

LIFELONG LOAN ENTITLEMENT CAN HELP UNLOCK INVESTMENT IN SKILLS

RESPONSE TO THE GOVERNMENT CONSULTATION ON LIFELONG LOAN ENTITLEMENT

The Confederation of British Industry (CBI) supports the government's objective to deliver the Lifelong Loan Entitlement (LLE). The Lifelong Loan Entitlement can help unlock investment in skills to meet the skill needs of the economy. The CBI Learning for life report found the UK needs to spend an additional £130 billion on training over ten years.¹ The Lifelong Loan Entitlement can help stimulate business investment in skills and help individuals retrain/upskill to fill existing skill shortages. The government has a crucial role to ensure that increased investment delivers the greatest possible impact. The Lifelong Loan Entitlement policy should create the right conditions for all businesses and individuals to prioritise training and increase investment in skills.

Reskilling is one of the biggest challenges currently facing the UK economy, the CBI Learning for life report suggests by 2030, over thirty million – equivalent to 90% of the current workforce will need to be reskilled.² This emphasises the growing importance for individuals, employers, and government to work closely together to help address reskilling and ensure the UK skills system remains agile and responsive to the skill demands of the economy.

CBI members tell us that training needs to become more agile with more modular provision and short courses. The Lifelong Loan Entitlement reforms can be a stimulus for this and build government's confidence to invest public money in more agile training. Anecdotal evidence from CBI members advise modular learning can create an environment which allows learners to gain new skills instantly and be able to fill existing skill gaps.

The UK government has underinvested in adult education, only 2% of current education spending currently goes on adult learning³, according to the CBI Learning for life report. The Lifelong Loan Entitlement can be a tool for individuals to help drive up investment in adult education, by placing the individual at the heart of the system to make informed choices to invest in their own learning that supports their career ambition. The government needs to ensure learners are given the right information about modules and career routes to put the Lifelong Loan Entitlement into full effect.

¹CBI Learning for Life report 2020

²Ibid

³Ibid

The Lifelong Loan Entitlement must unlock extra business investment in skills

CBI Learning for life report found businesses return on investment in training was 75%⁴, however the other 25% return on investment for the learner and economy, but not for the business paying for the training. The Lifelong Loan Entitlement could unlock further return on investment if it allows co-funding.

Co-funding would allow the individual and employer to co-invest in skills and retraining to help target sectors of the economy facing acute skill shortages. For example, the employer may decide to match 50% of the course fees in partnership with the individual. This can bring many benefits such as businesses increasing their investment in skills and the individual acquiring new skills, this is mutually beneficial both to the employer and individual.

However, there are significant risks attached to a co-investment model which includes the employer passing on existing training costs to the individual to fund through their entitlement. The government must ensure the design of the Lifelong Loan Entitlement system does not allow employers to do this.

Employers have also considered the Lifelong Loan Entitlement as a tool to unlock funding arrangements with employees. Here employers would purchase modules through the Lifelong Loan Entitlement, with the agreement that employers pay off the loan over time on top of basic pay as long as the employee remains with the company. This would help employers retain talent as employees would have the opportunity to retrain and being funded by their employer will increase take up of the Lifelong Loan Entitlement. Employers purchasing modules through the Lifelong Loan Entitlement would give the employees the flexibility to have direct access to module content, to help develop new skills and fill existing skill gaps.

Recommendation: The Government must build-in flexibility for modules to be co-funded with employers and for employers to fund converting a module into a full qualification.

To be a success, the Lifelong Loan Entitlement must help build a culture of lifelong learning

The CBI Learning for life report found 28% of individuals said that nothing is preventing them from taking part in learning in the next three years.⁵ This highlights that it is vital to not only remove barriers to learning but also promote lifelong learning and give people the confidence to participate in it.

Building a culture of lifelong learning starts before levels 4-6, the government need to incentivise individuals to take up learning at earlier stages of their life to encourage lifelong learning. The CBI Learning for life report found creating a National Reskilling Action Plan to foster a cultural change towards lifelong learning.⁶ By removing financial barriers to lifelong learning, individuals can use the Lifelong Loan Entitlement to invest in skills which can help support career growth and support personal development.

⁴Ibid

⁵Ibid

⁶Ibid

The Lifelong Loan Entitlement will need to ensure learners are given the right information to make informed decisions to help spend their entitlement to assist their career. This includes updated career advice, key modules to fast-track career progression and career projection based on modules chosen by the individual.

Learners need clear pathways to access Lifelong Loan Entitlement

Level 4-6 training will be most useful for individuals who are ready to begin higher level training. Businesses also advise they are keen for everyone to access levels 2-3 to have a pathway to access the Lifelong Loan Entitlement. Clear pathways can help the individual understand the route they need to undertake to access levels 4-6 to use the Lifelong Loan Entitlement to fund future training. Without clear pathways, individuals would struggle to navigate the education system, and this would potentially impact the take up of the Lifelong Loan Entitlement.

Recommendation: The government must encourage a culture of lifelong learning beyond levels 4-6, to help individuals increase their confidence in investing in learning throughout their lifetime.

Recommendation: The government must ensure learners have clear pathways and funding routes which would encourage learners to progress to levels 4-6.

Modular learning can increase investment to fill skill shortages

CBI Learning for life report indicates 85% of skill gaps for the future UK economy are workplace skills such as digital and leadership.⁷ This means an increased offer of training through modular delivery will be key for employers looking to fill existing skill shortages. CBI members continually recommend modular learning can help increase investment in skills, modular learning can allow individuals use their entitlement to fund high value modular courses to help support career growth, but also give flexibility for the individual to study when it suits them.

Employers find modular learning provides significant benefits such as relevance of learning. Bitesize learning allows the selection of relevant material only, saving employees and firms money and time, employers may look to purchase modules through the Lifelong Loan Entitlement which is focused for individuals depending on their job role and training they require. This type of flexible learning can be adopted by many organisations and encourage more investment in skills from employers.

The Lifelong Loan Entitlement could help individuals use their entitlement to purchase modules to develop key skills to keep up with industry provision. For example, currently there are limited apprenticeships for individuals looking to upskill to learn the latest EV battery technology, therefore the Lifelong Loan Entitlement can help individuals use their entitlement to fund specific modules to keep up to date with industry trends.

CBI members indicate the Lifelong Loan Entitlement could be pivotal in helping individuals and employers fund training through the Lifelong Loan Entitlement to help individuals top up skills as industry changes. The collaboration between providers and employers is important in ensuring modules reflect the skills top up which is needed for individuals to keep up with industry provision.

⁷Ibid

Recommendation: Expand the scope in which the Lifelong Loan Entitlement could be used to fund modular learning in existing qualifications.

Local Skills Improvement Plans can help draw upon providers meeting employer skill needs

The Local Skills Improvement Plans (LSIPs) can provide a framework for Lifelong Loan Entitlement, to design modular learning that reflect employer skill needs locally. The LSIPs can provide a structure for Lifelong Loan Entitlement to facilitate greater collaboration between employers and providers to design modules which reflect local employer skill needs. Training providers must work closely with employers to ensure short courses meet local needs, or else there is significant risk individuals may choose to spend their entitlement with a local provider whose course content does not reflect the local skills landscape. This may cause a skills mismatch and a rise in local unemployment.

The CBI Learning for Life report suggests the Lifelong Loan Entitlement should work closely with Higher and Further Education institutions ahead of the introduction of the new flexible loans entitlement to encourage and support providers to develop more bite-sized, flexible, and online learning to individuals.⁸

Recommendation: Local Skills Improvement Plans must provide a structure for Lifelong Loan Entitlement to serve local employer skill needs.

⁸Ibid