

United Kingdom

The interplay of supply- and demand-side instruments in financing CVT/ adult learning (in particular job-related)

There is no UK-wide Lifelong Learning Strategy or national policy framework for adult learning. Adult learning is referred to in UK-wide policy documents (such as UK Government annual budget and the annual Spending Review). The UK does not have a central supply-side funding provision of general and vocational programmes in formal and non-formal adult education. The general direction of skills policy in the UK in the recent past has been the creation of a market for training in order to improve the degree to which the skills people acquire are matched to those that the economy demands. Therefore, employers have been included at the centre of the skills system and have been granted increased influence over the design and structure of various vocational qualifications and therefore build the demand for skills. This requires employers to meet a greater proportion of the overall cost of initial vocational education and training. Current approaches are to better integrate this demand-driven approach to other policy sectors, in particular innovation, enterprise and regional growth.

There is a highly diverse set of schemes across the UK, with no settled UK-wide national approach, although some key instruments and legislation are implemented across all four home nations. In terms of demand-side instruments in the UK targeting individuals, there are a number of significant instruments across the four nations.

Demand-side instruments in financing CVT/ adult learning (in particular job-related)

- **Key institutions involved and funding sources**

Adult learning is diversely organised through the devolved nations. In England, adult learning is primarily the responsibility of the Department for Education, Department for Work and Pensions, the public employment service, and local councils. In Northern Ireland, the Assembly has devolved legislative control over employment and skills and employs the Skills Strategy, implemented by the Department of Education, Department for the Economy, and Department for Communities. In Scotland, there are various bodies responsible for adult learning, including the Scottish Funding Council (SFC), Skills Development Scotland (SDS), along with company-focused groups (Scottish Enterprise, Highlands and Islands Enterprise). In Wales, the Welsh Government has responsibility and the Minister for Lifelong Learning within the Ministry for Education and Skills coordinates the instruments.

- **Instruments targeting individuals and companies**

The Adult Education Budget ([#326](#)) is a mixed instrument (i.e. with elements of both demand and supply side approaches) that aims to provide support to employers and individuals according to specific regional and local conditions. As such, it funds qualifications and programmes for learners aged 19+. The funding rules are updated annually and the budget is set by the UK Government. Training is provided through local training providers and colleges from an approved list. Skills Support for the Workforce ([#324](#)) (SSW) provides support to employers based on regional needs identified by Local Enterprise Partnerships. SSW supports employed individuals (in MSMEs and micro-sized organisations) to progress to higher levels of learning or apprenticeships.

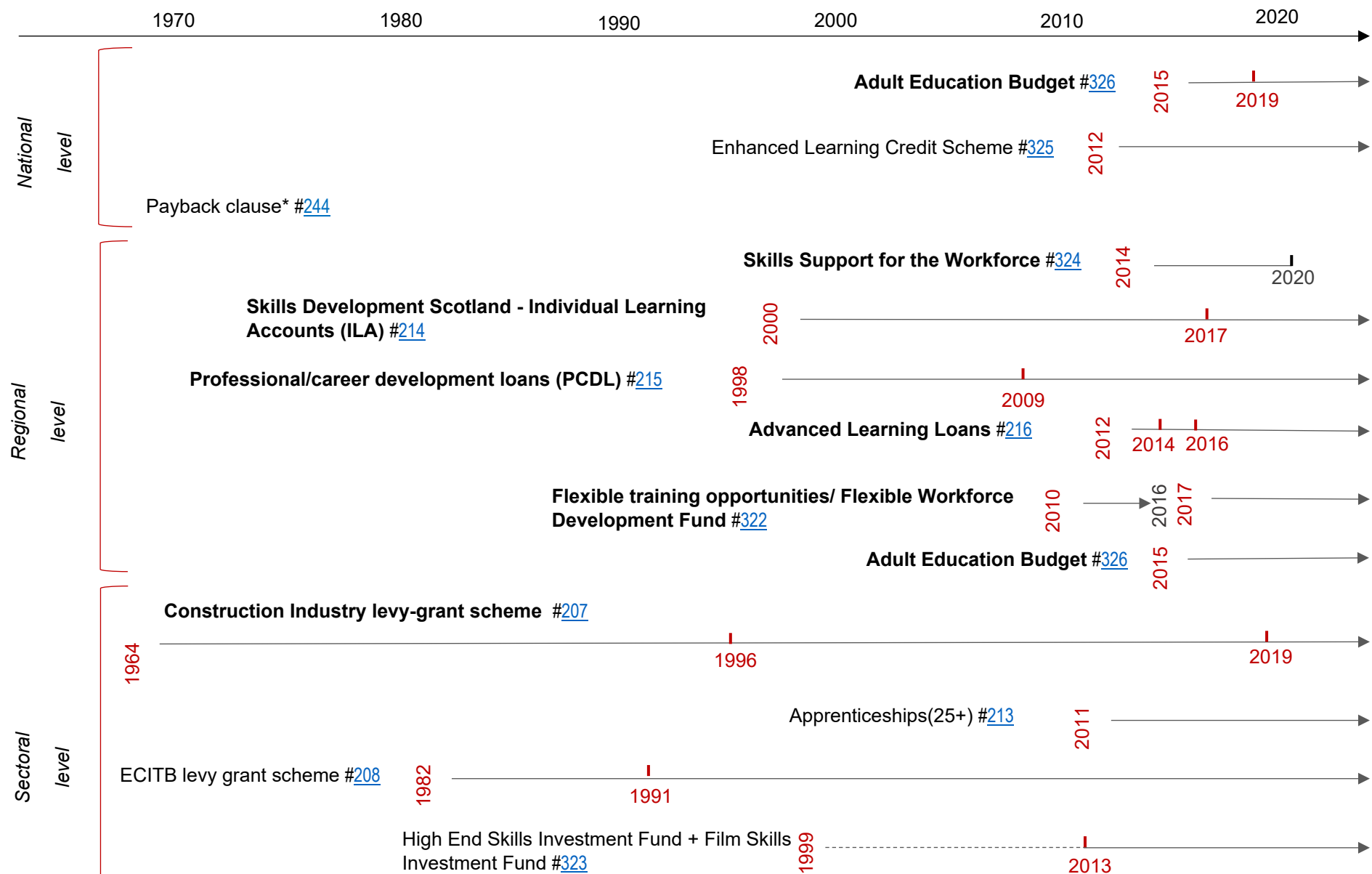
In Northern Ireland, the Apprenticeships (25+) scheme ([#213](#)) provides 50% of the funding for employees in a number of sectors. The delivery model is supply-led and providers of the 'off-the-job' training component play a lead role in the programme and maintain the principal relationship with employers and apprentices.

Table 1. Overview of demand-side financing instruments in the United Kingdom by 2020

Level of implementation	Importance of the level of implementation	Overall importance of the instrument	Demand-side instruments targeting individuals		Demand-side instruments targeting companies	
National level	High	Key instruments	Grants for individuals	Adult Education Budget #326		
		Further instruments	Grants for individuals	Enhanced Learning Credit Scheme #325	Payback clause	Payback clause #244
Regional level	High	Key instruments	Grants for individuals	Adult Education Budget #326	Grants for companies	Skills Support for the Workforce #324
				Skills Development Scotland - Individual Learning Accounts (ILA) #214	Training funds	Flexible Workforce Development Fund #322
			Loans	Professional and career development loans (PCDL) #215		
				Advanced learning loans #216		
		Further instruments				
		Further instruments			Grants for companies	Apprenticeships (25+) #213
					Training funds	ECITB levy-grant scheme #208 High End Skills Investment Fund + Film Skills Investment Fund #323

- Evolution of demand-side instruments over time

Figure 1. Overview on the evolution of demand-side instruments in UK until 2020



Bold = key instruments

* No information on the date of the implementation of the scheme in the database

Source: Cedefop, based on the 2020 data collection

- **Statistics on volumes of funding and beneficiaries**

Table 2. Statistical data on volumes of funding and beneficiaries

ID	Name of the instrument	Year of reference	Volume of funding (EUR)	Year of reference	Beneficiaries (individuals)	Year of reference	Beneficiaries (companies)
207	Construction Industry Training Board/ Construction Skills levy-grant scheme	2018	211 701 000	2018	63 866 ^e	2018	16 121
208	ECITB levy-grant scheme	2019	27 861 000	Not available	Not available	Not available	Not available
322	Flexible Workforce Development Fund	2019	11 740 000	2018	23 965	2018	23 965
323	High End Skills Investment Fund + Film Skills Investment Fund	2018	HETV: Approx. 182 000; FISF: Approx. 286 000	Not available	HETV: 107; FISF: 157	Not available	Not available
326	Adult Education Budget	2020	1 149 000	Not available	Not available	Not available	Not available
213	Apprenticeships (25+)	Not available	Not available	2018	686	Not available	Not available
324	Skills Support for the Workforce	Not available	Not available	Not available	Not available	Not available	Not available
223	Skills for Care Workforce Development Fund	Not available	Not available	Not available	Not available	Not available	Not available
214	Skills Development Scotland - Individual Learning Accounts (ILA)	2019	4 511 000	2019	13 071	-	-
325	Enhanced Learning Credit Scheme	Not available	Not available	Not available	Not available	-	-
215	Professional and career development loans (PCDL)	Not available	Not available	Not available	Not available	-	-
216	Advanced learning loans	2019	138 178 000	2019	57 500	-	-
245	Training leave	Not applicable	Not applicable	Not available	Not available	-	-

Source: Cedefop, 2020 data collection (^e = estimate)

Table 3. Short descriptions of the financing instruments

ID	Name	Level of implementation	Importance of the instrument	Short description
(1) Training funds				
207	Construction Industry Training Board/ Construction Skills levy-grant scheme	Sectoral	Key instrument	Companies of the construction sector with a total wage bill of over GBP 80 000 (approx. EUR 95 031) must contribute 0.5% of their payroll and 1.5% of their sub-contractor payroll to a training fund. In return, training costs of employers (including those not liable to pay the training levy) are refunded. The grant is GBP 50 (approx. EUR 59) per person for each full day of training. Eligible education and training activities include apprenticeships, professional courses, technological management, short-duration training, vocational courses, and some e-learning/modular training programmes. Only CITB-registered firms can benefit from the fund.
208	ECITB levy-grant scheme	Sectoral	Further instrument	Companies of the construction engineering sector are obliged by law to contribute a share of the payroll to a training fund. In return, training costs of employers (including those not liable to pay the training levy) are refunded. Eligible education and training activities include apprenticeship, upskilling, reskilling. Engineering constructions companies are the principal eligible group. Training grants and graduate development grants are available to employees of eligible companies.
322	Flexible Workforce Development Fund	Regional	Key instrument	The FWDF provides UK Apprenticeship Levy-Payers (levy set at 0.5% of annual pay bill) with flexible workforce development training opportunities to support inclusive economic growth through up-skilling or re-skilling of their employees. The FWDF is particularly targeted at addressing skills gaps and the training needs of the older workforce and those with protected characteristics. The FWDF is a flexible fund, meaning employers can choose the training they need, select a college of their choice, use the Fund to address priority skills gaps, and pass on the benefits of the Fund access to their supply chain. Each Levy-payer is able to access a maximum total funding of GBP 15 000 per year (approx. EUR 17 800).
323	High End Skills Investment Fund + Film Skills Investment Fund	National, Sectoral	Further instrument	The Film Skills Investment Fund (FSIF) directly supports skills and training for the UK film industry, including bursaries for individual beneficiaries. Studios and production companies producing films in the UK are encouraged to contribute 0.5% of their core UK expenditure up to a cap of GBP 58 200 (approx. EUR 69 270) per production, into the Film Skills Fund. If films receive public support, they are required to contribute the 0.5% to the FSIF. High-end TV Skills Fund, established in return for the tax credit productions costing more than GBP 1 000 000 (approx. EUR 1 187 888) an hour, supports training programmes for new entrants and the continuous professional development of crew and talent. Sector workers in the Film and High-end TV sectors in the UK are eligible for this scheme. Eligible costs for a bursary include accommodation, disability access support, care, driving lessons, equipment/clothing/software licenses, subsistence, training, travel, and bespoke training/coaching.
326	Adult Education Budget	Regional	Key instrument	The Adult Education Budget (AEB) funds qualifications and programmes for learners aged 19+. The total AEB budget is set by the UK Government, with the Education and Skills Funding Agency (EFSA) confirming each FE provider's funding allocation or maximum contract value for the forthcoming year. Providers earn funding up to their maximum by delivering education and training that is approved for public funding. Employers and learners can access AEB funding via their local training provider or FE College. The AEB is a resource for employers who need to improve the skills of their workforce to meet the future challenges of automation and skills shortages. It can support staff to gain new skills, improve their current level of knowledge in an occupation, or prepare them for an apprenticeship. Individual learners can gain new skills to support career development for career changes or improve progression opportunities in their employment.

(2) Tax incentives for companies

No tax incentives for companies are established.

(3) Tax incentives for individuals

No tax incentives for individuals are established.

(4) Grants for companies

213	Apprenticeships (25+)	Regional, Sectoral	Further instrument	Public funding is available for apprenticeships for adults (aged 25 and over) in a number of economically important sectors. The public co-funding is 50% of the eligible education and training costs for the 'off-the-job component from the Department for the Economy. The eligible costs are the training component in eligible courses by pre-approved suppliers. For employers who have an apprentice who successfully completes a level 2 or level 3 course, there is an Employer Incentive Payment, ranging from between GBP 250 - 1500 (approx. EUR 297 - 1 782) depending on the complexity and level of the programme and the age of the apprentice on joining the programme. There is no preferential treatment.
324	Skills Support for the Workforce	Regional	Key instrument	Skills Support for the Workforce is managed by Serco (contractor) through 15 Local Enterprise Partnerships to provide a range of bespoke training programmes and qualifications including IT, leadership, and management, as well as vocationally relevant courses targeting specific areas of improvement. The training is designed to meet skills gaps within local businesses, with a focus on the LEP's priorities to help boost the local economy in each area. Local companies (depending on region and regional priorities) can apply for fully-funded training for their workforce. There is no defined co-funding minimum or maximum, this is a demand-side instrument that is then allocated through regional enterprise partnerships. Similarly, eligible training is defined according to regional priorities. Employers can receive full or partial funding training costs for their employees. This is de minimis funding.
223	Skills for Care Workforce Development Fund	Sectoral	Further instrument	The Department for Health provides funding for employers in the care sector to up-skill their staff. Employers may apply for funding for training programmes that range from health and social care 'license to practice' qualifications to higher-level apprenticeships and Master's courses. Funding is available for course fees (or employer contributions) and associated costs such as employees' salaries while they are undertaking training, coaching and mentoring costs, venue costs for the training, and wage replacement costs. All costs must be incurred before being claimed and employers will need records in place to provide evidence. Organisations apply for the fund through a Partnership and must be operating in England, comply with Adult Social Care Workforce Data Set requirements. The sectors eligible for funding (i.e. priority training areas for fundings) are defined each annual funding cycle and available through the skills for care website. This is de minimis grant funding.

(5) Grants for individuals

214	Skills Development Scotland - Individual Learning Accounts (ILA)	Regional (Scotland)	Key instrument	Individuals may apply for the grant to finance their learning/training if they are not undertaking any secondary, further, or higher education, do not have a degree or above, and have an income of GBP 22 000 (approx. EUR 26 133) a year or less or are on benefits. The eligible activities include education and training delivered by 460 approved learning providers. The maximum funding individual may receive amounts to GBP 200 (approx. EUR 238). The same applicant can re-use the grant once in each calendar year.
325	Enhanced Learning Credit Scheme	National	Further instrument	The MOD promotes lifelong learning among members of the Armed Forces, and this is encouraged through the Learning Credit schemes. The Enhanced Learning Credit (ELC) scheme helps eligible Service personnel (SP) or Leavers (SL) with the cost of learning. The Scheme allows a single award in each of a maximum of three separate Financial Years, or a single aggregated lower-tier award. ELCs may be claimed for learning which is an integral part, and results in the cost-effective achievement, of a nationally recognised qualification at Level 3 or above. 80%

of eligible costs can be covered (up to EUR 7 127). The ELC scheme permits Regular SPs to pursue their personal development, both during their Service and generally for 5 years after discharge.

(6) Loans

215	Professional and career development loans (PCDL)	Regional	Key instrument	A Professional and Career Development Loan is a commercial bank loan to help learners pay for learning that leads to their employment. Only individuals who have been unemployed for at least three months before starting the course are eligible for this loan. The maximum amount that a learner can borrow with a Professional and Career Development Loan is GBP 10 000 (approx. EUR 1 879). Up to this limit, a learner can borrow 100 % of the course fee only if they have been registered as unemployed for at least three months before starting their course. If a learner has not been registered as unemployed for at least three months, they will only be able to borrow a maximum of 80 % of their course fees. While they are in learning, and for up to one month afterward, the Skills Funding Agency will pay the interest on the loan.
216	Advanced learning loans	Regional	Key instrument	Advanced learner loans are based on contracts between the Secretary of State for Education, acting through the Education and Skills Funding Agency, and education and training providers. The contract allows education and training providers to receive loans payments from the Student Loans Company on behalf of learners (if they are 19 years of age or older) and loans. The Advanced Learning Loan Scheme is a scheme designed to help learners cover the cost of college or training courses. The course must meet the eligible Level 3 or 4 courses. Repayment depends on income. Learners make repayments at 9% of annual earnings above GBP 21 000 (approx. EUR 24 946). If annual earnings fall below GBP 21 000 (approx. EUR 24 946), repayments stop and only restart when earnings increase to more than GBP 21 000 (approx. EUR 24 946). There is no opportunity to re-use the loan.

(7) Training leaves

245	Training leave	National	Further instrument	Employees of bigger companies (at least 250 people) may have the right to ask for a leave for training or study. They must have worked for their employer for at least 26 weeks. Training must help staff do their job better. Time off is usually unpaid unless the employer agrees to pay it.
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(8) Payback clauses

244	Payback clause	National	Further instrument	In the UK, the applicable laws set no explicit limitations to a payback clause, that is an agreement between employer and employee on the payback of training costs covered by the employer in case of voluntary termination of the employment by the employee. The parties can freely agree on any component of the payback clause. Agreements deemed unfair, however, can be challenged in the Labour Courts. Overall, the application of payback clauses for training costs is perceived as of limited importance within the overall co-funding arrangements for CVT.
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