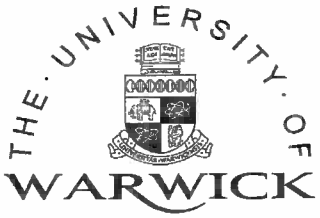

FEASIBILITY STUDY ON MEASURING THE LOCAL DISTRIBUTION OF POOR SKILLS

Summary

Prepared for the Department for Education and Employment

by

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October 1999

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FEASIBILITY STUDY ON MEASURING THE LOCAL DISTRIBUTION OF POOR SKILLS

Scope of Summary

This Summary draws together the findings from the Phase 1 and Phase 2 reports from a 'Feasibility Study on Measuring the Local Distribution of Poor Skills'.

The Summary has five main sections:

1) The first section sets out the *context* for the Feasibility Study by outlining the *information needs of the Skills Policy Action Team.*
2) In the second section the literature on *skills definition* is reviewed in order to establish whether an unambiguous *working definition of 'poor/low skills'* can be easily identified.
3) The third section presents a *review and assessment of sources* providing information on 'poor/low skills'. Particular emphasis is placed on *developments in the information base* – covering what data are likely to become available, when and for what geographical units.
4) In the fourth section some of the issues pertaining to the possible conduct of a *survey to measure poor skills at micro area level* in the most socio-economically disadvantaged areas in England are discussed.
5) The fifth section *synthesises the key messages* from the project.

1. Information Needs of the Skills Policy Action Team

1.1 *Context - Why Focus on Poor Skills?*

There is widespread recognition of the importance of skills to the competitiveness of local, regional and national economies. Moreover, the pace of change in skills requirements means there is a need for continual upgrading of skills throughout individuals' working lives – hence the increasing policy emphasis on lifelong learning. In order to compete in the labour market, individuals require not only a solid base of basic skills (i.e. literacy and numeracy), but also generic, technical and 'employability' skills. An increasing 'gap' is evident between 'haves' and 'have nots' in the labour market, with those with no qualifications 'losing out'. This 'gap' also has a geographical dimension, culminating in spatial concentrations of disadvantage in particular neighbourhoods.

1.2 *The Social Exclusion Unit and Policy Action Teams*

Social exclusion is a shorthand label for what can happen when individuals or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime environments, bad health and family breakdown. Tackling social exclusion is one of the Government's highest priorities. The Social Exclusion Unit, established

to tackle problems of concentrated disadvantage/exclusion, has set up cross-cutting Policy Action Teams (PAT) to focus on specific issues.

1.3 *The Remit and Information Needs of the Skills PAT*

The Skills PAT has a remit to:

a) report on the key skills gaps that need to be addressed in poor neighbourhoods to help those who are unemployed, in intermittent or unskilled employment, or lack basic skills and self confidence; and

b) assess the number of adults in poor neighbourhoods who do not have essential employment-related and other life skills.

The focus of interest of the Skills PAT extends beyond narrowly defined 'basic skills' or 'job specific skills' to encompass broader skills associated with 'employability'. In terms of geographical focus the policy emphasis on 'poor neighbourhoods' calls for information at the micro area (i.e. ward) level.

2. What are 'Poor/Low' Skills?

2.1 *Measures of Individual Capability*

A number of measures exist that seek to measure the capability of individuals - for example:

- basic tests of reading, writing, numeracy, etc, typically used to measure educational progress;
- possession of formal qualifications - by level (e.g. GCSEs, A levels, etc); and
- an assessment of the skills or competencies (e.g. NVQs).

However, defining 'poor/low' skills with respect to educational progress and/or qualification levels represents only a partial view.

2.2 *Classifications of Skills*

There are several different terminologies in use for classifying skills, including:

- *basic skills* - literacy, numeracy and communication skills;
- *key skills* - a set of six skills (communication, application of number, IT, working with others, improving own learning and performance, and problem solving) which have been identified as underlying good performance in the labour market, now and in the future; and
- *vocational skills* - needed to undertake specific occupations.

The National Skills Task Force favours grouping skills under three headings:

1) *generic skills* – transferable skills which can be used across occupational groups; encompassing the six key skills identified above plus reasoning skills, work process management skills and personal values and attitudes;
2) *vocational skills* – specific 'technical' skills needed to work within an occupation or occupational group; and
3) *job specific skills* – including both 'functional' skills and 'employer wide' skills.

Other studies have developed alternative classifications of skills, which often share similarities with, but are not identical to, those taxonomies outlined above. For example:

- ◊ *generally transferable skills*: centred on understanding workplace procedures and learning appropriate behaviour;
- ◊ *occupationally or sectorally transferable skills*: which can have a wide applicability (e.g. customer care, answering the phone, computer skills, etc); and
- ◊ *organisation or job specific skills*: understanding of an employer's particular systems or products, which may have limited transferability.

The term *soft skills* (i.e. skills which transcend sectoral and occupational boundaries - such as oral communications, team working, written communications, problem solving, relationship development, adapting communications styles, time management, sharing knowledge, influencing others, team leadership, networking, negotiation, facilitation and coaching) is used increasingly in the literature on skills.

To some extent the different classifications of skills overlap, but there is no easy way to match one classification system into another. However, what is evident in many of the classifications 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.

There is no clear definition of 'poor/low 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.

2.3 *Towards 'Employability'*

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/low skills' in relation to 'employability'. *Employability* 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. Components of employability for an individual[1] include:

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 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.

It is necessary to adopt a broader perspective on 'employability' (i.e. one extending beyond the skills and attributes of the individual) if the full extent and nature of skills gaps in poor neighbourhoods is to be appreciated. It has been contended[2] that a coherent strategy to

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1 Hillage J. and Pollard E. (1998) *Employability: Developing a Framework for Policy Analysis*, DfEE Research Report 85. London: The Stationery Office.

2 Evans C., Nathan M. and Simmonds D. (1999) *Employability Through Work: Beyond the New Deal.* Manchester: CLES.

increase employability has to tackle *all* these elements identified in the *New Model of Employability* identified below if it is to be successful:

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

2.3 *Issues in Measuring Skills*

There are a number of further issues regarding measurement questions. For instance:

- *who* should measure skills (and *how*)?' (i.e. is self-assessment appropriate?)

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.

A further issue is:

- should skill levels be measured in *absolute* or *relative* terms?' (i.e. is the interest in those individuals lacking certain qualifications/skills, or those who have least skills, or both?).

The goal of 'assessing the number of adults in poor neighbourhoods who do not have essential employment-related and other life skills' perhaps implies that an absolute measure is desirable. Yet if we consider that those with the relatively poorest skills are likely to be furthest back in the queue for employment, perhaps a relative measure is more appropriate. This would suggest that *both* absolute and relative measures of poor skills are of interest.

Measurement issues are complicated by the fact that skills are *dynamic*, not static. In skills strategies being developed currently, it is recognised that 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.

3. Review and Assessment of Sources Providing Information on 'Poor/Low' Skills and Developments in the Information Base

3.1 *Introduction*

It is important to remember *that the information base is dynamic.* It is subject to continual pressures for change – in accordance with changes in economy and society. These pressures include:

- *changes in demand* – as a result of institutional developments (such as the establishment of Lifelong Learning Partnerships), changes in policy focus, etc;
- *finances* – money available for developing information sources and associated priorities; and
- *developments in IT and statistical methods* – advances in technical methods of collecting, processing and analysing data.

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.

Information on aspects of skills is available from a range of sources/using a range of techniques. Here a distinction is made between:

1) surveys with a specific focus on learning/skills;
2) larger surveys with a more general focus but including information on learning and/or skills - with particular emphasis on the Labour Force Survey;
3) deriving small area estimates from the Labour Force Survey and other information sources;
4) the Census of Population (with particular reference to the 2001 Census of Population);
5) indicators/indices of deprivation at local/micro area level;
6) local skills surveys; and
7) administrative sources.

3.2 *Surveys with a Specific Focus on Learning and/or Skills*

The *Adult Literacy in Britain Survey*[3] (part of the International Adult Learning Survey) profiles the literacy skills of the population of working age. 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; 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 with low levels of education. Those at level 1 were more likely than people at other levels to be unemployed or economically inactive, belong to manual rather

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[3] Carey S., Low S. and Hansbro J. (1997) *Adult Literacy in Britain.* London: Office for National Statistics.

than non-manual social classes, be on a low income, and not have spoken English as a first language as a child, have been born outside the UK, or 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. Planning is currently underway for an *International Life Skills Survey* (to replace the International Adult Learning Survey), focusing on international contrasts, to be conducted in 2001, with results likely to be available in 2003.

The *National Adult Learning Survey*, undertaken in 1997, provides information on adults' involvement in taught learning and self-directed learning.[4] 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.

Planning is underway for a further National Adult Learning Survey in 2000, with results likely to be available in 2001.

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.[5] 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.

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4 Beinart S. and Smith P. (1998) *National Adult Learning Survey 1997*, DfEE Research Report 49. Colchester: DfEE.

5 Basic Skills Agency (1998) *Adults' Basic Skills: Benchmark Information on the Scale of Need in Different Areas of England.* London: Basic Skills Agency.

The overall performance of respondents 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 broad geodemographic[6] categories. Using geodemographic profiles of local authority areas and wards, predictions were 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

Following the publication of the Moser Report in June 1999,[7] the possibility of undertaking a *Baseline Study of Basic Skills* in 2001 is under discussion.

3.3 *The Labour Force Survey*

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 is seen as having several weaknesses:

- ◊ a lack of data on the subject or occupational field of qualifications below higher eduction 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.

A study of the costs and benefits of boosting the size of the Labour Force Survey 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.[8] Depending on the boost option selected, set-up costs are in the order of £2-3 million, with subsequent annual running costs of £2-4 million. While the recommendation of the report was

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6 Geodemographic classifications are designed using micro area level data (at ward or enumeration district level), mainly (but not necessarily exclusively) from the decennial Census of Population. The aim is to identify 'clusters' of neighbourhoods displaying similar socio-economic characteristics.

7 Moser C. (1999) *Improving Literacy and Numeracy: A Fresh Start.* The Report of the Working Group chaired by Sir Claus Moser.

8 ONS (1999) *The Costs & Benefits of Boosting the Labour Force Survey – LMILG15(99).* Report of the LFS TEC Boost Cost/Benefit Study Group.

that the benefits of enhancing the LFS would exceed the costs, such a boost would not meet requirements for information on estimates poor skills at micro area level. Nevertheless, a larger a larger LFS sample would mean more data would be available for developing models, and associated estimates, for small areas

Logistically, a boost to the LFS involves a number of challenges, including:

- technical issues in oversampling the smallest areas –very small areas raise a problem of 'saturation sampling' because the sample required in very small areas is a significant proportion of the total population, and moreover, in relatively small areas response rates can be volatile;
- recruiting and training sufficient interview managers and interviewers; and
- ensuring no adverse implications for data continuity from the LFS due to concentration of attention / resources / effort on the LFS boost.

3.4 *Deriving Small Area Estimates from the Labour Force Survey and Other Information Sources*

There is a growing demand for small area estimates, driven by:

1) the heightened awareness of the need to allocate scarce resources efficiently, and to target them on the basis of need; and
2) developments in statistical methods of small area estimation - particularly those using hierarchical models.

The demand for small area estimates across a range of variables has stimulated development work at the ONS focusing on the use of synthetic estimation, multi-level modelling and other statistical techniques to derive small area estimates of ILO unemployment and other socio-economic variables. A multi-level modelling methodology has been applied to small area claimant unemployment data with the aim of establishing a model linking this information to local authority district estimates of ILO unemployment. Although the results obtained show that multi-level models have some potential, the problem of small LFS sample size is not overcome.

Development work undertaken on estimation methods has made use of individual and household-level data from continuous surveys and data from area-level co-variates (e.g. the Census of Population). Results are due to be published during 2000. The estimates produced to date are 'experimental', but some of the results have been 'encouraging'. Any decisions on whether to issue such estimates as 'official' ONS figures will be taken after the results of methodological investigations are known and the quality of estimates assessed.

3.5 *The Census of Population*

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.

There are proposals for a revised and extended question on qualifications to be included in the 2001 Census of Population. The provisional question included in the Census Rehearsal consisted of tick-box response categories covering broad groupings of school level, degree and vocational qualifications (and specific professional qualifications in England and Wales).

However, the proposed question posed problems in the Census Rehearsal. Early results suggest that some respondents may have had difficulty in recognising their qualifications and finding an appropriate box to tick. The process of developing a more effective question for inclusion in the 2001 Census of Population is currently underway. Work on the specification of output categories is also continuing. The likelihood is that information at the micro area level on highest qualification attained, as well as supplementary information on the overall distribution of qualifications by broad category or type, will become available from the 2001 Census of Population in 2003.

3.6 *Indicators / Indices of Deprivation at Local / Micro Area Level*

The *Index of Local Deprivation (ILD)* – a national index of multiple deprivation - is 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. At the time of writing, a review of the ILD is underway.

The revised ILD 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 accepted for inclusion in this domain[9] is:

- *working age adults with no or low qualifications* (2-3 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).

The provisional timetable for the ILD Review suggests that the 'domains' (and rates for the 'domains') will be published in early 2000. Although the 'domains' will be published, it is unclear at this stage whether individual variables – such as 'working age adults with no or low qualifications - will be *freely* available.

3.7 *Local Skills Surveys*

In recent years a range of local and regional skills surveys have been undertaken on behalf of TECs, local authorities and others. 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 is collected on the respondents' subjective assessment of their situation and circumstances – including

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[9] Noble M., Penhale B., Smith G., Wright G. and Owen T. (1999) *Index of Deprivation 1999 Review - Second Report: Domains and Indicators*, University of Oxford.

economic position, work experience, qualifications, skills, training activity, perceived training needs, job search activity and barriers to employment and labour market participation.

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. Although formal qualifications are often seen as a proxy for skills, surveys have shown that both employers and individuals recognise the importance of 'soft skills'; (it may be more difficult for employers to identify such skills for people who are not in work than for those in 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.

3.8 *Administrative Sources*

Administrative sources can provide valuable information on aspects of 'low/poor skills'. The key *disadvantage* of administrative sources is that coverage is restricted to particular sub-groups who are the focus of particular programmes, etc. However, the main *advantage* of such sources is that, for the group in question, the information provided is usually 'rich and deep' and is often particularly tailored for use in policy formulation/delivery, and coverage is generally complete, comprehensive and consistent.

One potentially useful administrative sources is *The Client Progress Kit*[10] - a set of tools devised by the Employment Service for use by advisers and their managers, developed out of work on factors associated with leaving the unemployment register. It comprises a set of instruments designed to:

- diagnose the needs of clients;
- assess the literacy and numeracy of clients for particular jobs; and
- judge how 'job ready' a client is.

Once the Client Progress Kit has been piloted more fully, there may be scope for taking the information collected and analysing it to assess the probability of clients with particular characteristics gaining employment. Since postcodes are recorded for all clients, the Client Progress Kit may, in due course, have the potential to provide detailed information about the local distribution of poor skills. In particular, it has the potential to provide detailed information on the specificities of particular local concentrations of poorest/lowest skills, and so guide the formulation of policy to address skills gaps in poor neighbourhoods.

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[10] Employment Service (1999) *The Client Progress Kit.* Sheffield: The Employment Service. April 1999.

3.9 *Overview and Assessment*

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 to become available over the next three years – as illustrated below:

Developments in the Information Base

Source	*Geographical scale*	*Results scheduled*	*Likelihood*
International Life Skills Survey	national	2003	probable
National Adult Learning Survey	national, regional	2001	probable
Baseline Study of Basic Skills	national, regional, local	2002/3	possible
LFS boost	national, regional, local	2001	possible
results of ONS development work on deriving small area estimates from LFS / other information sources	local, micro	2000	probable
'official' small area estimates of selected key variables (including ILO unemployment)	local, micro	2001	possible
2001 Census of Population	national, regional, local, micro	2003	probable
Indicators included in the revised Index of Local Deprivation	local, micro	2000/1	probable

4. A Survey to Measure Poor Skills at Micro Area Level

4.1 *Introduction*

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. Moreover, it seems likely that on cost and logistical grounds a comprehensive and detailed survey measuring poor skills at micro area level in England is not feasible. One way of filling the 'gap' of a lack of information on poor skills in the most deprived neighbourhoods, would be to design and conduct a bespoke survey to measure poor skills at micro area level. An 'indicative' survey instrument to collect information on poor skills was designed and costed.

4.2 *Scope, Content and Costs of Possible Survey*

It is important that a questionnaire to measure poor skills at micro area level contains both:

- *monitoring/tracking questions* - providing information relating to targets and monitoring of progress towards targets; and
- *diagnostic questions* - including information on attitudes that may be used to inform local policy.

Topics covered in the questionnaire[11] included:

1) economic position and income;
2) education and training;
3) attitudes to learning; and
4) individual and household characteristics.

Quotes were sought from a number of market research companies for undertaking the face-to-face survey with random sample sizes of (1) 5 thousand, (2) 7.5 thousand, and (3) 10 thousand adults of working age in the 500 most deprived wards in England (as identified by the Index of Local Deprivation). It is estimated that the costs of data collection for a random sample of 7,500 adults of working age would be at least £200,000-£300,000; (although costings may vary due to the geographic dispersal of wards, the proportion of wards in London [where interviewer costs are higher], etc).

Some difficulties are likely to be experienced in undertaking a survey of poor skills in the most socio-economically deprived areas, and these might compromise survey response to some degree. Such issues include respondents feeling 'threatened' by the state, and interviewer safety.

It should also be noted that:

- such a survey (as specified above) would only be representative of the population in the 500 most deprived wards (i.e. it would be representative of adults in poor neighbourhoods), but it would not be possible to derive a 'national benchmark' from the information collected; and
- from a survey of the sizes and coverage specified above it would not be possible to disaggregate to ward level (due to too few interviews in each of the wards to generate reliable estimates) or to some larger local areas (given the limited number of interviews in many local areas).

Hence, it may be preferable to select a cross-section of, day 100, wards from the original 500 and concentrate interviewing in these, in order to look at differences between individual wards and 'types' of ward, while still being able to generalise to 'deprived areas' as a whole. Another possible way forward would be for local agencies to use prescribed parts of such a questionnaire to derive a minimum core of information on a regular basis for planning and monitoring purposes.

4.3 *Assessment*

It would be possible to undertake a bespoke survey to collect information on poor skills in the most socio-economically deprived areas. However, the nature of the areas covered serves to increase the costs of conducting a survey, and there are likely to be concerns surrounding response rates and quality of responses in areas of greatest deprivation.

The survey instrument designed for this project was intended to be 'indicative' (rather than 'definitive'). Indeed, before a decision was taken on whether or not to undertake such a survey the scope, detail and precise geographical coverage would need to be the subject of more detailed discussion.

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[11] Presented as Appendix 2.1 in the Phase 2 Report.

5. Key Messages

Information Needs

- The focus of interest of the Skills PAT extends beyond narrowly defined 'basic skills' or 'job specific skills' to encompass a much broader set of skills associated with 'employability'. However, in geographical terms, the focus is narrower – the 'ideal' being to measure the local distribution of poor skills at the *micro area* level.

Defining, Classifying and Measuring Skills

- While a number of measures exist for measuring 'poor/low' skills with respect to educational progress and/or qualification levels, such an approach provides only a *partial* view. Moreover, several different terminologies for, and classifications of, skills have been devised, but there is no easy way to match them.
- Skills are dynamic, and recently increasing emphasis has been placed on 'employability' – which covers much more than work-related skills (including a range of external factors), and on 'soft skills'. Such personal attributes are often difficult to measure, particularly for those outside employment.
- There are also issues concerning whether the measurement of skills should be objective or subjective, and whether the interest is in absolute and relative measures of skills (or both).

Assessment of Information Sources and New Developments

- 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 Labour Force Survey). Hence, individually, none of these information sources provides a comprehensive picture of 'poor/low skills' at the micro area level.
- The decennial Census of Population is the main source for information at the micro area level, but the range of data it includes on issues related to skills has (to date) been relatively limited compared with surveys such as the National Adult Literacy Survey and the Labour Force Survey. It is likely that the coverage of qualifications question in the 2001 Census of Population will be extended compared with 1991, so providing improved information on 'highest level' qualifications at micro area level. There is also increasing interest in deriving local/micro area estimates using survey data at a higher level of spatial resolution in tandem with micro area data. Development work – involving mulit-level modelling, synthetic estimation and other statistical techniques - is ongoing.
- Local skills surveys often provide 'rich and deep' information setting information on skills in a broader household and local context. However, due to incomplete coverage, and use of different methodologies in different areas, it is not feasible to use such surveys to provide comprehensive and consistent information on poor skills at the local or micro area level across England as a whole.
- Each information sources reviewed has its advantages and disadvantages, but none provides the Skills PAT with an 'off the shelf' means of assessing the number of adults in poor neighbourhoods who do not have essential employment-related and other life skills.

- The information base is dynamic – with new institutional developments, changes in demand, finances available and developments in statistical methods causing pressures for change. There are a number of developments in data sources and estimation techniques which mean that the information base on poor skills at local and micro area level is likely to improve substantially in the next three years. However, information at the micro area level is likely to remain limited.
- One way of filling the 'gap' of a lack of information on poor skills in the most deprived neighbourhoods, would be to conduct a bespoke survey to measure poor skills at micro area level. However, there are likely to be some difficulties in undertaking such a survey in the most socio-economically deprived areas, and these might compromise survey response to some degree. Hence, before a decision is taken on whether or not to undertake such a survey the scope, detail and precise geographical coverage would need to be the subject of further detailed discussion.