK employment rate fell by 0.2 percentage points. While the unemployment rate in London appeared to be unaffected, economic inactivity rose by 0.3 percentage points in London. As new containment measures become necessary, more jobs could be at risk. Recent OECD estimates suggest the share of jobs in sectors most directly impacted by containment measures varies from less than 15% to more than 35% across regions, with large cities and tourist destinations such as London having a higher share of jobs at risk (OECD, 2020^[4]). In fact, as of October 8 2020, the number of universal credit and jobseeker allowance claims has increased by 5% across London compared to last year (Figure 2.5).

Figure 2.5. Claimants of universal credit and jobseekers allowance in London, October 2020

Share of population that claimed universal credit or jobseeker allowance and evolution of claimant numbers since last year, by borough



Note: The figure presents the percentages of each borough's population aged from 16 to 64 that claimed Jobseekers Allowance (JSA) or some Universal Credit (UC) based on data from October 8 2020. The UC claimants that are included are 1) those that were recorded as not in employment (May 2013-April 2015), and 2) those claimants of Universal Credit who are required to search for work, i.e. within the Searching for Work conditionality regime as defined by the Department for Work & Pensions (from April 2015 onwards). Additionally, the figure presents the relative increase in claimant numbers in percent over the past year.

Source: OECD elaboration based on ONS data.

These headline figures do not reveal the full extent of the labour market impact of COVID-19. Although overall economic activity in London dropped significantly, with its GDP by more than 19% between March and May 2020, government support schemes have provided a cushion against fast rising unemployment and income shocks (GLA Economics, 2020^[5]). The UK government expanded the entitlement to unemployment related benefits and introduced a far-reaching furlough scheme (see Box 2.2 for more details). Together, these measures are providing support to around 2 million London residents.⁶

Box 2.2. The UK furlough scheme

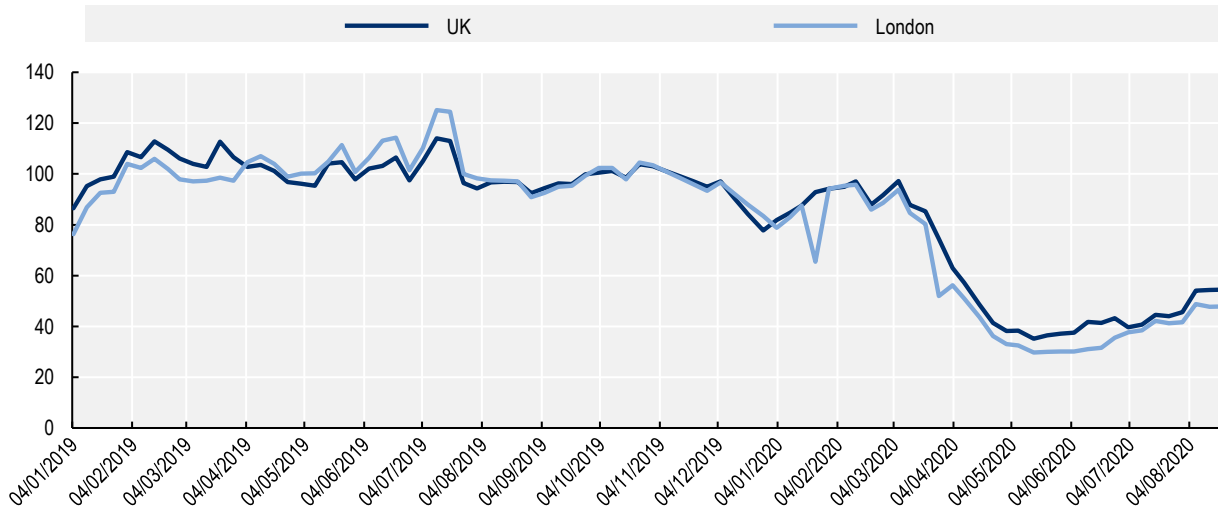
On 20 March 2020, Rishi Sunak, the Chancellor of the Exchequer, announced the Coronavirus Job Retention Scheme. The scheme offers a financial package designed to help employers and businesses during the COVID-19 pandemic. As part of this furlough scheme, the central government provides grants to employers to pay 80% of a staff wage each month, up to a total of GBP 2 500 per person per month. Initially foreseen for three months, the scheme was eventually extended and was foreseen to expire at the end of October 2020. At the end of October and early November 2020, the UK government announced the extension of the furlough scheme until the end of March 2021.

Benefits claims in the UK capital have gone up by 160% between February 2020 and January 2021, with young workers being affected the most. In London, the number of claims by residents aged 16 or older has increased by almost 300 000, reaching a total of 485 000 in January 2021 (GLA, 2021^[6]). Among young workers aged 25-29, claims even rose by almost 250%. The rise in claim counts is significantly higher than for the UK overall, where claims increased by 117% (or almost 1.5 million). London experienced the second highest relative increase of all UK regions, only exceeded by the South East (+154%). Due to the size of its economy and the large rise in local claims, London accounted for a fifth of all new benefit claims in the UK.

While London's economy is losing jobs, its firms are also significantly reducing hiring efforts. Compared to the average number of vacancies posted online throughout 2019, London has seen a drop in available vacant jobs of more than 50% by August 2020 (Figure 2.6). While all regions and countries of the UK saw lower vacancies numbers following the start of the pandemic, London experienced a significantly larger decrease (- 52.1%) in the number of vacancies than the UK overall (-45.5%). The only region in the UK with a larger fall in vacancies, relative to the 2019 average, is Yorkshire and The Humber (- 55.6%). In comparison to London, firms' hiring decisions in Wales, Northern Ireland, or the East Midlands appear to be considerably less affected, with vacancies having decreased by around 30-35%.

Figure 2.6. Evolution of vacancies in London and the UK

Number of vacancies relative to the 2019 average



Note: The underlying data are created based upon job adverts provided by Adzuna. The data include information on several million job advert entries each month, live across the UK across the period January 2019 to August 2020, broken down by region and job category.

Source: ONS, based on job adverts provided by Adzuna.

Recent evidence based on data from indeed, the largest online job site in the UK, further points out the large hit to London's economy. Compared to other regions of the UK, London documented the greatest fall in online vacancies in percentage points as of September 18 relative to the same period in 2019.⁷ In contrast to improvements seen in all other regions of the UK over the last weeks of August 2020 and first weeks of September 2020, online vacancies remained stagnant in London. In fact, job postings in London were 54.6% below the number of vacancies observed on 18 September 2019, only slightly above their lowest point of -56.9% in early June 2020. With the government [reversing](#) its push to get more people back into offices, city centre economies are set to face further headwinds, with London in particular likely to suffer.

The economic impact of the crisis is concentrated on sectors of London's economy that have been particularly hard hit by containment measures and those sectors are unlikely to recover quickly. Certain sectors such as hospitality, leisure, tourism, and the creative industries have been devastated. Since February 2020, these sectors reported revenue declines of more than 30%. Current estimates predict that the three sectors with the greatest decline in real gross value added in 2020 will be Accommodation and food services (-30.1%), arts, entertainment, and recreation (-25.3%), and education (-24.7%) (Figure 2.7). The recovery for the accommodation and entertainment sectors is likely to be slow as international tourism is anticipated to decrease by 60-80% in 2020, and is not expected to rebound quickly (OECD, 2020^[7]) (see Box 2.3). Other sectors that face significant contraction include construction and manufacturing, with a predicted fall in revenue in 2020 of around 19% and 17% respectively.

Figure 2.7. Projections for GVA in 2020 and jobs in 2021 across sectors in London

Growth rates of GVA (2020) and jobs (2021) across sectors of London's economy

Real GVA annual growth rate in 2020		Workforce jobs annual growth rate in 2021	
Sector	%	Sector	%
Agriculture, forestry and fishing	-2.8%	Agriculture, forestry and fishing	-3.5%
Mining and quarrying	-2.9%	Mining and quarrying	-4.3%
Manufacturing	-16.6%	Manufacturing	-7.5%
Electricity, gas, steam and air-conditioning supply	-2.4%	Electricity, gas, steam and air-conditioning supply	-4.9%
Water supply, sewerage and waste management	-0.5%	Water supply, sewerage and waste management	-5.4%
Construction	-19.0%	Construction	-6.8%
Wholesale and retail trade; repair of motor vehicles	-14.0%	Wholesale and retail trade; repair of motor vehicles	-7.8%
Transportation and storage	-14.2%	Transportation and storage	-7.5%
Accommodation and food service activities	-30.1%	Accommodation and food service activities	-10.5%
Information and communication	-7.8%	Information and communication	-5.3%
Financial and insurance activities	-6.6%	Financial and insurance activities	-2.0%
Real estate activities	-8.5%	Real estate activities	-4.8%
Professional, scientific and technical activities	-10.5%	Professional, scientific and technical activities	-4.1%
Administrative and support service activities	-9.6%	Administrative and support service activities	-5.8%
Public administration and defence; compulsory social security	-10.1%	Public administration and defence; compulsory social security	-3.0%
Education	-24.7%	Education	-8.5%
Human health and social work activities	13.2%	Human health and social work activities	0.5%
Arts, entertainment and recreation	-25.3%	Arts, entertainment and recreation	-9.3%
Other service activities	-7.5%	Other service activities	-4.3%
Activities of households	-9.1%	Activities of households	-3.8%

Note: Estimates are based on a gradual return to economic growth. Green indicates growth, orange indicates decline, and red indicates large decline.

Source: Estimates from GLA Economics.

Box 2.3. The impact of COVID-19 on tourism and hospitality in London

Tourism plays an important role for London's economy. In 2019, London attracted 21.7 million overnight visits from abroad (ONS, 2020^[8]). These international tourists spent almost 16 billion GBP in London, which is equivalent to more than 3% of London's total GDP. The actual contribution of tourism to London's GDP is even larger if domestic day tourists are included in the spending figures.

COVID-19 has brought tourism in London to a standstill. **Revised OECD estimates indicate that the shock caused by COVID-19 could amount to a 60-80% decline in the international tourism economy in 2020**, depending on the duration of the crisis and the speed with which travel and tourism rebounds (OECD, 2020^[7]). The top five countries in terms of tourism spending in London, the United States, China, France, Italy, and Germany, alone accounted for more than 5.5 billion GBP or 35% of all international tourism spending in London. Given that these countries either face a resurgence of the pandemic or are subject to travel restrictions, the revenue loss for London's tourism economy will be drastic.

The lack of international and, to a lesser degree, domestic tourists will have a severe impact on particular sectors of the economy. The sector that is hit hardest is accommodation and food service activities, which accounts for around 2.8% of GVA and 380 000 jobs in London. Many of those jobs are now at risk. The arts and entertainment industry, which contributes 2.1% to London's GVA and employs around 140 000 people, is another sector that will face significant difficulties due to the lack of tourism.

Source: OECD Regional database 2020; (ONS, 2020^[8]); (OECD, 2020^[7]).

The bulk of employment loss in London will likely materialise in 2021 and could cause long-term scarring effects for workers. Across London, current estimates predict a relatively small reduction of employment in 2020 but a much larger fall in 2021, with total employment to decline between 5.6% and 2.8%, depending on the speed of the economic recovery (GLA Economics, 2020^[1]). Based on the scenario of a gradual return to economic growth (as opposed to persistently low economic growth or fast economic recovery), several sectors could see drastic falls in employment. Jobs in accommodation and food service activities could fall by 10.5%. Several other sectors, including arts, entertainment and recreation, education, or manufacturing could also a decline in the number of jobs of 7.5% or more. While the true extent of employment losses will only be clear in several months' time and depend on the containment of the COVID-19 pandemic, job losses in London will be concentrated on specific sectors and certain groups of workers. Displaced workers could see lower earnings for years while young workers who enter the labour market during this economic crisis could not only suffer from lower earnings but also lower life satisfaction.

The pandemic has changed the way people work, with a fundamental shift towards remote-working

COVID-19 has brought about a new normal of remote working. As social distancing and confinement measures made traditional office-based work difficult to uphold, employers and employees throughout the OECD embraced telework. Wherever possible, businesses have undergone a transformation to operating virtually, with an enormous surge in the use of videoconferencing technologies. According to the Office for National Statistics (ONS), only 1.7 million people in the UK worked from home before the pandemic. At the height of the national lockdown in the UK, this number rose to more than 20 million people.

Not all local economies have been able to shift towards remote working. The extent to which remote working is feasible differs significantly across OECD regions and cities. The share of jobs that are amenable to teleworking depends on the structure of the local economy and the types of jobs that are locally available (see Box 2.4 for a detailed explanation). Jobs differ in their tasks content, which in turn determine whether the job can be performed remotely or not. For instance, many high skill jobs in the service sector are amenable to teleworking, whereas low-paid service jobs that require physical proximity or jobs in the manufacturing industry have a low potential for remote working.

Box 2.4. Assessing the regional share of occupations amenable to remote working

The assessment of regions' capacity to adapt to remote working is based on the diversity of tasks performed in different types of occupations and is structured in two steps.

First, it classifies each occupation based on the tasks required and according to the degree to which those tasks can be performed remotely. For example, occupations requiring workers to be outdoors (e.g., food delivery person) or to use heavy equipment (e.g., a vehicle) are considered to have a low potential of remote working. In contrast, occupations requiring only a laptop and an internet connection (e.g., an accountant, finance specialist, etc.) will have a high potential to work remotely. This classification is based on a recent study (Dingel and Neiman, March 2020^[9]), which is built from the O*NET surveys conducted in the U.S. These surveys include targeted questions that make it possible to assess the potential of remote working of occupations in a systematic way (see note below).

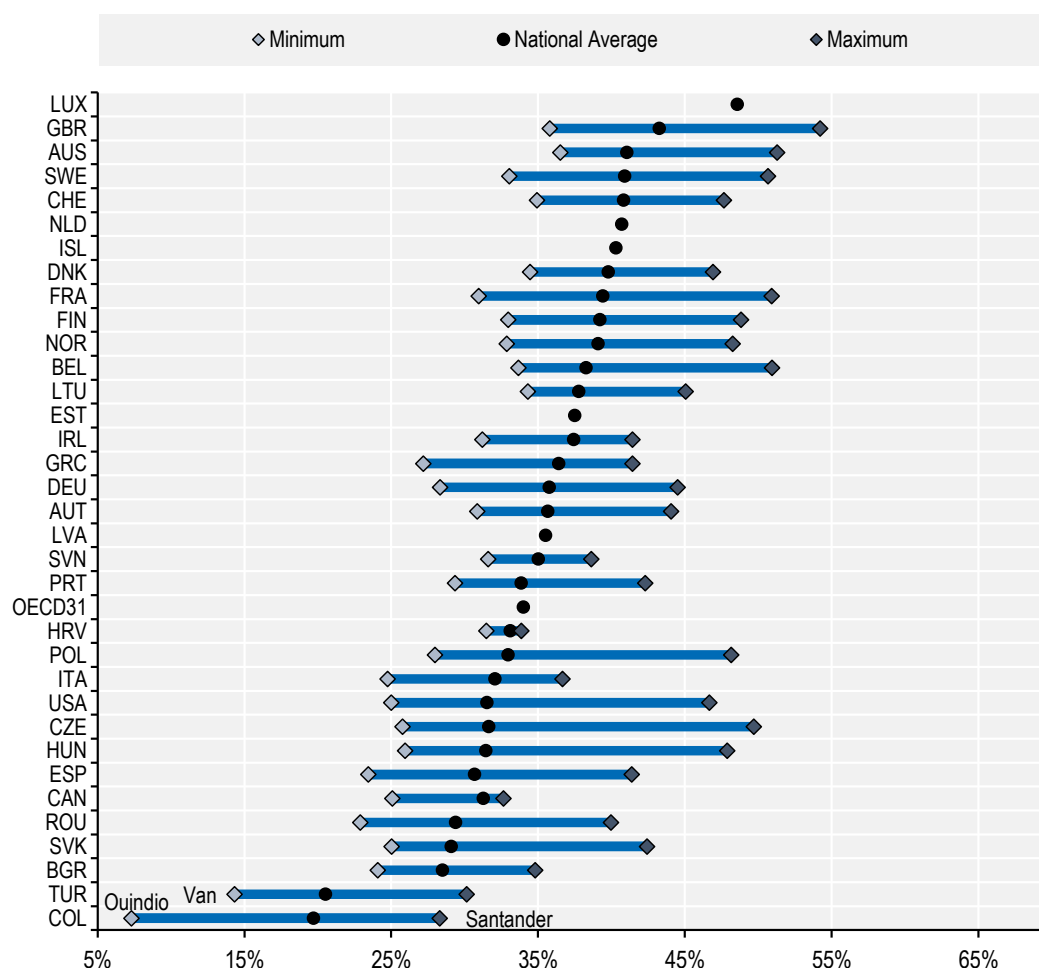
The second step relies on data from labour force surveys and consists of assessing the geographical distribution of different types of occupations and subsequently matching those occupations with the classification performed in the first step. Combining the two data sets allows assessing the number of workers that can perform their task from home as a share of the total employment in the region.

Note: While other authors have used the US Standard Occupational Classification system (SOC) to classify occupations, this OECD analysis uses the International Standard Classification of Occupations (ISCO), requiring a crosswalk between the two schemes for associating each occupation to a level of remote working potential in other countries. It is worthwhile noting that this work assumes that task content of occupations is consistent across countries, as in (Saltiel, 2020^[10]) or (Gottlieb, Grobovsek and Poschke, n.d.^[11]). Other studies focused on specific countries have categorised the remote working potential of occupations based on subjective, expert judgement, such as (OFCE, 2020^[12]) and (Centre for Cities, 2020^[13]) for France and the United Kingdom, respectively.

Source: (Özgüzel et al., 2020^[14]).

No other city or region across the OECD has a greater capacity for remote working than London. In a comparison of OECD regions, London ranks first in terms of jobs amenable to teleworking (Figure 2.8). Overall, around 55% of jobs in London can easily be transitioned to teleworking.⁸ This places London significantly above the UK average (43%) and other major OECD cities such as Zurich (47%), Stockholm (51%), Hamburg (44%) or Washington DC (47%), all of which have the highest teleworking capacity in their respective country. This adaptability of London's economy is a major asset; without it, COVID-19 could have had an even more severe impact on London's economy. Furthermore, it boosts resilience if future shocks should arise or if additional lockdown measures could become necessary. However, there is a growing risk that the London's labour market is increasingly divided along a new line determined by individuals' skill level, between those who telework and do not travel as much within or into the city and those, especially low-skilled workers, who cannot telework and thus face unemployment and a lack of job growth in their sectors (Espinoza and Reznikova, 2020^[15]).

Figure 2.8. Share of jobs amenable to remote working across the OECD, 2019



Note: The number of jobs in each country or region that can be carried out remotely as the percentage of total jobs. Countries are ranked in descending order by the share of jobs in total employment that can be done remotely at the national level. Regions correspond to NUTS-1 or NUTS-2 regions depending on data availability. Outside European countries, regions correspond to Territorial Level 2 regions (TL2), according to the OECD Territorial Grid.

Source: Based on (Özgüzel et al., 2020^[14]). OECD calculations based on European Labour Force Survey, American Community Survey, Turkish Household Labour Force Survey and Occupational Information Network data (accessed in April 2020).

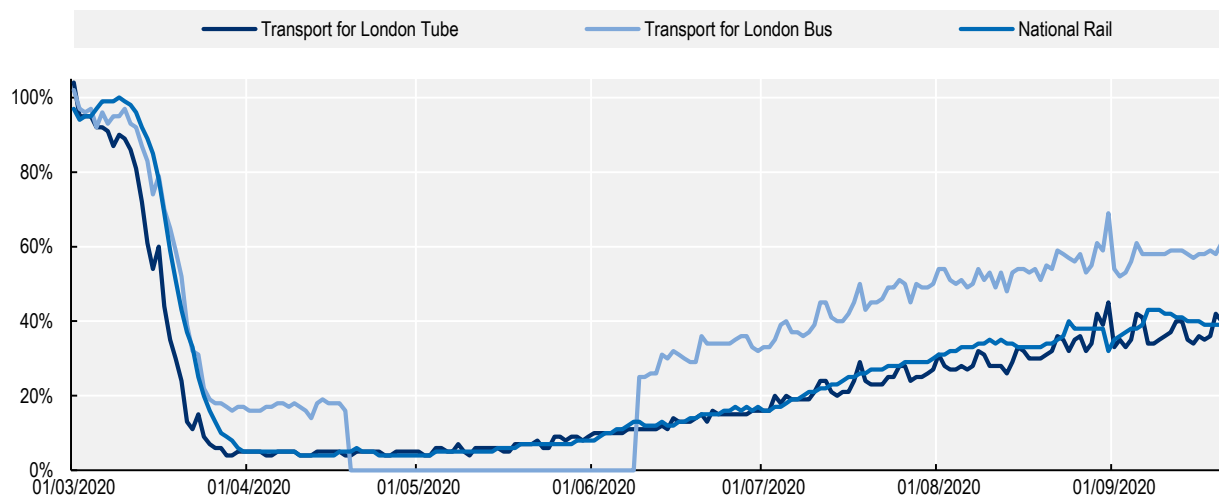
While remote-work has kept parts of London's economy running, it changes the economic geography of London and threatens the viability of the service industry in the city's central parts. The shift away from office-based work towards remote working in combination with other COVID-19 measures have led to a dramatic fall in transport use in London and the UK. Commuting numbers have plummeted, which has hit Central London particularly hard. Before COVID-19, more than 900,000 people, or around a fifth of London's workforce, commuted into London on a daily basis. Commuters constituted a vital source of customers for Central London's service economy, ranging from cafés and restaurants to high-street stores.

Since March, commuting in and to London has fallen by more than 50%. Many parts of Central London, normally busy with office workers, tourists, and shoppers, are especially quiet. Use of the Transport for London Tube services and Transport for London Bus services still remain significantly below their usual passenger numbers, remaining at 40% and 60% of the transport use of the same period in 2019 (Figure 2.9). Many workers use the National Rail services in normal times to travel to London from commuter towns. However, National Rail service use is also down by around 60% compared to 2019.

While the initial drop in transport use was driven by the fact that most non-key workers stayed at home, the slow recovery of transport use suggests a sustained and potentially long-lasting reduction in commuting flows to London.

Figure 2.9. Transport use relative to previous year, March to September 2020

Use of the London tube, London bus services, and national rail relative to the previous year (=100%)



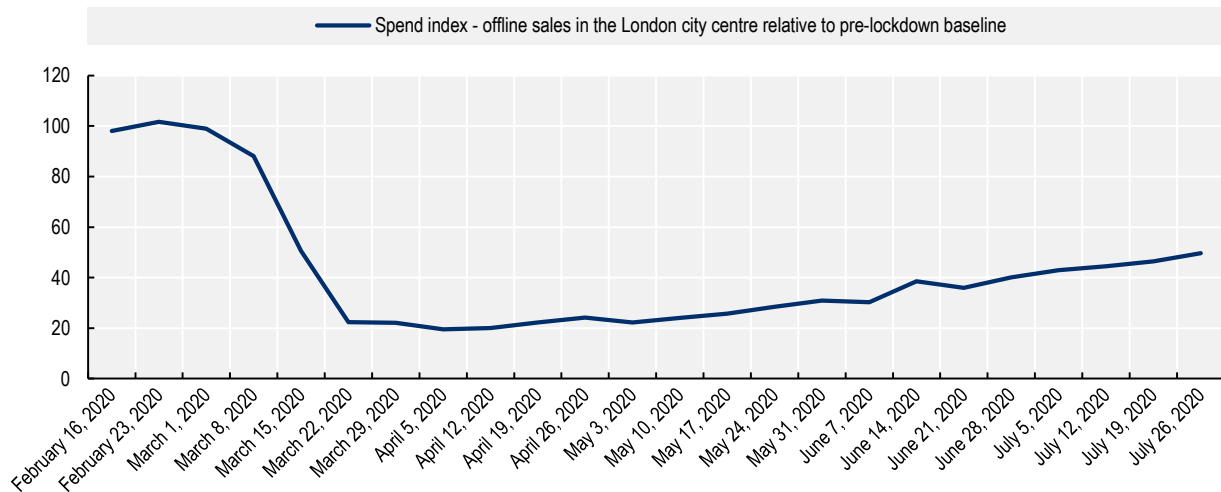
Note: The figure displays the use of transport (London Tube, London Bus, National Rail) relative to the use on the equivalent day or week in 2019. Numbers are denoted in percentages of the use in 2019.

Source: OECD elaboration of data from the UK Department for Transport.

For businesses in Central London or central parts of other big cities, the loss of commuters results in significantly subdued business activity. Overall, high-street footfall in the UK in July 2020 was down by 42% compared with a year ago and for high-street businesses, the fall was even higher at 47.5%. The lack of commuters compounds the negative effects of the reduction foreign tourism. In contrast, online retail business has soared, with non-store retail revenues growing by 28.6% in January to August 2020 compared to the same period in 2019 (ONS, 2020^[16]). According to the Centre for Cities' high streets recovery tracker, London has experienced one of the slowest high-street recoveries of cities and large towns in the UK (Centre for Cities, 2020^[17]). In London, footfall remains the third lowest compared to pre-lockdown levels. In terms of high street spending, London has had the slowest recovery in the UK, with high-street spending at half the pre-lockdown level (Figure 2.10).

Figure 2.10. Tracking the high-street recovery in Central London

Offline sales in the city centre relative to a pre-lockdown baseline (100)



Note: The figure shows the volume of offline sales in London's city centre relative to the sales volume before the UK lockdown started.

Source: Based on (Centre for Cities, 2020^[17]).

The business model and, therefore, the jobs associated with service providers in Central London faces significant uncertainty. As a survey from the British Council for Offices (BCO) suggests, the pandemic appears to have changed working patterns for good. In the future, many white-collar workers plan to adopt a mixed approach, combining several days a week in the office with remote working (Guardian, 5 October 202^[18]). Almost half of all respondents (46%) stated planning to divide time between remote work and office work over the coming six months. An additional 15% intend to shift completely to remote work. While this paradigm shift might help boost local economies in commuter belt towns, it will also erode the business model of some of Central London's high-street stores and, thus, create a risk of redundancy for many workers.

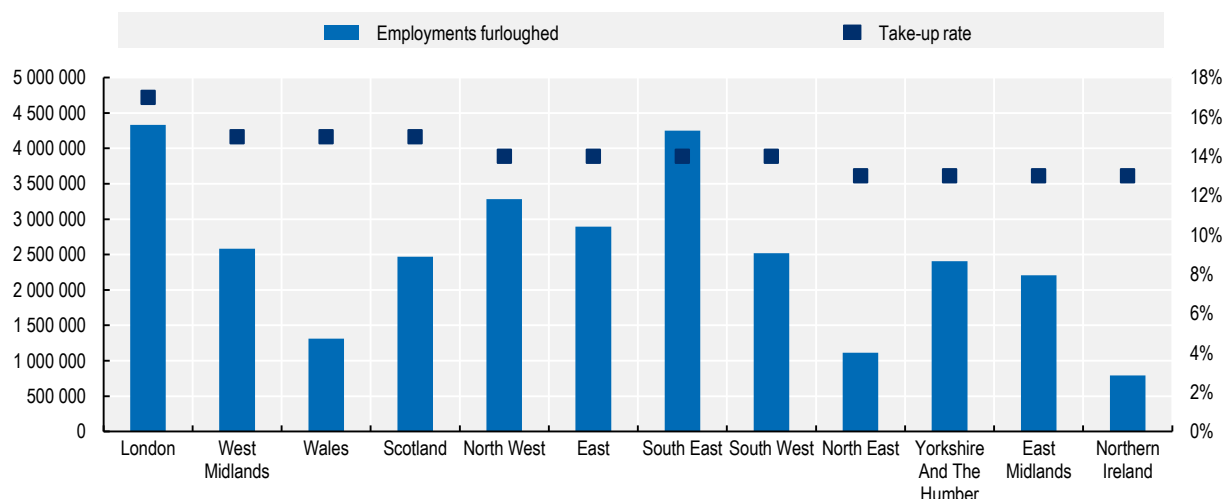
What happens when furlough ends?

The UK furlough schemes offers an even more telling view of the severity and the uneven impact of the crisis on London's economy than unemployment statistics. Rapid action by the central government protected millions of jobs in the UK. If not for government support, many enterprises in London would have faced even greater financial difficulties and, consequently, hundreds of thousands of jobs could have been lost in London. While the furlough scheme has shielded local economies across the UK, it begs the question of what will happen once furlough ends.

The end of the central government's furlough schemes, which has supported millions of workers during the pandemic, will pose a serious threat for London's labour market. At its peak, around 1.4 million Londoners were furloughed and even now, many Londoners remain on furlough. As of the end of July 2020, of the 4.8 million people furloughed in the UK, more than 700 000 are in London. London has not only the highest absolute number of furloughed employees among all regions of the UK but it also has the highest furlough take-up rate at 17%, as the proportion of jobs on furlough is higher than anywhere else in the UK (Figure 2.11).⁹

Figure 2.11. Furloughed employment in London and the UK, 31 July 2020

The total number of employments furloughed and their share relative to all eligible jobs



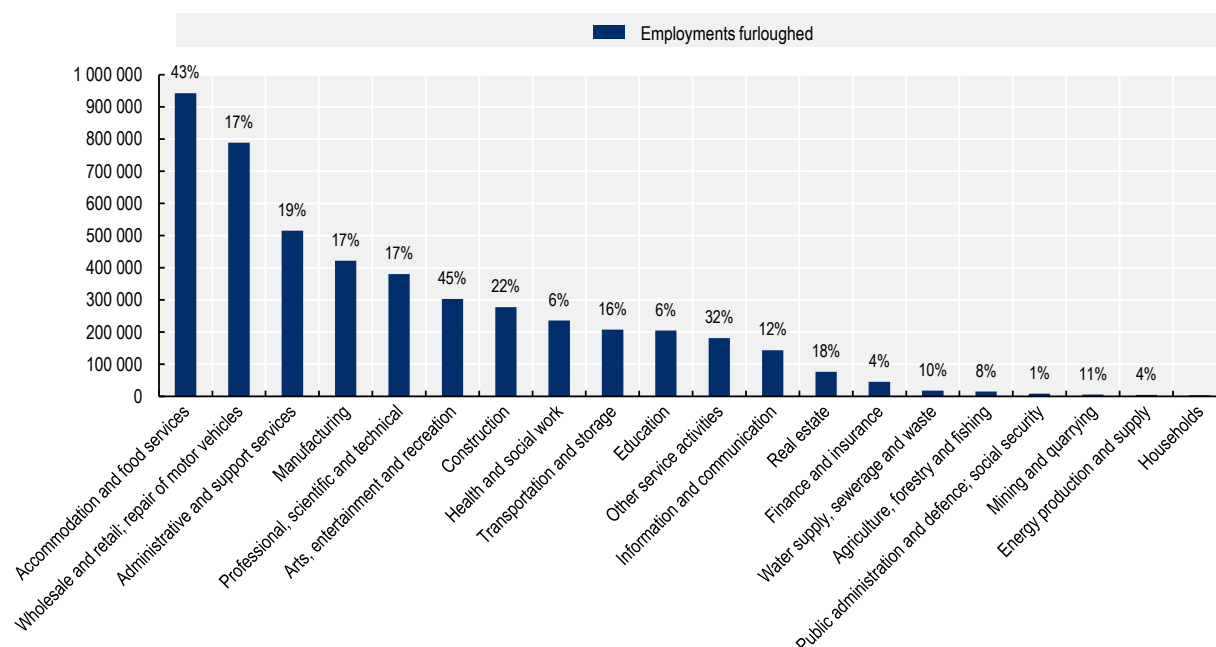
Note: The figure shows the total number of employments on furlough (left axis) and the take-up rate (right axis), i.e. the number of furloughed jobs as a share of all eligible employments.

Source: OECD elaboration of data from HMRC CJRS and PAYE Real Time Information.

Some sectors have a particular strong reliance on furlough and thus face heightened risks of employment loss. Across the UK, more than 900 000 workers in the accommodation and foods services sector (or 43% of the overall workforce) are still on furlough (Figure 2.12). In arts and entertainment, almost half of all employees (45% or around 300 000 in total) also rely on furlough. Such sectors have lost their revenue base and face additional difficulties due to the lack of foreign tourists and, in London's case, the shift away from central office work to remote working. Therefore, the economic recovery of these sectors will be slow, which threatens associated jobs as the furlough support ends in October. Furthermore, small and medium-sized enterprises (SMEs) make greater use of the furlough scheme than large enterprises since they tend to have smaller financial reserves and, often, cannot react as quickly to implement new work methods such as digital tools to continue business (Table 2.1). As a result, risks of insolvency and job loss could also be more concentrated among SMEs than large enterprises.

Figure 2.12. Furlough claims in the UK by sector, 31 July 2020

The total number of furlough claims and share of furloughed jobs by sector



Source: OECD elaboration based on data from HMRC CJRS and PAYE Real Time Information.

The COVID-19 could exacerbate existing labour market inequalities when furlough ends as disadvantaged groups bear the brunt of the crisis. The sectoral concentration of furlough take-up reveals that the impact of the economic crisis is relatively worse in sectors with low-skilled employees. Furthermore, the young, another vulnerable group, also disproportionately rely on furloughed employment. Across the UK, take-up rates range between 26% and 31% for all age groups apart from those aged 16-25, among which 44% are furloughed.¹⁰

Table 2.1. Furlough in the UK by employer size, July 2020

Employer size	Employments		Take-up rate
	Number of employees furloughed	Number of eligible employees	
1	175,500	727,600	24%
2 to 4	520,600	1,682,900	31%
5 to 9	462,100	1,547,800	30%
10 to 19	469,400	1,792,700	26%
20 to 49	654,600	2,615,300	25%
50 to 99	400,200	1,977,600	20%
100 to 249	452,900	2,606,600	17%
250+	1,673,700	17,402,600	10%
Unknown	5,500	-	-
Total	4,814,500	30,353,200	16%

Source: Data from HMRC CJRS and PAYE Real Time Information.

Even though the full impact of COVID-19 is still to materialise, the documented recent trends in economic activity, employment and firms' vacancies suggest that the repercussions will be huge and long lasting. To ensure a successful and sustainable economic recovery, policy makers need to enable workers on furlough to pre-emptively participate in adult learning and facilitate workers to transition into different or new jobs. Adult learning will be essential in this quest as it offers workers opportunities to develop skills, re-train, and thus enhances their employability and resilience. In sectors with the highest risk of redundancies such as hospitality, many workers might have to adopt by gaining new skills to find a job and London's adult learning needs to be prepared to offer them learning opportunities that align with the rapidly changing needs of the local economy.

The adult learning system in London and its relevance for a sustainable economic recovery that offers new opportunities for all

Adult learning is more important than ever

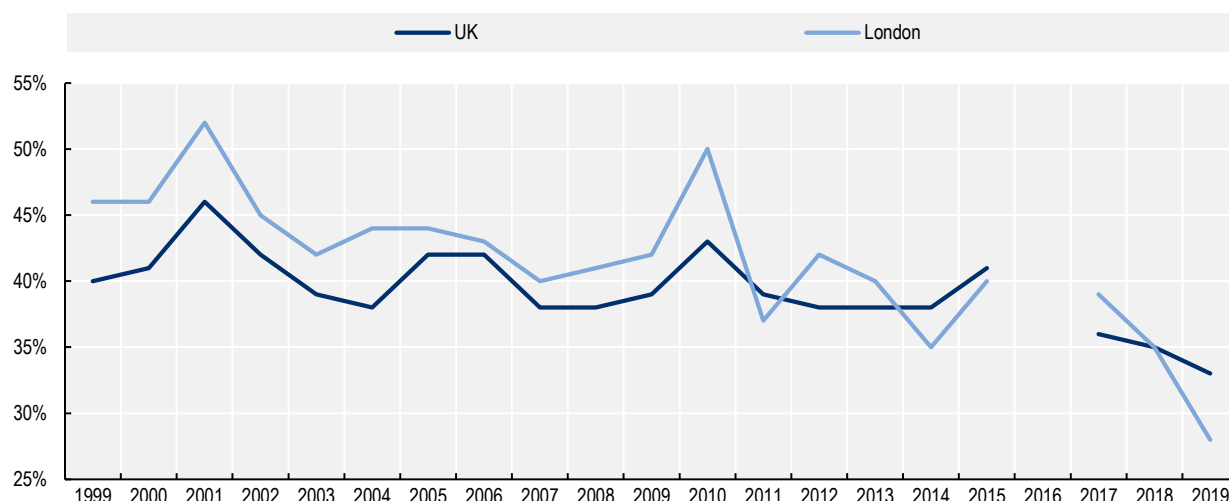
Enhancing skills development in London via adult learning has become even more important because of the COVID-19 pandemic. As documented in the preceding section, the economic crisis caused by the pandemic has led to a significant loss of jobs in London. Furthermore, hundreds of thousands of Londoners remain on government support schemes. Once national programmes such as the furlough scheme end, many more jobs will be at risk of redundancy. The crisis has affected some sectors particularly hard and, to some extent, has cast questions about the viability of their business models. Workers in these sectors require opportunities to transition into other sectors and new careers. Adult learning can help them to re-train or up-skill and can thus facilitate worker career mobility and resilience.

Risks of unemployment and displacement are concentrated on vulnerable groups of London's population. As documented in the preceding section, sectors with primarily low-pay and low-skill jobs have experienced the highest economic contraction and face long-lasting revenue loss. Furthermore, the young were disproportionately affected by the furlough scheme, with a higher share of individuals aged 16-24 being put on furlough than from any other age group.

Despite its importance in the current context, adult learning participation has fallen in recent years. For most of the period from 1999 to 2015, participation in adult learning remained relatively stable, with some small increases or decreases between years. However, since 2015, participation in adult learning has significantly fallen from 41% to 33% in 2019 (Figure 2.13).¹¹ In London, the decline in adult learning participation was even larger than for the rest of the UK, falling from 40% in 2015 to 28% in 2019.

Figure 2.13. Participation in adult learning in the UK and London, 1999-2019

Share of adults participating in adult learning within the last three years



Note: Data is missing for 2016 because the survey did not take place that year.

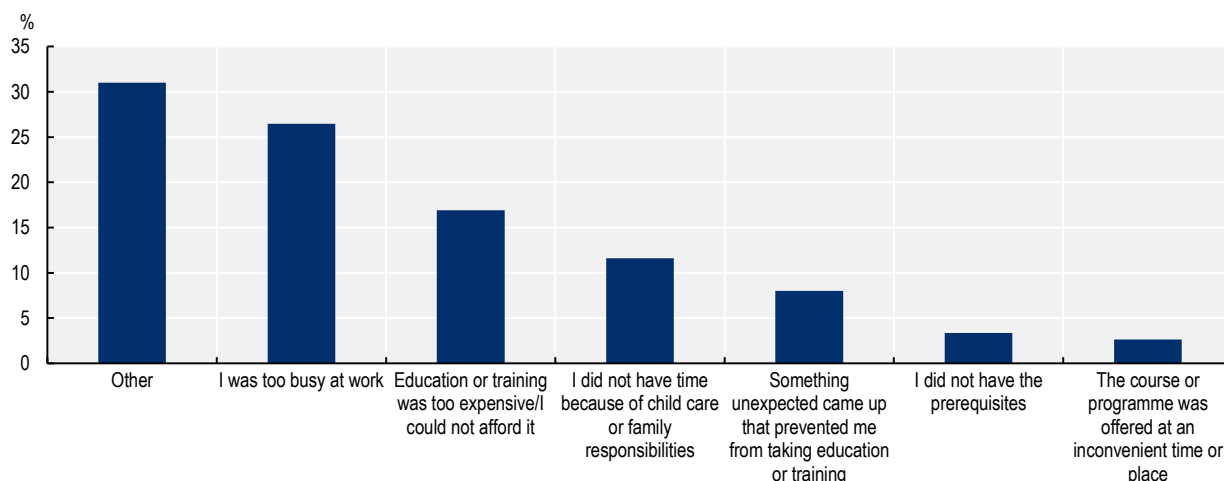
Source: OECD elaboration based on Adult Participation in Learning survey 2019, <https://learningandwork.org.uk/what-we-do/lifelong-learning/adult-participation-in-learning-survey/>.

Overcoming existing barriers to learning in adulthood remains critical for raising learning participation in London. Evidence from OECD countries suggests that those who would benefit the most from adult learning do not have access to or lack the means or motivation use it. On average, workers who are more exposed to risks of automation are less likely to participate in training (OECD, 2017_[19]). Furthermore, those who could require upskilling or training opportunities because their skills do not allow them to find a job, tend to participate the least. Adult participation in education and training of the unemployed or economically inactive trails that of the employed in all OECD countries (OECD, 2017_[19]). Raising awareness of the benefits of learning and training among workers remains a crucial issue. Data from PIAAC suggest that more than 80% of those who do not participate in adult learning lack the interest or motivation to do so (OECD, 2018_[20]).

Across Greater London, various factors provide significant obstacles to participation in learning opportunities. Work-place responsibilities are the leading reason for non-participation in adult learning (Figure 2.14). More than a quarter of adults who did not do any training or learning state time their workload prevents them from doing so. A lack of available time is also a major constraint for around 12% who felt that family and care responsibilities were incompatible with learning offers. Another major barrier are financial constraints. For 17% the learning and training opportunities were too expensive or unaffordable.

Figure 2.14. Barriers to participation in adult learning, Greater London, 2015

Main stated reasons for not participating in adult learning



Note: 18+ year olds. The figure is based on a small sample size of 178 responses to the PIAAC survey in London, representing sample of 1.4 million people. The category "other" contains all potential reasons not included in the six other categories.

Source: OECD Survey of Adult Skills (PIAAC), 2012 and 2015.

Lessons from various OECD countries can provide useful examples to address the main barriers to adult learning in London. Among other things, raising awareness of the returns of skills through targeted information and guidance can boost potential learners' motivation. Furthermore, offering flexible, shorter or modular types of learning programmes can mitigate time constraints. Providing targeted financial support can help alleviate the financial constraints, especially of the low skilled and economically disadvantaged. Finally, making sure that adult learning programmes offer higher labour market relevance should entice more adults into taking advantage of opportunities to up- or reskill (OECD, 2019^[21]).

Developing a vision for adult learning and skills in London

Following the first English devolution deal in 2014, the Greater London Authority (GLA) and London Councils proposed skills devolution to London. Their proposal consisted of a series of high-level outcomes sought for the London skills system by 2020 and suggestions on devolving skills funding, including the Adult Education Budget (AEB), London's share of advanced learner loans and a guaranteed 'proportionate return' to London from the apprenticeship levy. It also foresaw the creation of a Skills Commissioner for London. In 2016, the UK government announced that it would delegate the Adult Education Budget to London from 2019-20, subject to readiness conditions.¹² To date, there has been no further skills devolution to London. However, London has continued to develop and articulate its vision for adult learning and skills, and to use available resources to put this into place:

London has published a dedicated post-16 skills and adult education strategy. *Skills for Londoners: A skills and adult education strategy for London* sets out a vision for "A city for all Londoners - making sure Londoners, employers and businesses get the skills they need to succeed in a fair, inclusive society and thriving economy" (GLA, 2018^[22]). Within the London skills strategy, the Mayor set out an ambition to seek significant devolution of skills funding for the capital – including careers information, advice and guidance, apprenticeships funding, and the UK Shared Prosperity Fund – in order to create "a single, integrated skills and adult education offer for London to deliver a more strategic, whole-system approach to post-16 skills."

The Strategy identifies three priorities for action:

- Firstly, to empower all Londoners to access the education and skills to participate in society and progress in education and work – through the creation of an all-age careers offer, targeted employment and skills provision for the most disadvantaged groups, and devolution of the AEB.
- Secondly, to meet the needs of London's economy and employers, now and in the future – through the Mayor's Good Work Standard (GLA, 2021^[23]) and Growth Hub¹³, alongside a focus on developing apprenticeships and London's wider technical and vocational provision. A London Occupational Skills Board was also created to advise on aligning skills provision with skills needs in London.
- Thirdly, to deliver a strategic city-wide technical skills and adult education offer – through the creation of a new Skills and Employment Knowledge Hub, to work with sub-regional partnerships and others to create a more collaborative and strategic skills system.

In 2019, the Mayor of London and London Councils published *Skills for Londoners: A call for action*, demanding a new devolution and funding deal to create an integrated skills and employment system. *Call for Action*, argued that the combination of London's record of devolution to date, the Mayor's mandate and labour market intelligence, and the boroughs' reach into local communities mean that London government is better placed than the UK government to tailor solutions to local communities (GLA, 2019^[24]). The plan also provides an overview of all the elements that an integrated local skills and employment system for London should contain (Figure 2.15).

Figure 2.15. Skills for Londoners: A Call for Action

Recommendations for a devolved skills and employment system for London



Source: OECD illustration based on (GLA, 2019^[24]).

How does London plan to deliver its skills and adult learning vision?

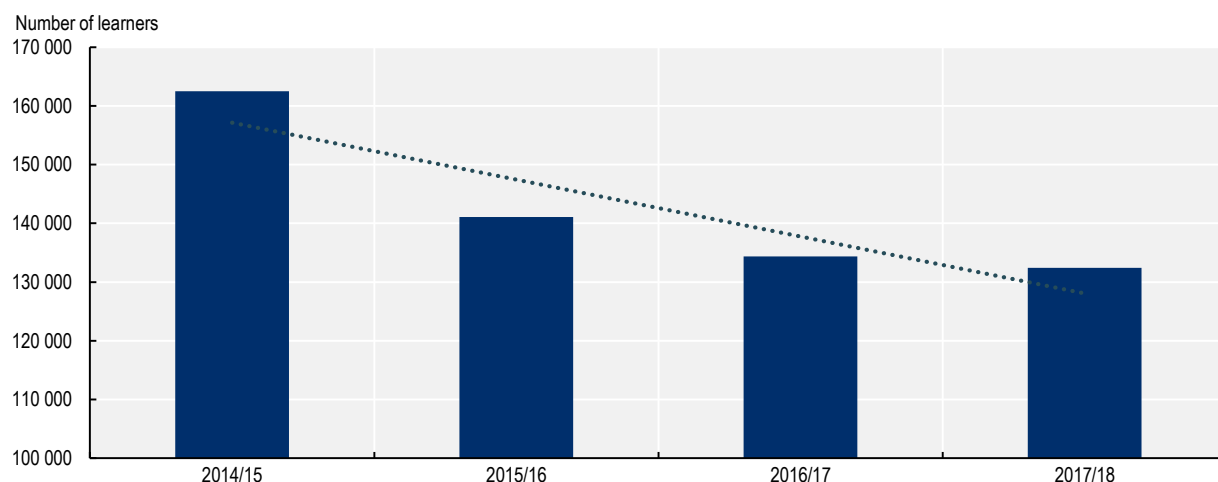
To deliver its skills and adult learning strategy, the GLA has set up two advisory bodies. The Skills for Londoners Board of key stakeholders provides advice on skills and employment programmes, including the AEB. The Skills for Londoners Business Partnership aims to improve and better align provision to meet London's skills need. Building on the devolved Adult Education Budget, which corresponded to GBP 318 million in 2019/20, the Mayor of London has outlined ambitious plans to tailor provision to London's specific needs. The Skills for Londoners Framework, published in 2018 outlined eight priorities for the AEB:

- Eligibility for full funding for people in low-paid work (less than GBP 17 004 a year).

- English and maths skills: While more than 3m Londoners have poor literacy skills and more than 4.5m have poor numeracy skills, participation in English and maths courses in London fell by 19% between 2014/15 and 2017/18 (Figure 2.16). The GLA is pursuing research on participation, achievements rates, and best practices and has increased funding to better support Londoners.
- English for speakers of other languages (ESOL): National funding cuts for ESOL since 2010 have hit London disproportionately as over half of the country's ESOL provision is delivered in London. A review of the quality and delivery of ESOL provision in London has been undertaken to support future commissioning.
- Basic digital skills: One in five Londoners lack basic digital skills. The introduction of a basic digital skills entitlement in August 2020 aims to address this.
- Adult and community learning (ACL): Following a review of ACL funding, actions are being taken to ensure allocation better meets local needs and is more focused on priority groups.¹⁴
- Support for disadvantaged learners: To direct financial support where it is most needed, London plans to move away from the national approach of providing a disadvantage uplift based on postcodes, and instead base it on learners' personal characteristics. The GLA has committed to widen funding support and offers help with costs for accommodation, travel, course materials, equipment and childcare, substantial learning barriers for some adults.
- Learners with special educational needs and disabilities (SEND): High quality adult learning and training can mitigate the large employment gap of disabled people in London. Building on a pan-London review of post-16 SEND provision, London is seeking to develop a more inclusive adult learning and skills system for SEND learners.¹⁵
- Addressing London's sectoral and occupational skills needs: The GLA plans to introduce outcome-related payments as part of London's AEB to incentivise providers to be more responsive to the needs of businesses and employers (for example, see Box 2.5).

In responding to the COVID-19 pandemic, the GLA have consulted training providers and other AEB stakeholders. As a result, it has added new AEB priorities. It expanded funding for unemployed Londoners and those on low wages, regardless of prior attainment, to help them access new employment opportunities. Additionally, it raised training providers flexibility in delivering and designing courses (GLA, 2020^[25]).

Figure 2.16. Adult learning participation in English and maths courses in London



Source: (Department for Education, 2019^[26])

Box 2.5. Mayor's Construction Academy

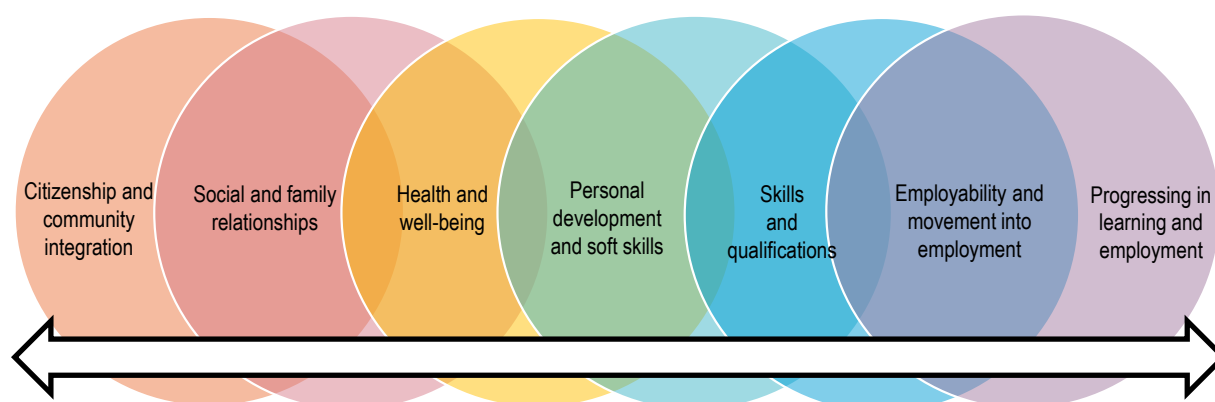
London has a growing construction skills shortage, and construction sector employers require a site-ready workforce to help build the homes Londoners need. To make sure Londoners benefit from the wide range of opportunities available in the sector, the Mayor set up his Mayor's Construction Academy (MCA), connecting Londoners to training in the skills they need to access vacancies in the capital's developments, in trades, professions and management.

The MCA includes: a Quality Mark that identifies and recognises high-quality construction skills training provision in London; hubs to support Londoners, employers and training providers connect and deliver better outcomes; and investment in equipment and facilities to support the delivery of high-quality construction training.

London is currently developing an impact measurement framework for its adult education budget in order to meet both economic and social objectives. Evidence demonstrates that AEB provision can deliver a range of impacts, from employment, earnings and further learning, to wider social outcomes such as health, well-being and social integration (Figure 2.17). As part of wider efforts to ensure that AEB provision becomes more responsive to London's needs, the GLA is developing a new framework for impact measures. This will require better collection and use of data on learner progression and destinations. To achieve this, the GLA is working to develop a London Learner Survey to capture wider impact of learning, which could include:

- Progression in employment, including better wages, conditions or work quality, or reduced skills mismatch/underemployment,
- Employability outcomes, including progression towards employment and into work,
- Skills and qualifications,
- Personal development and soft skills, including self-efficacy, financial capability, communication skills
- Health and well-being, including mental health and access to health services,
- Social and family relationships, including children's readiness for school and educational attainment,
- Citizenship and social integration, including volunteering, greater democratic participation, digital inclusion.

Once agreed, there will be a need to develop a robust baseline of these measures, before data can provide valid and meaningful evidence of the impact of AEB provision.

Figure 2.17. Potential outcome domains for Adult Education Budget provision in London

Source: OECD elaboration based on the Skills for Londoners: A Call for Action.

Preliminary evaluation results suggest that the devolution of adult learning funding to London has been successful. Early signs indicate that provision is becoming more 'plan-led', with a greater uptake of qualifications in skills shortage sectors (WECD, 2020^[27]). Furthermore, growing evidence seems to point out several other benefits of employment and skills devolution. It appears to (i) ensure a better matching of skills supply to employer demand, boosting productivity, (ii) increase flexibility in tailoring employment and skills support to the distinct and changing needs of local communities and economies, (iii) raise accountability and local ownership, and (iv) improve educational and employment outcomes (IFF Research, 2020^[28]).

Implications of the COVID-19 pandemic on adult learning in London

Given the scale of the current economic crisis, the GLA is supporting a number of new policy priorities, which also aim to enhance the effectiveness of adult learning. The GLA has started the *London Recovery Programme*, consisting of multiple policy programmes centred on missions (GLA, 2020^[29]). As part of the mission *Helping Londoners into Good Work*, the GLA aims to strengthen London's adult learning system by better co-ordinating skills, careers and employment support. Furthermore, the GLA plans to establish sector specific London 'Academies' to support Londoners to gain relevant skills and move into good work in sectors that might be vital for a sustainable recovery including the digital economy, health, social care, the green economy, and creative and cultural industries. Finally, these initiatives also aim to foster a closer working relationship with employers to promote good work opportunities.

In designing effective learning programmes, decision makers need to take into account that the global pandemic has had a profound impact on training and adult learning. Until recently, most adult learning provision took place via face-to-face teaching and direct interaction between teachers and learners. In fact, building personal relationships between learners and their instructors is thought to provide positive re-enforcement effects to learners' progress and persistence. COVID-19 has made such personal interaction and face-to-face delivery of learning programmes difficult or, to some extent, impossible. Consequently, adult learning providers in London needed to adapt their teaching methods quickly.

The pandemic has caused a breakthrough of online learning. Forcibly, adult learning providers had to shift, at least most, their courses online as physical meetings had to be abandoned during the strict lockdown period and remained more difficult to uphold even after the lockdown was eased. Online learning has the potential to broaden access to programmes at a low cost, as many components of online course work as well as online learning platforms are scalable. The increased use of digital learning solution may also foster deeper student learning (Box 2.6).

Box 2.6. Longer term opportunities of using online educational platform

The COVID-19 pandemic has provided an opportunity for experimentation and for envisioning new models of education and new ways of using the face-to-face learning time.

- *Explore different time and schooling models:* Exploring how students can learn in different places and at different times will create a better understanding of the potential of digital learning solutions. Students are used to a busy school timetable and workload, but new solutions may help provide students with opportunities to have more agency by being given more autonomy.
- *Empower teachers to make the most of digital advances:* Teachers have the opportunity to try out different digital learning solutions, and test how technology can help foster deeper student learning. They need to be encouraged to think creatively about their role as facilitators of student learning, and how technology can support them in doing so.

Source: (OECD, 2020^[30]).

The move to online learning creates new significant challenges for adult learning in London. First, learners require adequate digital skills to benefit from online learning opportunities fully. Second, computer equipment and a decent learning environment are prerequisites but in many deprived households both might be hard to come by, which might further disadvantage already disadvantaged groups. Third, online learning can only be as good as teacher's ability and experience in delivering online courses. Given the sudden surge in online solutions, teachers will need support and training on the most effective use of using digital tools for their courses. Finally, an important part of adult learning in London is currently work-based. This type of learning is hard to move online and faces significant impediments due to COVID-19 (see Box 2.7 for other challenges). Overall, the proliferation of online learning might create risks of disadvantaged and low-skilled individuals struggling even further to access learning and training.

Box 2.7. Challenges of using online educational platforms

Learning and collaborating in an online environment might not come naturally to teachers and students. In considering policy responses, policy-makers need to consider ways to:

- *Balance digital with screen-free activities:* Simply replacing the schooling hours by online lectures and discussions is likely to have a toll on students' health. Lectures can be shortened and combined with non-digital learning activities.
- *Students' emotional health:* The context of the virus and school closures has the potential to be unsettling and disorientating for students. Technological solutions need to find a way to provide connection, interaction, and support whilst learning is happening.
- *Access to devices:* Students are more likely to have access to smartphones than to laptops at home, where there might be more students than devices. Governments could lend laptops or provide alternative resources (printed work booklets) (e.g. GBR, JPN).
- *IT infrastructure:* Having all students connected at the same time may be a problem in some places. Access to IT infrastructure should be monitored to provide good access to all.

Source: (OECD, 2020^[30]).

The changing demand for specific jobs and the transition to online learning needs to be taken into account of evaluating adult learning providers. Adult education providers will have to adjust their programme curriculum to reflect the changing labour market and the impact of the crisis on available jobs. Additionally, providers have already, and will further need to, revise the delivery of their services and find new ways of assessing student engagement. Future accountability and funding frameworks for adult learning providers should reflect these changes.

Digital skills are now even more essential for both learning and succeeding in the labour market. Two thirds of businesses in the United Kingdom have unfilled digital skills vacancies, as 11.3 million adults lack basic digital skills needed for life and work (CBI, 2019^[31]). In addition to current recruitment challenges, the prospect of future explosive growth in the demand for digital skills is another concern for employers as around 70% or more of SMEs report that their digital skills needs will become more severe over the next years. While the share of people with essential digital skills for work is higher in London (57%) than the national average (48% for the UK), more than 40% of the population still lacks the necessary skills to thrive in a digital work environment. Addressing this digital skills gap should be a key priority for adult learning providers in London, as it not only prepares workers for employment but also empowers them to learn independently online (Lloyds Bank, 2020^[32]).¹⁶ In England, Local Digital Skills Partnerships funded by DCMS offer interesting examples on boosting the development of digital skills in line with local business needs (Box 2.8). Local Digital Skills Partnerships bring together cross-sector partners to tackle local skills gaps and build thriving regional economies. Across the OECD, cities are starting new initiatives to foster digital skills (see Box 2.9).

Box 2.8. Lancashire Digital Skills Partnership

The Lancashire Digital Skills Partnership (LDSP), established in conjunction with DCMS, sits within the Skills and Employment Hub of the Lancashire Enterprise Partnership (LEP). It brings together public, private and charity sector organisations to address the digital skills needs of the county. The LDSP has enabled the LEP to establish a strategic approach to engaging stakeholders in a collaborative partnership aimed at driving up digital skills at every level. The local approach aligns with the strategic themes within the Lancashire Skills and Employment Strategic Framework: Future Workforce (future pipeline of digital skills and talent), Skilled and Productive Workforce (digital skills in the workplace and for technology adoption), Inclusive Workforce (digital inclusion) and an Informed Approach (evidence based to justify all activity).

Based on an examination of Lancashire's digital landscape, the LDSP made key recommendations articulated in eight focus pillars of activity for the LDSP. These pillars include: careers education; equality and diversity; curriculum design; promotion of Lancashire as a desirable place to live and work in the digital sector; develop the digital skills of businesses; digital apprenticeships; coherence across the digital strategies of the 15 authorities in Lancashire and other strategic partner; and digital inclusion.

The digital sector is a priority sector for the LEP due to its significant projected growth. However, the LDSP has identified recruitment challenges within the digital sector, which has a much higher incidence of skills shortage vacancies than other sectors. To alleviate some of this problem, the LDSP is working with Greater Manchester Combined Authority on the Fast Track Digital Workforce Fund, a GBP 3 million programme funded by DCMS. The programme aims to find innovative ways to help local employers address hard-to-fill vacancies in specialist digital skill areas. LDSP brings together consortia of employers and training providers to co-design and co-deliver innovative, short, intensive training packages aimed at filling specific roles in priority skill areas and supporting participants in to these roles with guaranteed interviews. This approach combined local innovation with skills priorities, with training opportunities focused on promoting diversity and inclusion within tech businesses.

As part of the Fast Track Digital Work Force Fund, Lancashire has benefitted from eight projects, each with a focus on recruiting presently underrepresented participants. These projects range from digital marketing programmes and robotics to data science and cyber-security. Overall, 800 Lancashire and Greater Manchester residents have received training. In addition to the Fast Track Fund programmes, the LDSP has brought to the county other training opportunities through developing partnerships with corporate partners such as Google, Lloyds Banking Group and Freeformers. Training by Google Digital Garage and Lloyds Banking Group (Digital Know How) attracted over 850 SMEs to learn more about digital skills.

Source: <https://www.lancashireskillshub.co.uk/digital-skills-partnership/>; <https://www.lancashireskillshub.co.uk/digital-skills-partnership/fasttrack/>.

Box 2.9. Helsinki: Collaborating with Google to open a Digital Learning Space

In 2019, Google opened a learning space in Central Helsinki, Finland, which is free of charge and open to all. This learning space, known as the Google Digital Garage, provides digital skills training for a broad range of people including jobseekers, entrepreneurs and students. The learning space is part of the [Grow with Google](#) programmes, aimed at helping people, businesses and local communities gain digital skills for employment, as well as career and business growth. In addition to the learning space, the Digital Garage offers free online courses, which are also open to everybody in the city.

Helsinki aims to be a city where everybody has equal opportunities to develop their skills. Thus, considering the rapid change towards digitalisation in the job market, the City of Helsinki's collaboration with Google provides everyone the opportunity to complement their digital skills to meet the demands of the job market. Additionally, Helsinki has set the objective of finding new employment paths for about 500 jobseekers through the customised digital coordinator training programme.

The digital co-ordinator programme, jointly organised by Google and the City of Helsinki, targets jobseekers who are interested in employment with social media, analytics and online advertising. Jobseekers receive a three-week digital marketing training in their interest area. Applications for the programme are made directly to the City of Helsinki. The learning space assists SMEs in better utilising digital tools in their businesses, through various courses and workshops.

Source: City of Helsinki (2019), Google opens Digital Garage learning space in Helsinki, www.hel.fi/uutiset/en/kaupunginkanslia/google-opens-digital-garage-learning-space-in-helsinki (Accessed 13 October 2020).

The importance of digital skills will rise further as the economy is in the process of a significant transition. As firms adjust to the future of work, embracing digitalisation and automation, being able to work and learn in a technology-rich environment becomes essential. COVID-19 has further accelerated this transition. Chapter 3 reviews this development in more detail and analyses the impact of the future of work for London's labour market, its employers, and its employees.

Devolution of the UK adult learning system: Opportunities and challenges for adult learning in London

The UK has a complex and fragmented adult learning system, which limits the room for manoeuvre in London

Adult learning and skills policy in the UK is complex. In the UK, responsibility for adult learning and skills policy is devolved to Scotland, Wales and Northern Ireland. In England, the adult learning system has seen some devolution, in recent years, to a number of areas including London. Overall, responsibility for the education system in England lies with the Department for Education whose remit includes early years, schools, higher and further education policy, apprenticeships and skills, and adult learning.¹⁷ However, other government departments also have relevant responsibilities, including but not limited to:

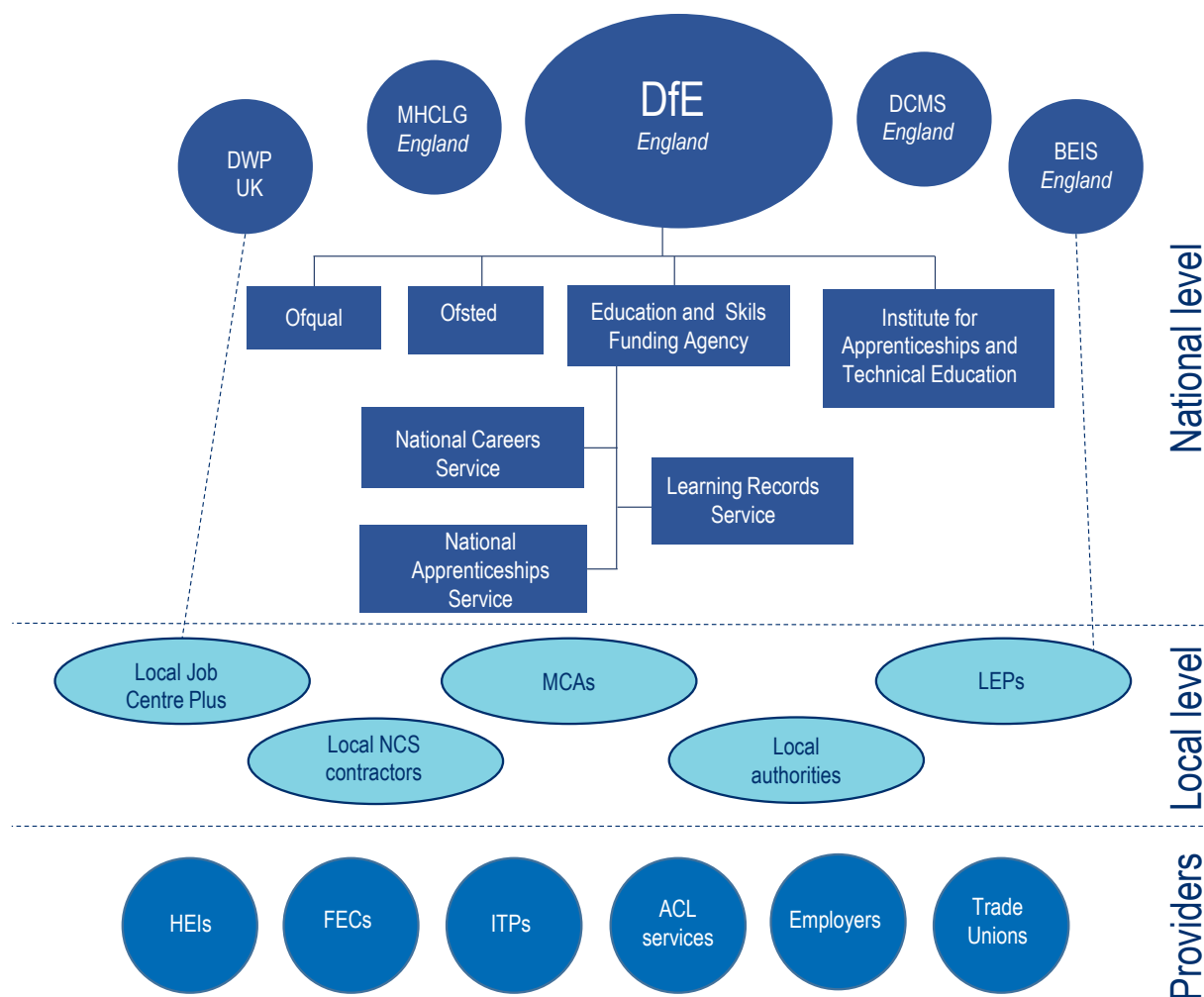
- the Ministry of Housing, Community and Local Growth has responsibility for devolving powers and budgets to boost local growth in England; and in supporting communities with public services.
- The Department for Business, Energy and Industrial Strategy is charged with delivering the Industrial Strategy and driving business growth and improved productivity.
- The Department for Culture, Media and Sport is responsible for promoting digital skills and inclusion.
- The Department for Work and Pensions is responsible for welfare and employment support.

Most of the funding and regulation of adult learning as well as career advice are also centralised in England. The Education and Skills Funding Agency (ESFA) supports the Department for Education nationally. It is responsible for funding and regulation of the education and training sector, as well as for the delivery of major projects and key services such as the National Careers Service, the National Apprenticeship Service and the Learning Records Service. The regulation of the system is also undertaken nationally by the Office for Standards in Education, Children's Services and Skills (OFSTED) and the Office of Qualifications and Examinations Regulation (OFQUAL). The National Careers Service provides information and advice about learning, training, and work opportunities for young people and adults through a national phone line and website supplemented by face-to-face support for some adults through contracted area-based services. Jobseekers support is provided through a network of local Jobcentre Plus offices, part of the UK-wide Department for Work and Pensions.

At the sub-national and local level, a myriad of actors are involved in skills and adult learning policy in England. Sub-nationally, 38 local enterprise partnerships (LEPs) play a key role in determining local economic priorities and co-ordinating activity to drive economic growth and job creation, improve infrastructure and raise workforce skills within local areas. LEPs are business-led partnerships between local authorities and local private sector businesses, charged with developing local industrial strategies that set out a long-term economic vision for their area. At a local level, England's 229 councils are responsible for delivering a range of public services, including schools and some post-16 provision. In addition to the England's councils, local adult training providers are directly involved in offering and delivering adult training.

Figure 2.18. Institutional structure of adult learning in England

Institutional structure of adult learning in England across the national, sub-national and local level



Source: OECD mapping of relevant institutions and stakeholders in adult learning in the England.

In London, the key actors of the adult learning system comprise the mayor of London, the London Economic Action Partnership, London's boroughs, training providers, and employers. The Greater London Authority (GLA), created in 2000, consists of the Mayor of London and the London Assembly. The Mayor is responsible with setting the overall vision for London with scrutiny from the Assembly. In London, local government consists of 32 borough councils and the City of London; they provide many local services and often directly offer adult learning opportunities. The London Economic Action Partnership (LEAP) is the local enterprise partnership for London, bringing businesses together with the Mayor and London Councils to identify strategic actions to support and lead economic growth and job creation in the capital.

Over the past few decades, there has been a high level of volatility in the adult learning and skills landscape. This volatility included frequent machinery of government and ministerial changes, numerous strategies, white papers¹⁸ and Acts of Parliament, and significant changes to the system infrastructure and provider base.¹⁹ Each of these changes aimed to ensure that the UK has a highly skilled workforce, equipped to meet the challenges ahead (Productivity Insights Network, 2019^[33]). However, the pace and

scale of reform has created further challenges in having a coherent, well understood adult learning and skills system that effectively meets the needs of learners, businesses, and the wider economy.

Furthermore, different levels of devolved responsibility in each government department make the challenge of ensuring coherence at a local level even more pressing. For example, the Department for Work and Pensions is a UK wide department, while Department for Education has an England only-remit. In terms of local devolution, the DWPs' Work and Health Programme, which helps disabled people into work, is devolved to London's sub-regions, while London's Mayor, along with a number of Mayoral Combined Authorities (MCA's) across England, has taken responsibility for the Adult Education Budget (AEB) on a pan-London basis. This fragmented system makes it difficult for English cities such as London, to take a strategic approach to tailoring their adult learning, skills and employment services to local need.

The new national white paper, *Skills for Jobs*, could provide a significant increase in the importance of and the support for further education (including adult learning) in England and London. It sets out an ambitious reform agenda to strengthen further education (Box 2.10). In particular, it aims to put employers at the centre of the further education system, which could lead to more demand-based learning and improve the alignment of training with local skills needs. It also aims to boost the apprenticeship system and raise the quality of teaching. While the suggested reforms could benefit London's adult learning systems, it remains unclear whether the Local Skills Improvement Plans, a cornerstone of the agenda, would fall under the responsibility of the GLA or would instead work in parallel to local Skills Advisory Panels.

Box 2.10. Skills for Jobs: national white paper on lifelong learning

In January 2021, DfE published the white paper *Skills for Jobs: Lifelong Learning for Opportunity and Growth*, which sets out a reform agenda for further and technical education. It aims to strengthen links between employers and further education providers and place employers at the centre stage of defining local skills needs. The white paper identifies five priority areas for further education:

- Strengthening the role of employers to ensure that education and training leads to jobs that can improve productivity and fill skills gaps.
- Investing in higher-level technical qualifications that provide a valuable alternative to a university degree.
- Enhance access to lifelong training and learning via the *Lifetime Skills Guarantee*.
- Make providers more responsive through more effective accountability and funding and greater autonomy.
- Support and improve teaching in further education.

Skills for Jobs also seeks to strengthen the apprenticeship system by supporting enterprises hit by the pandemic, facilitating transfers of funding between firms, and raising the quality. *Local Skills Improvement Plans* will play a vital role in DfE's reform agenda. Informed by continuous and effective engagement between colleges and other providers and local employers, the Local Skills Improvement Plans are meant to provide a framework for addressing local skills mismatches and aligning training courses with local labour market skills needs.

Source: (DfE, 2021^[34]).

The current adult learning system limits opportunities for local decision-makers in England, including the GLA and London's boroughs, to influence the priorities, funding and delivery of national government departments and agencies, in relation to adult learning and skills. There is no requirement for national organisations to discuss with councils how services will work in local areas, or how they will reflect local economic and social priorities. Different national departments and agencies often have different objectives, priorities, eligibility, criteria, accountabilities and ways of working that make collaboration – both nationally and locally – challenging. As a result, investment can often fail to meet local need, address local economic and social challenges, or make a decisive impact on local priorities. To address this, many councils and combined authorities have developed employment and skills programmes of their own (see Box 2.11).

Box 2.11. West London Skills Escalator

In 2014, The West London Alliance (on behalf of the London Boroughs of Hounslow and Harrow) developed the Skills Escalator, a support service of personalised advice and skills acquisition for working people on low incomes to move into better-paid and more stable employment.

The programme offered residents an integrated support offer, comprising

- Direct marketing to eligible individuals using Housing Benefit data,
- One-to-one support from an adviser, structured around a personalised action plan ,
- A core offer of referral to existing skills provision (e.g. training providers, the National Careers Service (NCS) and colleges), with the cost of this covered by the service,
- Wrap-around support from other existing services,
- Employer engagement.

In 2017, an evaluation showed that over a period of 18 months, the programme supported 361 clients, with over a third taking up training. This training resulted in a range of outcomes including increased earnings, improved self-esteem, confidence and improved job performance. One in five participants increased their earnings while on the programme, by securing a new job or a promotion.

A cost benefit analysis of the programme suggested that, when taking into account the full range of public value benefits (including the economic benefits of earnings increases and the benefits of wellbeing improvements as a result of these increases in earnings), there was a public value return on investment of GBP 3.41 for every GBP 1 spent on the programme.

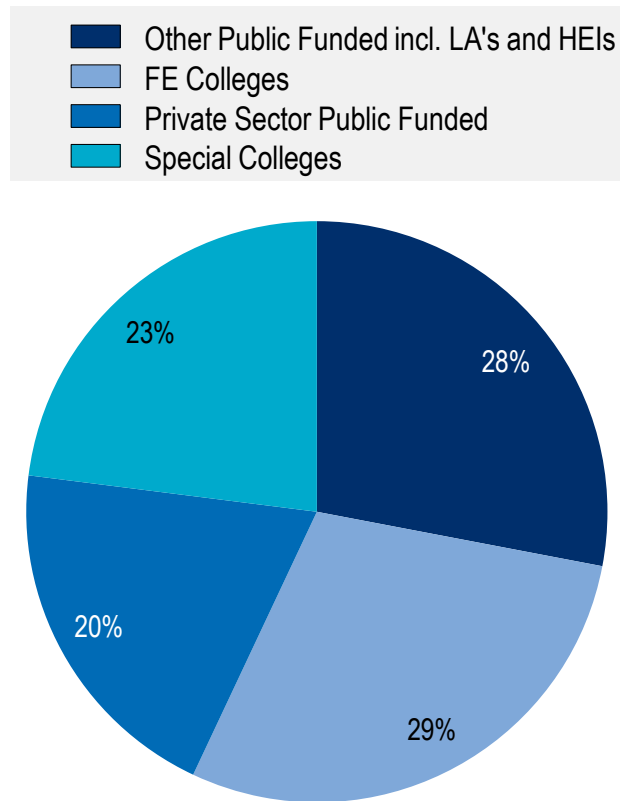
Although discussions around adult learning and skills are often framed around the concept of a 'system', England has moved towards a market-model of adult learning and skills. In this model, providers compete for tenders to deliver training. Successive governments have pursued a market-based model in the belief that it reduces costs, increases choice and responsiveness to the labour market and optimises quality. Increasingly however, the issue of whether adult learning and skills should be a competitive market or a collaborative system is critical to optimising provision and balancing what employers want with what learners choose and what the government is seeking to achieve.

As part of its market-based model, a large and diverse network of actors is involved in delivering adult learning in London but collaboration among providers is limited. Providers include higher education institutions, general and specialist further education colleges, independent training providers (ITPs), local authorities and charitable organisations. As of 2018/19, learners in further education, which includes any study after secondary education that is not part of higher education, mainly use four different type of providers (Figure 2.19). Roughly equal shares of learners use programmes of further education colleges (29%) or local authorities or other publicly funded providers such as higher education institutes (28%). Another 23% are associated with special colleges and the remaining 20% with private sector providers. A

common criticism of the system and its large number of providers is a lack of collaboration between providers. In a number of localities, where the AEB has been devolved, local commissioners are seeking to establish a more collaborative approach (see Box 2.12).²⁰

Figure 2.19. 19+ Learners by type of further education provider in London, 2018/19

Share of further education learners aged 19+ in London, by provider



Source: Own calculations based on data from (Department for Education, 2019_[35]).

Box 2.12. AEB devolution to the West Midlands Combined Authority (WMCA)

Prior to the devolution of AEB to the WMCA, 75% of the region's AEB funding was spent on low-level courses, focused on unemployed participants, with little tangible evidence that training was helping people to gain employment, or progress within work. Provision did not focus on key growth areas, such as digital, and local skill needs, and was limited for those in work looking to upskill or retrain

The local system comprised over 400 providers, working in isolation and/or competition, with limited collaboration and evaluation of impact. Colleges wanted to do more to support local communities and employers. For employers, the system was not delivering. Local authorities and job centres felt disconnected from training resources – unable to influence provision to meet local needs. Through devolution, the CA has set clear expectations of what it wants skills training to lead to:

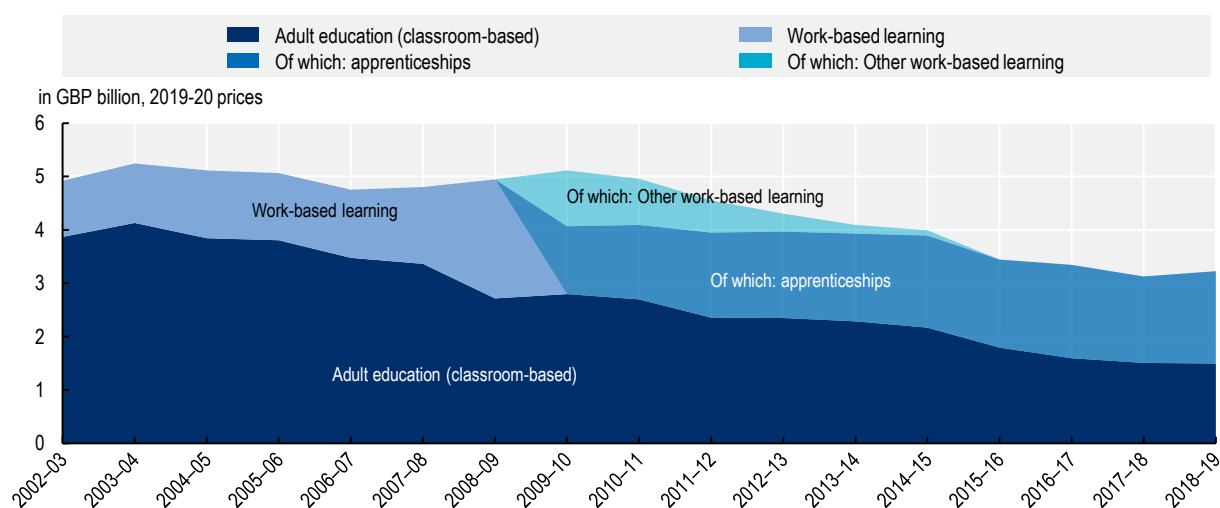
- More training that leads to jobs – direct link to employers to train and recruit people into jobs.
- More focus on higher-level skills.
- More training in priority skill areas - 33% increase in provision in regional priority sectors.
- More innovation –new courses in critical skills areas, e.g. a 66% increase in digital courses.
- A clear offer to adults in work –more flexible training, including evenings and weekends.
- Fewer but more collaborative providers – from 400+ to less than 100, with a clear emphasis on local and sector-based collaboration.

The AEB is now focused on what the economy needs – not just what the system will easily fund. The CA has also been able to link AEB to other funding streams, ensuring greater complementarity, improved impact and value for money. A new Employment Support Framework aims to better coordinate existing resources, and improve the impact of delivery, away from the proliferation of training schemes that emerged from the multiple funding streams in the absence of strategic coordination.

In light of the fragmentation of the adult learning system, the national membership body for local authorities has called for the creation of a more joined up, local system. They propose an integrated and devolved employment and skills service. Their proposal, Work Local²¹, lays out plans for combined authorities and groups of councils, working in partnership with local and national partners, to have the powers and funding to plan, commission and have oversight of a joined-up service bringing together advice and guidance, employment, skills, apprenticeships and business support for individuals and employers.²²

Adult learning and skills funding is also highly centralised and has been falling

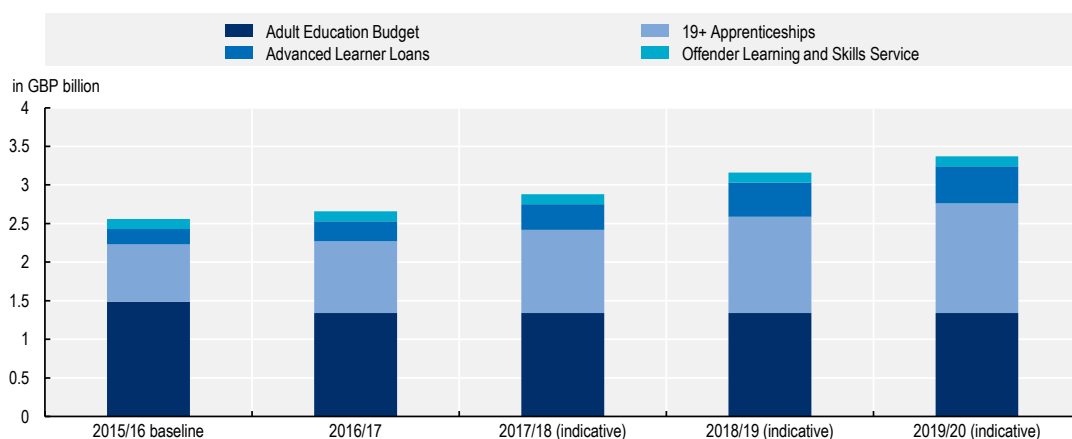
In recent years, England has seen significant reductions in budgets for adult learning and skills. Total spending on classroom-based adult education (excluding apprenticeships) has fallen by nearly two-thirds since 2003-04 and by 47% in the decade between 2009/20 and 2018/19 (Figure 2.20). Cuts were mainly driven by reduced learner numbers, from 4.4 million in 2004/05 to 1.5 million in 2017/18, particularly on lower level courses (IFS, 2019^[36]). Over this period, spending has increasingly focused on apprenticeships. In 2003-04, 21% of the GBP 5.3 billion spent on adults was for apprenticeships or work-based training; by 2018-19, this proportion had increased to 54% of the total spending on adult education and skills in England, a real terms increase in apprenticeship spending of 36% in the decade between 2009-10 and 2018-19 (IFS, 2019^[36]).

Figure 2.20. Total spending on adult education and skills in England

Note: Distribution of adult education funding into classroom-based and work-based learning.

Source: (IFS, 2019^[36]), annual report on education spending in England.

As well as having a predominantly nationally led structure, funding for adult learning and skills is also highly centralised. An increasing proportion is also directed by the individual decisions of employers and individuals through the apprenticeship levy and advanced learner loans, which give individuals access to financial support for tuition costs (Figure 2.21). Although there has been some devolution of adult learning funds in a number of areas in recent years, in this context the opportunities for cities and regions to strategically direct funding to address local need remains limited. The majority of public funding for adult (19+) further education and learning in England is provided by the Education and Skills Funding Agency, through the Adult Education Budget (AEB)²³, which aims to “engage adults and provide the skills and learning they need to progress into, or within, work or equip them for an apprenticeship or other learning.” The AEB enables providers to deliver flexible tailored programmes of learning, which may or may not require a qualification, to help learners engage in learning, build confidence, and/or enhance their wellbeing.

Figure 2.21. Funding of 19+ further education teaching and learning by funding source

Note: Funding only shown for 19+ year olds. The apprenticeship levy came into force on 6 April 2017 requiring all employers with an annual pay bill of GBP 3 million or more to pay 0.5 per cent of their pay bill to invest in apprenticeship training. The budget allocation for Advanced Learner Loans was planned to increase from GBP 0.20bn in 2015/16 to GBP 0.48bn in 2019-20. Actual spend will depend upon demand for loans.

Source: (Foster, 2019^[37]).

The AEB supports statutory entitlements to full funding but only certain types of learners benefit, which has led to falling learner numbers (see Box 2.14). Beyond these entitlements, learner eligibility depends on personal circumstances, with funding generally focused on lower skill levels, younger adults, low earners and the unemployed. Adults who are eligible for funding either have all their course fees paid or the ESFA pays some of the fees and the learner or provider are responsible for paying the remainder.²⁴ Learners who are not eligible for AEB funding may be able to fund their studies through an Advanced Learner Loan, available for learners aged 19 and over studying at levels 3-6 (see Box 2.14 for a description of levels) at approved colleges or training providers. Following the introduction of loans in 2013/14, the number of adults studying at levels 3 and 4 has fallen steadily, while in 2013-18, 58% of loans funding – totalling almost GBP 1 billion – went unspent. Finally, the European Social Fund Agency (ESFA) was expected to support projects across the UK to the value of GBP 864 million until 2023 for vocational training for adults, especially in less economically developed regions, and for adult learners not supported by other funding streams.²⁵

Box 2.13. AEB entitlement and UK qualification levels

Learners for the following qualifications are eligible for full funding support:

- English and maths, up to and including level 2, for individuals aged 19 and over, who have not previously attained a GCSE grade A*-C or grade 4, or higher, and/or
- first full qualification at level 2 for individuals aged 19 to 23, and/or
- first full qualification at level 3 for individuals aged 19 to 23.
- Information technology ('digital') skills, up to and including level 1, for individuals aged 19 and over, who have digital skills assessed at below level 1 (from August 2020).

Table 2.2. UK qualification levels and examples

Level	Examples
8	Doctorate
7	Master's (MA, MSc, MEng, MBA), PGCE
6	Bachelor's degree (BA, BSc)
5	Foundation degree, HND, DipHE
4	HNC, full Accounting Technician qualification
3	A levels, BTEC diplomas, City & Guilds trade Diplomas (e.g. plumbing), Dental Nursing Level 3 Diploma (for dental assistants), Access to HE diplomas A 'full Level 3' must be substantial: 2 A level passes or a BTEC National Diploma count as 'full'
2	GCSEs at grades A-C/9-4; Level 2 occupational qualifications A 'full Level 2' must be substantial (e.g. 5 GCSEs, an occupational qualification requiring a full year to complete)
1	GCSEs at D-G/3-1
Entry level (subdivided into three sublevels)	Entry-level certificates in e.g. English for speakers of other languages, literacy, numeracy, employability and a range of independent and life skills

Source: (Department for Education, 2019^[38]).

Recent devolution has transferred funding to mayoral combined authorities (MCAs) including the Greater London Authority but the resources at the GLA's disposal remain limited. From 2019/20, control of around half of the AEB transferred to six mayoral combined authorities to encourage better alignment between local economic needs and adult skills provision. Thus, the GLA is now responsible for commissioning and funding AEB provision for learners in London. In 2019/20, London received GBP 306m of AEB funding. Additionally, the Mayor of London, advised by the London Economic Action Partnership (LEAP), is responsible for commissioning European Structural and Investment Funds (ESIF), including GBP 422m of ESF funds, to support 399,000 disadvantaged Londoners. Given the pressing need for adult learning and designing training with the demand of London's labour market, the Mayor of London has called for its share of the UKSPF to be devolved in full, enabling London to strategically coordinate funding to support its most disadvantaged residents and to tackle poverty, exclusion, and inequality. The Mayor has also called for the level of funding to be at least that of current ESIF levels, and for funds to be allocated to areas according to a fair funding formula relating to the needs of the population.²⁶

Box 2.14. Creating a more responsive, local adult learning system via AEB devolution: Thames Valley Combined Authority

In preparation for devolution of GBP 29.5m AEB funding, Thames Valley Combined Authority committed to creating a more responsive and flexible system that would meet the economic, personal, social and cultural needs of everyone living and working in the area. Their ambition was to support skills provision in a more strategic way by linking budget allocations to areas of local economic growth and encouraging greater collaboration between providers. An analysis of the existing provider base and skills provision had revealed significant duplication, provision of training not directly linked to the labour market, a lack of learner progression, and a paucity of specialist provision required by local employers.

To address this, the CA undertook a single commissioning process and invited training providers to submit delivery plans for how they would meet the needs of learners, employers and local priorities, in relation to key growth business sectors as set out in their strategic skills plan.

Over a transitional phase of two years, TVCA seeks to promote stability across its core provider base while it works with local partners to develop its priorities. This strategic approach will enable the CA to maintain effective relationships with a manageable number of providers and engage them in the wider strategic agenda. Throughout, it will assess the value of subcontracting arrangements, the progression of learners, and monitor providers. Through this collaborative approach, the CA is seeking to ensure that provision meets local needs, is of high quality, and provides value for money to the taxpayer.

Key differences since devolution:

- The number of providers receiving AEB funding has reduced from 290 to 33.
- A commissioning process for grant funding has replaced the national procurement exercise. Procurement does not have to be re-run annually but can continue as long as delivery meets quality standards and the needs of the region.
- Greater flexibility for in year change if delivery no longer matches local labour market need.

Source: OECD.s

Devolution: What are the challenges for London's adult learning system?

As indicated by preliminary evidence on London's adult learning system, devolution can provide new opportunities in improving the system.²⁷ It can increase efficiency by better aligning skills provision to local needs, it can react quickly to emerging crisis, and it can improve outcomes of adult learning provision in London. However, devolution of adult learning also creates a number of new challenges.

Devolution in itself is not a panacea for all existing problems of the adult learning system. The pace of economic and technological change means that the skills that London's businesses and individuals need are also rapidly changing. Other uncertainties, such as the impact of COVID-19 and the future of the UK's trading relationship with the EU further heighten the need to ensure that cities such as London are able to develop a culture of lifelong learning and create a responsive skills system to ensure their ongoing success and prosperity. In doing so, however London faces a number of challenges.

Adult learning in London is under-funded. In line with the wider national picture of reduced funding across the adult education system, London's funding for adult learning has significantly decreased over the last decade. The reduced funding has led to fewer opportunities for learning, training and skills development; in 2010-16 the number of publicly funded adult learners in London fell by 30%.²⁸ Total funding risks declining further unless the UK Shared Prosperity Fund replaces the GBP 70m of yearly ESF funding spent on supporting disadvantaged Londoners.

Persistent inequalities in access to learning opportunities exist. Those who could benefit most from opportunities to learn and train as adults, often have least opportunity to do so (Figure 2.22). Younger adults, those who already have higher-level qualifications and those in higher socio-economic classifications are most likely to participate in learning and training. In contrast, participation declines with age and distance from the labour market and is lowest for those with fewer or no formal qualifications.

Figure 2.22. Participation in learning by social class, UK



Note: Social classes are derived from the Office for National Statistics' occupational classification. Social Grade A includes the upper and upper-middle classes and is generally grouped with Grade B, the middle classes. Grade C1 includes the lower-middle class, often called white-collar workers. Grade C2 mainly consists of skilled manual workers. Grade D comprises the semi-skilled and unskilled working class, and is usually linked with Grade E, those in the lowest grade occupations or who are unemployed.

Source: Adult Participation in Learning survey 2019, (Learning and Work Institute, 2019^[39]).

The longstanding centralisation of learning and skills policy in England also creates challenges in terms of administrative costs and London's capacity to manage a devolved system. One consequence of centralisation of learning and skills policy in England is that many cities do not have sufficient expertise and capacity to design and deliver effective services. While this is less of a concern in London with its more established record and greater levels of expertise and capacity, the GLA would require significant resources to take on further devolution. Operating a fully devolved system would necessitate additional investment in local expertise and capacity. Furthermore, devolution from a centralised system also risks increasing the cost of administration as economies of scale are lost, and functions such as policy development, commissioning and monitoring are carried out separately in different geographical areas. However, in the case of London, the size and scale of the region might be sufficient to yield economies of scale and better integration of services within London could instead reduce costs and create economies of scope. Moreover, if skills devolution contributed to more effective service delivery and better targeted provision, this could outweigh any increase in administration costs.

The fragmentation of different funding sources for adult learning and skills make it difficult for London's government to develop long-term planning to meet the skills needs of the city. While some sources of funding are devolved, other are not. Devolved AEB funds are insufficient and too restricted to fully meet London's skills needs. Wider sources of funding, increasingly available through the levy and loans, and funding streams that are directed at a national level provide limited opportunities for London to strategically direct funding to address local needs.

In addition to a fragmentation of adult funding, there is also a considerable disconnect with funding for young people, placing limits on London's ability to create a coherent post-16 skills system. At present, the Department for Education oversees 16-18 provision nationally with funding rules set by the Education and Skills Funding Agency. Traineeships are one such example of this disconnect. They are ESFA-funded skills development programmes for young people aged 16-24 that include a work placement and typically last up to 6 months. They aim to help young people with limited experience of the labour market to find work or an apprenticeship. Although Traineeships for 19-24-year olds are part of the AEB, this part of the budget is not devolved to local areas. As such, the GLA is unable to create a clear and coherent offer to young people and businesses in their local areas and to develop accessible pathways for trainees to progress into apprenticeships, employment or further learning.

The move towards a competitive and segmented market-based approach to adult learning has exacerbated fragmentation of the system, making it hard to navigate. While many ongoing policy reforms have been positive, too often they have been developed and commissioned in isolation, with insufficient regard to how they come together within an overall learning and skills strategy and aside from any vision of an integrated ecosystem of providers and wider services. As a result, learners and employers can find it difficult to navigate the system and identify the right opportunities for them, while local government and employer intermediaries are hampered in their efforts to create an overarching infrastructure for employer engagement that enables them to offer holistic business support. A lack of local strategic influence over funding and policy for careers and employment services adds to this disjoint and limits London's ability to offer an integrated employment and skills service, which can not only signpost and support people into locally valuable learning and training, but also equips them to find jobs, progress at work and build careers (see Box 2.15 for more information on career advice and employment support).

Box 2.15. The National Careers Service and Jobcentre Plus

The National Careers Service provides careers advice for adults (as well as for young people aged 13 and over). Face to face support is available through an area-based service for: 18-24 year olds not in education, employment or training (NEETs); low-skilled adults without a level 2 qualification; adults who have been unemployed for more than 12 months; single parents with at least one dependent child; adults with special educational needs and/or disabilities; and adults aged 50+ who are unemployed or at demonstrable risk of unemployment. The service receives funds based on customer satisfaction, career management and jobs and learning outcomes. For London-based service, the budget was GBP 7.6 million in 2018/19, down from GBP 9.3 million the previous year, and down a third since 2013/14. Over the same period, there has also been a tightening in the priority groups on which providers are incentivised to focus.

Jobcentre Plus (JCP), part of the Department for Work and Pensions, provides employment support for unemployed adults. It operates through local. With the roll out of Universal Credit, JCP will also become responsible for supporting adults in-work but on low pay to seek an increase in their earnings. In addition to providing advice and support, JCP has access to the Flexible Support Fund (FSF), which can be used to provide support for claimants to move towards and into work, for example by funding work-focused training.

London's proposal for a devolution and funding deal with the UK government addresses many of the challenges of the adult learning system in London. At its core, it seeks to develop a properly funded and integrated employment and skills system focused on the needs of Londoners and London businesses²⁹. However, it leaves room for improvement in multiple areas. While Call for Action has a strong focus on developing the skills of Londoners to meet the needs of London businesses, there is less of an emphasis on the wider efforts required to stimulate economic growth, increase productivity, support strategic business development, and improve skills utilisation. London's Local Industrial Strategy³⁰ could be integrated into its skills strategy to avoid reflecting the silos that exist within national policy making. Furthermore, an integrated approach will also be essential if London is not to only to meet current skills needs but also to raise employer demand for skills. As such, London could seek to develop a coherent and integrated offer of strategic business support, in which skills development and utilisation are a key pillar. Given the significant impact of COVID -19 on London's businesses – particularly in sectors such as leisure, tourism, hospitality and retail, and those dependent on the footfall of London-based office workers – the need for effective and holistic support is critical if businesses are to survive and successfully adapt.

The current offer of careers advice, overseen nationally and delivered by a range of providers, creates unnecessary duplication and waste. All Londoners require a coherent offer of information and support if they are to navigate this significant period of economic change successfully. The predominant focus of services on young people and unemployed adults, leaves working adults under-served. Additionally, information and advice on careers needs to be tailored to the needs of Londoners and the London labour market. The devolution of careers funding to create an all-age pan-London service, "Made in London", could be a step towards addressing this.

The sectoral nature of the current recession means that many Londoners will need to retrain and change careers in the coming months and years. To do so, they are likely to need more targeted in-depth support. An integrated careers service would need to include more intensive support from a career adviser/work coach, access to training tailored to specific career pathways and jobs, financial assistance with the costs of retraining, and work placements/employer engagement activity.

The COVID-19 pandemic might create new impetus for London's adult learning system. More adults are recognising the need to learn and train by taking advantage of online delivery and the use of technology

to do so. Businesses are undergoing significant change and, although many face unprecedented challenges that limit their resources to invest in training, a lot of businesses have recognised the need to upskill and develop their staff to respond to their changing context. While the immediate economic challenge can seem most pressing, London faces a wide range of longstanding challenges in relation to poverty and inequality, community cohesion, health and well-being – all of which can be positively impacted by a well-designed and properly funded adult learning and skills system. The forthcoming Devolution White Paper from the Ministry for Housing, Communities and Local Government (MHCLG) and the Further Education White Paper from the Department for Education provide a unique opportunity to align these two agendas and to take a strategic approach to devolution of adult learning and skills.

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Notes

¹ See Box 2.1 for an overview of London's geography and local governance structure.

² Data are based on the ONS population estimates for 2019 and the ONS subnational population projections for 2018.

³ The statistics are for Greater London and are based on the OECD Regional Database.

⁴ The sample of comparators consists of other large OECD metropolitan areas that are either capitals or economic centres with a similar economic structure, and which have available data.

⁵ The Index of Multiple Deprivation consists of seven distinct aspects of deprivation. See more detail: <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>.

⁶ The UK Government's response to COVID-19 expanded the eligibility for Jobseeker's allowances and Universal Credit for individuals "searching for work". People in work but on low incomes became eligible for these benefits.

⁷ Data and analysis on online vacancies are from the indeed hiring lab: <https://www.hiringlab.org/uk/blog/2020/09/22/uk-job-postings-through-18th-sept/>

⁸ This estimate corresponds closely to the actually documented share of people that worked remotely, at least part of the time, in London according to the ONS (ONS, 2020^[40]).

⁹ At its peak, almost a third (30%) of the 4.3 million employees in London eligible for furlough used the scheme.

¹⁰ As of June 2020.

¹¹ Each year, survey respondents are provided with the following definition of learning and asked when they last took part in learning: 'Learning can mean practicing, studying or reading about something. It can also mean being taught, instructed or coached. This is so you can develop skills, knowledge, abilities or understanding of something. Learning can also be called education or training. You can do it regularly (each day or month) or you can do it for a short period of time. It can be full time, or part time, done at home, at work, or in another place like a college. Learning does not have to lead to a qualification. We are interested in any learning you have done, whether or not it was finished.'

¹² The following year, the government also published a memorandum of understanding, stating that "the government will continue to work with the GLA and London Councils so that employers can take advantage of the opportunities offered by the apprenticeship levy and will explore options for greater local influence over careers services, with a view to better aligning skills provision and careers services with local needs and priorities: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/597291/London-Devolution-MoU.pdf

¹³ <https://www.growthhub.london/>

¹⁴ https://www.london.gov.uk/sites/default/files/london_adult_community_learning_review_report.pdf

¹⁵ As part of this, from 2020-21, London's AEB can now be used to fully fund teaching and learning support staff to deliver improved specialist provision. It can also be used to fully fund learners whose first language is British Sign Language (BSL).

¹⁶ Essential digital skills as defined by (Lloyds Bank, 2020^[32]) comprise 17 different digital tasks, covering areas such as communicating, transacting, problem solving, handling information and content, and being safe and legal online/

¹⁷ <https://www.gov.uk/government/organisations/department-for-education>

¹⁸ White papers are **policy documents produced by the Government that set out their proposals for future legislation.**

¹⁹ <https://www.cityandguilds.com/-/media/cityandguilds-site/documents/news/2014/oct-14/cgskillsreport2014-pdf.ashx?la=en&hash=FADB400B2354F7C59D66BF453DBEF415D67D2DBB>

²⁰ https://www.policyconnect.org.uk/sc/sites/site_sc/files/news/528/fieldnewsdownloads/englandsskillspuzzle-piecingtogetherfurthereducationtrainingandemployment.pdf

²¹ <https://www.local.gov.uk/topics/employment-and-skills/work-local>

²² Its guiding principles call for (i) a 'one stop' service, rooted in place, flexible to local needs, (ii) clear and responsive local leadership, (iii) driven by local opportunities and needs, (iv) a common national framework for devolution, (v) improved offer for individuals and employers, (vi) governance by local Labour Market Agreements.

²³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/909529/AEB_2020_to_2021_funding_rules_V3.pdf

²⁴ From 2016/17 to 2019/20, the AEB was protected in cash terms at GBP 1.5 billion²⁴, although inflation has led to a real term cut over the period.

²⁵ <https://www.gov.uk/government/publications/skills-funding-agency-annual-report-and-accounts-2015-to-2016>

²⁶ https://www.london.gov.uk/sites/default/files/call_for_action_.pdf

²⁷ See previous section for the preliminary assessment of adult learning delivery since devolution.

²⁸ <https://www.london.gov.uk/sites/default/files/skills-strategy-evidence-base.pdf>

²⁹ https://www.london.gov.uk/sites/default/files/call_for_action_.pdf

³⁰ <https://www.london.gov.uk/business-and-economy-publications/evidence-base-londons-local-industrial-strategy-final-report>

Annex 2.A. Comparison with OECD metro areas

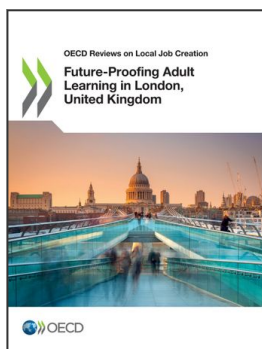
Annex Table 2.A.1 Economic comparison of selected OECD metropolitan areas

Summary statistics for 18 OECD metropolitan areas, 2018 or latest year

Metropolitan area	GDP per capita	labour productivity (GDP per worker)	share of national GDP	disposable income	participation rate	primary education	secondary education	tertiary education	R&D expenditure (% gdp)
Vienna	54890	108522	35%	29028	73.9%	13.7%	46.1%	40.2%	3.0%
Brussels	74574	131432	36%	22675	83.3%	17.9%	34.8%	47.2%	2.1%
Toronto	49056	91589	22%	25160	77.1%	8.4%	25.7%	65.9%	1.9%
Berlin	45311	87571	6%	25192	79.5%	10.9%	51.7%	37.3%	3.1%
Hamburg	60741	105648	5%	29431	78.9%	13.6%	55.1%	30.6%	2.3%
Copenhagen	61970	109672	40%	22893	78.2%	17.0%	36.4%	42.5%	4.6%
Madrid	50434	98242	19%	24978	76.8%	25.5%	26.2%	48.3%	1.6%
Barcelona	43790	93765	12%	23391	75.4%	35.0%	22.9%	42.1%	1.4%
Paris	70751	136765	32%	26513		17.3%	33.2%	49.0%	2.9%
Milan	58567	113645	13%	27734	70.8%	31.0%	46.6%	22.4%	1.0%
Amsterdam	72567	118034	22%	23354	81.1%	19.2%	37.8%	41.8%	1.6%
Oslo	65647	123108	29%	26538	82.2%	15.6%	31.7%	52.7%	3.0%
Stockholm	68540	118699	31%	26852	85.1%	13.7%	37.4%	48.5%	3.7%
London	68496	117337	29%	30574	79.3%	12.8%	33.4%	53.6%	1.4%
New York (Greater)	85565	130449	9%			17.2%	46.5%	36.3%	
Los Angeles (Greater)	65368	108705	6%			25.0%	48.3%	26.7%	
Chicago	68836	108048	3%			15.7%	50.0%	34.2%	
Boston	93233		2%			12.9%	47.5%	39.6%	

Note: For international comparability, the data provide the estimates for each metropolitan areas based on the corresponding larger (TL2 or TL3) region. Regional values are downscaled to better reflect the values of the metropolitan area.

Source: OECD regional database, 2020.



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