

BULLETIN

Poor skills at regional and local level

Context – the importance of skills in national, regional and local economies

'As we move into the new century, skills and learning must become the key determinants of the economic prosperity and social cohesion of our country' (David Blunkett, Secretary of State for Education and Employment, 2000).

There is widespread recognition of the importance of skills to the competitiveness of national and regional economies, as highlighted by the work of the National Skills Task Force (National Skills Task Force, 2000) and the development of Regional Skills Strategies by Regional Development Agencies and their partners. Meanwhile, at the local level Local Learning and Skills Councils are charged with drawing up robust local strategies for skills within a national framework.

The importance of skills for individual life chances

At the individual level, a range of economic evidence points to a positive relationship between higher levels of education and earnings. This relationship may be explained by education increasing the ability of individuals to respond to new opportunities in a changing labour market, and/or the use of qualifications by employers as screening devices during the recruitment process. Moreover, the benefits of education and training are cumulative. Individuals with higher prior qualification levels are more likely to engage in learning activities at their own discretion and to receive further training while in work. For example, in winter 1998 over 18 per cent of employees with prior experience of higher education had received employer-funded job-related training in the previous four weeks, compared with less than 3 per cent of employees with no qualifications.

The gap between those with poor skills and the rest

An increasing 'gap' is evident between 'haves' and 'have nots' in the labour market, with those with no qualifications 'losing out' (Moser, 1999). Lack of work is concentrated amongst the least qualified: an analysis of Labour Force Survey data by Glyn and Erdem (1999) revealed that in 1997 about 40 per cent of men aged 25-64 years without qualifications were not working, compared to around 10 per cent of those with degrees.

This 'gap' between groups within the labour market also has a geographical dimension. At the regional and local level, problems of low levels of basic skills are most acute in the traditional industrial regions and inner city areas (Green, 1999). Analyses of Labour Force Survey data show that regional variations in non-employment are concentrated upon the least qualified (Glyn and Erdem, 1999), and local differentials are even greater. Indeed, at the micro area level the inter-relationships between the operation of labour markets and housing markets, along with other socio-economic changes, have culminated in spatial concentrations of disadvantage in particular neighbourhoods.

The policy emphasis on poor skills at local level

It is the 'poorest'/'worst' neighbourhoods which have been the focus of attention for the Social Exclusion Unit and associated Policy Action Teams (PATs) (Social Exclusion Unit, 1998, 2000a, 2000b). The goals of the National Strategy for Neighbourhood Renewal, as set out in the 1998 report *Bringing Britain together: a national strategy for neighbourhood renewal* were:

- to bridge the gap between the most deprived neighbourhoods and the rest of England, and

- in all the worst neighbourhoods to achieve lower long-term worklessness, less crime, better health and better educational qualifications.

In line with these goals, the Jobs PAT was charged with drawing up an action plan to reduce the difference between levels of worklessness in poor neighbourhoods and the national average. As part of its remit, the Skills PAT was commissioned to report on the key skills gaps that need to be addressed in poor neighbourhoods to help those who are either unemployed, or in intermittent or unskilled employment, or who lack basic skills and self confidence. The object of this was to assess the number of adults in such neighbourhoods who do not have essential employment-related and other life skills, and to draw up an action plan with targets to help them acquire those skills. It is significant that the focus of interest of the Skills PAT extended beyond narrowly defined ‘basic skills’ (i.e. literacy and numeracy), or ‘job specific skills’, to encompass broader skills associated with ‘employability’.

What are poor skills?

Skill is the ability to perform a task to a pre-defined standard of competence. It is acquired through formal and/or informal learning and through practice. Skills may be thought of as attributes of both *jobs* (with some jobs making greater skill demands than others) and of *people* (with some people being more highly skilled than others). Focusing on people, a number of measures exist that seek to measure the capability of individuals – for example:

- basic tests of reading, writing, numeracy, etc;
- possession of formal qualifications – by level; and
- an assessment of their skills or competencies.

Clearly, there is scope for defining ‘poor skills’ with respect to educational progress and/or qualification levels, but this represents only a *partial* view.

Different people and different jobs may be thought of as occupying different positions in a *skills hierarchy*. Two key dimensions of work determining the position of a person/job in the skills hierarchy are:

- 1) *complexity* – encompassing the degree of complication of individual tasks, the range and variety of tasks, and the knowledge needed in a job; and
- 2) *discretion* – the element of choice and the potential to exercise judgement in a job.

The greater the complexity and discretion involved, the higher the person/job in the skills hierarchy.

Alternative classifications of skills

A range of other terms/taxonomies are in common use in debates on skills. These include distinctions between:

- *basic skills* – literacy, numeracy and communication skills;
- *vocational skills* – specific ‘technical’ skills needed to work within an occupation or occupational group; and

- *generic skills* – which can be used across a range of occupational groups, and which include a set of six key skills –

1. communication
2. problem solving
3. team working
4. IT skills
5. application of number
6. an ability to improve personal learning and performance

which have been identified as underlying good performance in the labour market, now and in the future.

A rather different classification of skills is that distinguishing between:

- *cognitive skills* – primarily involving thinking, reasoning and the use of knowledge; and
- *manual skills* – which mainly rely on hand/eye co-ordination.

To some extent the different classifications of skills in common use overlap, but there is no easy way to match different classification systems into each other. However, it is significant to note that in many of the classifications there is an implicit recognition of the importance of notions of ‘transferability’ of skills in different contexts, and also of ‘personal attributes’ over and above possession of specific skills. Jobs usually require a range of skills (for example, both cognitive and manual skills) and the range of skills needed in jobs changes over time – as a result of the changing inter-relationships between several factors, including the introduction of new technologies, changes in global trade patterns and changes in work organisation.

In the context of alternative classifications of skills and changing skill requirements, it is not surprising that there is no clear definition of ‘poor skills’. It would be possible to identify a long list of specific skills and competencies that individuals are likely to require for sustained employment. However, measurement of the acquisition of skills, especially ‘softer’ ones associated with personal attributes has not been resolved, and in many instances measurement has been ignored.

Employability – placing skills in a broader context

Given the current strategic direction of policy, which emphasises skills-based solutions to economic competition and participation in work as a key route to social inclusion, it is perhaps appropriate to define ‘poor skills’ in relation to ‘employability’. While there is no single definition of ‘employability’, in essence it is about the capability to gain initial employment, to maintain employment and to obtain new employment if required (i.e. it is about sustained employment). It extends beyond work-related skills to encompass aspects of the broader context (household, geographical, economic, etc) within which an individual is

located. Hillage and Pollard (1998) defined components of employability (for an individual) as including:

- 1) *assets* – in terms of the knowledge (i.e. what an individual knows), skills (i.e. what an individual does with what they know) and attitudes which an individual possesses;
- 2) *deployment* – the way in which an individual deploys those assets;
- 3) *presentation* – the ability to demonstrate ‘employability’ assets and present them to the market in an accessible way; and
- 4) *context* – the circumstances within which an individual seeks work.

The balance between (and within) each of these four components is likely to vary between individuals, depending on their relationship to the labour market and their location. Moreover, Hillage and Pollard’s definition of employability acknowledges that sustained employment is about much more than individual assets (including skills).

To appreciate the full extent and nature of skills gaps in the ‘worst neighbourhoods’ it is necessary to adopt a broader perspective on ‘employability’ (i.e. one extending beyond the skills and attributes of the individual). Adopting such a broader perspective, Evans et al. (1999) proposed a *New Model of Employability* with nine key elements:

Components	External factors
1. extent of transferable skills	5. personal barriers to work and training
2. motivation to seek work and training	6. the attitude of employers to unemployed people and those disadvantaged in the labour market
3. mobility in seeking work and training	7. the supply of education, training and work experience
4. access to information and networks	8. the supply of appropriate jobs in the local economy
	9. the benefits system where it does not make work pay

It is contended that a coherent strategy to increase employability has to tackle all these elements if it is to be successful. The implication is that it is necessary to consider skills in a broader context.

Issues in measuring skills

In terms of measuring skills, a key question is:

- *who* should measure skills (and *how*)?

(In reality, the practice of who measures skills, and how, varies between information sources.)

In basic examinations/assessments of individual capabilities, the aim is to measure ‘skills’ in an ‘objective’ fashion against a pre-specified standard. Yet there exist a range of different conceptual frameworks and varying thresholds for defining competency: for example, adults categorised in a literacy test as having ‘poor basic skills’ can differ widely in their current levels of skills, and what those skills levels mean in practice. It is possible to gain different interpretations of the levels/sufficiency of skills according to whether:

- a *subjective* or an *objective* view, or
- an *individual* (supply-side) or an *employer* (demand-side) perspective

is adopted. In terms of basic skills, Pearson (1998) concluded that subjective assessments tend to under-report the overall level of need. The definition of ‘skill’ is often ethnocentric: it may be determined for groups marginal to the labour market by groups well positioned in the labour market.

A further measurement issue is:

- should skill levels be measured in absolute or relative terms?

(i.e. is the focus of interest those individuals lacking certain qualifications/skills, or those who have least skills, or both?). Both absolute and relative measures of poor skills are of interest from a policy perspective.

Measurement issues are complicated by the fact that skills are dynamic, not static. Skills need to be defined much more in terms of the deployment of technologies and techniques. Skills gaps and essential employment-related and other life skills do not remain fixed for all time, but evolve as skill needs change.

Review of evidence on measuring poor skills at regional and local level

Information on aspects of ‘poor skills’ at local and regional is available from a range of sources; (it is not possible to provide a comprehensive overview here; rather the intention is to provide an overview of the types of information available and the strengths and weaknesses of different sources). The information base is dynamic: pressures for change include changes in demand, finances, and developments in IT and statistical methods. Hence, the contents and coverage of information sources are constantly evolving – new questions may be asked, and the frequency and spatial coverage of an information source may change.

Surveys with a specific focus on learning/skills

The *Adult Literacy in Britain Survey* profiles the literacy skills of the population of working age (Carey et al., 1997). The Survey was conducted by personal interview in respondents’ homes with 3,811 individuals aged between 16 and 65 years drawn from a national random probability sample. The interview consisted of two main elements:

- 1) a background questionnaire – collecting information on socio-demographic characteristics, as well as asking about literacy activities, self-assessment of their literacy skills, and participation in training and adult education; and
- 2) a literacy assessment – measured on three dimensions: (1) prose, (2) document, and (3) quantitative (i.e. ‘literacy’ is not defined as a dichotomous condition, but is considered as a broad range of skills required in a varied range of contexts); with performance on each of these dimensions subsequently grouped into 5 ‘literacy levels’ – level 1 representing the lowest ability range and level 5 the highest.

Results revealed that those individuals at level 1 (i.e. with ‘low literacy skills’) were predominantly older people (47 per cent were aged over 45 years, compared with 22 per cent of those with literacy skills at levels 4/5 [i.e. classified as having the highest literacy skills]) with low levels of education (70 per cent had completed their education at lower secondary level, compared with only 29 per cent of those with literacy skills at levels 4/5). Those at level 1 were more likely than people at other levels to be unemployed or economically inactive (although half were employed), to belong to manual rather than non-manual social classes (46 per cent belonged to social classes IV and V, compared with 10 per cent with literacy skills at levels 4/5), to be on a low income, and not have spoken English as a first language as a child, to have been born outside the UK, or to be from a non-white ethnic group.

The *Adult Literacy in Britain Survey* is a valuable source of information on the characteristics of individuals with low literacy skills (assessed both objectively and subjectively), but small sample size limits the extent to which estimates for sub-national populations and sub-national areas can be made.

The most recent *National Adult Learning Survey* from which results are available, undertaken in 1997, provides information on adults’ involvement in taught learning and self-directed learning (Beinart and Smith, 1998). The Survey was conducted by using face-to-face computer-assisted interviews in respondents’ homes with 5,653 individuals aged between 16 and 69 years drawn from a representative sample of adults in England and Wales. Respondents were asked if they had undertaken each type of learning (i.e. taught and self-directed) in the past three years, or since leaving full-time education, whichever was the most recent. The Survey provides information on profiles of learners and non-learners, type of learning undertaken, number and length of learning episodes, tuition time and place of taught learning, subjects studied, qualifications obtained, cost of learning, reasons for starting taught learning, perceived benefits of learning, attitudes to learning and plans for future learning.

Results showed that groups particularly unlikely to have undertaken learning in the last three years included:

- those aged 50 or over;
- those looking after home or family, the retired and those unable to work because of long-term sickness; and
- those leaving school aged 16 or younger and those leaving school without qualifications.

Logistic regression revealed that the most significant predictors of a person’s ‘learning status’ were socio-economic group, whether or not a qualification had been obtained on leaving continuous full-time education, whether or not the respondent had started a new job recently and current activity status.

The *National Adult Learning Survey* provides a rich source of information on learning activities and attitudes to learning at national and regional level (the sample size is too small to permit sub-regional analyses), identifying individual characteristics associated with participation in learning.

The *Adults’ Basic Skills Survey*, conducted on behalf of the Basic Skills Agency in 1996 and 1997, was designed to estimate the level of basic literacy and numeracy skills in selected local authority areas in England (Basic Skills Agency, 1998). Basic literacy and numeracy skills of 8,804 adults aged 16-60 years were assessed using a structured questionnaire which incorporated a series of literacy and numeracy tasks, designed to assess everyday reading, writing and numeracy skills. The overall performance of respondents on the literacy and numeracy tasks was classified into three broad categories: (1) very low, (2) low, and (3) average and above.

The survey results were analysed to show the percentage of respondents classified as having ‘low/very low’ scores on literacy and numeracy according to seventeen broad categories from the ACORN geodemographic classification system. The greatest incidence of basic skills difficulties is apparent in neighbourhoods categorised as ‘council estate residents, greatest hardship’, ‘people in multi-ethnic low income areas’, ‘council estate residents, better-off homes’ and ‘council estate residents, high unemployment’.

Using geodemographic profiles of local authority areas and wards, predictions were then made of the proportion of residents with ‘very low/low’ skills, thus providing estimates of basic skills difficulties (albeit relatively broadly defined) at local and micro area levels. However, it is possible that in some micro areas the estimated incidence of basic skills difficulties could differ from the actual level of difficulties, since no account is taken of local specificities, (rather it is assumed that all local areas conform to the ACORN category average). In general, basic skills difficulties are greatest in large urban areas, and in northern England.

Other ‘official’ sources providing information on skills

The *Labour Force Survey (LFS)* is the largest regular household survey in the UK, and is becoming increasingly prominent as a source of labour market information. In any three-month period, the LFS covers a nationally representative sample of approximately 120 thousand people aged over 16 years in around 61 thousand households in the UK. Each household is interviewed five times, and a wide range of socio-economic data (including information on economic position, age completed full-time education,

qualifications, occupations, etc) is collected. Information from the LFS is available on a quarterly basis. In the quarterly LFS residential details are available at national, regional and county levels. However, the constraints of sample size and sampling variability mean that estimates may not be robust at the regional and sub-regional levels. An Annual Local Authority District Database has also been developed from the LFS, providing a subset of variables at the local authority district level. However, the number of variables available at this level is limited, and the sample size is not sufficiently large to provide reliable data down to local level in many instances.

As regards information on skills, currently, the LFS has several weaknesses:

- a lack of data on the subject or occupational field of qualifications below higher education level;
- limited information on past training; and
- the sample size is not sufficiently large to provide reliable data down to regional level, except for broad groupings of occupations.

Nevertheless, there is considerable emphasis on the LFS as an increasingly prominent source of 'official' labour market data. The National Skills Task Force recommended that questions should be added to the LFS to provide information on the qualification and training histories of individuals. A study of the costs and benefits of boosting the size of the LFS to provide an achieved sample size of 1,200 economically active adults in each Training and Enterprise Council / Local Education Authority / Local Learning Partnership area has been undertaken (ONS, 1999). While the recommendation of the report was that the benefits of enhancing the LFS would exceed the costs, such a boost would not meet requirements for information on estimates of poor skills at micro area level. Nevertheless, a larger LFS sample would mean more data would be available for developing models, and associated estimates, for small areas.

The *Census of Population* is the most comprehensive source of robust information on the demographic and socio-economic characteristics of the population at the micro area level. It is administered by means of a self-completion questionnaire delivered to every household. This means that in order to maximise the quantity and quality of response, the information collected has to be relatively limited and relatively simple. Nevertheless, it remains an important 'baseline' information source for use in deriving micro area level estimates. The key limitations of the Census of Population are that (to date)

- it provides limited information on occupations and qualifications of relevance in measuring poor skills; and
- it provides only a decennial snapshot.

Revised and extended questions on academic, vocational and professional qualifications are to be included in the 2001 Census of Population. Information from the 2001 Census of Population is due to become available in 2003.

The *Indices of Deprivation (ID 2000)* are the foremost of several systems of indicators and indices that have been derived to provide information on deprivation/disadvantage at local and micro area scales. The ID 2000 is predicated on the idea of different dimensions or 'domains' of deprivation. One of the domains is 'education, training and skills deprivation'. The purpose for the set of indicators in this domain is to measure in as consistent a way as possible the key educational, training and skills characteristics of the local area that may be held to form part of the overall deprivation and disadvantage experienced. One of the indicators included in this domain (DETR, 2000) is:

- working age adults with no or low qualifications (generated from three years aggregated district level LFS data 'modelled down' to ward level using variables in the LFS that have their analogues in the 1991 Census of Population).

Local and regional skills surveys

In recent years a range of local and regional skills surveys have been undertaken on behalf of regional and local organisations. The need to measure progress towards National Learning Targets and to provide information to support funding applications typically provided a stimulus for such surveys. In some instances, household/individual skills surveys have been supplemented by surveys of employers' skills requirements. Typically, skills surveys have been carried out using face-to-face interviews, and have collected information on the respondents' subjective assessment of their situation and circumstances – including economic position, work experience, qualifications, skills, training activity, perceived training needs, job search activity and barriers to employment and labour market participation. Local skills surveys have been used in similar ways to those surveys with a specific focus on learning/skills to profile individuals with no/few formal qualifications, to highlight barriers to obtaining employment, and to model attitudes to education and training activity.

Factors identified as preventing the unemployed from finding work typically include insufficient (suitable) jobs available locally, poor rates of pay, lack of qualifications, lack of work experience and caring responsibilities. The household and local contexts of individuals often emerge as important factors when considering education, training, skills and training motivation and prospects of obtaining employment.

While local skills (and employer) surveys can provide rich information at the local/micro area scales, there are concerns that much local level information is not collected on a reliable or consistent basis. This means that it is difficult to aggregate, pool or compare such local information. While local surveys can, and often do, provide valuable information on, and insights into, particular local circumstances, generally it is not feasible to use such surveys to provide comprehensive and consistent information on 'poor/low skills' at the local/micro area level across England as a whole.

Conclusions

Information on aspects of skills is available from a range of data sources with a national coverage, including those with a specific focus on skills/learning and those with a more general focus but including some information on skills issues. However, sample size constraints limit the extent to which data can be disaggregated geographically; (although there would be benefits from increasing the sample size of the LFS). Hence, individually, none of these information sources provides a comprehensive picture of 'poor skills' at the micro area level. Nevertheless, for analysts and policy skills concerned with measuring poor skills at local and micro area levels the information base is improving, with updated and improved data likely/possibly to become available over the next three years (Green, 1999):

- reporting on ONS development work on deriving small area 'official' estimates from the LFS and other information sources – providing information on selected socio-economic indicators at local and micro level (Ambler *et al.*, 2000), ongoing;
- National Adult Learning Survey – providing information at national and regional level, due 2001;
- 2001 Census of Population – providing a range of information on socio-economic structure, qualifications, etc, at local and micro area levels, due 2003;
- International Life Skills Survey – providing information at national level, due 2003;
- LFS boost – to provide information at national, regional and local levels, discussions ongoing;
- Baseline Study of Basic Skills – providing information at national, regional and local levels has been discussed.

Although more information on poor skills at local level is likely to become available within the next three years, in the absence of additional new data collection exercises a lack of information on poor skills at the micro area level is likely to persist.

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