



North East
Higher Skills
Pathfinder

**'The higher level skills policy
landscape from Leitch onwards'**
**A synthesis and review of higher
level skills literature and policy**

This document is intended to be a 'quick reference guide' to the key policies and literature which have impacted upon higher education and higher level skills and are affecting current developments. It is for those working within the sector with a high level of specialist knowledge in their own area but who do not have the time to contextualise their work by undertaking their own review of headline national policy and literature. It is also for those, furthermore, who want some quick insight into the key influencing factors affecting HE and HLS. It should prove useful for supporting evidence when writing and submitting bid documents and for informing institutional and departmental strategic planning of higher skills provision. More particularly, it will encourage an understanding of the landscape of higher education and skills and the key directives which affect those who practise in higher education and who aim to achieve employer-driven and demand-led provision.

Scope

The information includes a synopsis of the headline policy and research documents published throughout the period 2006 – 2009; a description of the national devolved agency environment; a 'who's who'; identification of the key preoccupations and imperatives affecting Government approaches to higher level skills and education; an analysis of key Government themes and messages; and an assessment of other factors affecting the current climate.

Although the Dearing Review of HE was commissioned by the Conservative Party in 1997, by the time it was published in May 1997, the Labour Party had won the election and is still in power. With the exception of the Dearing and Lambert Reviews (both of which had lasting impact on the policy developments of the last ten years and cannot be discounted), all of the policy and appropriate literature reviewed within this document is derived from, or commissioned by, the Labour Party. There is no review of the Shadow Cabinet's activity or manifestos.

Context

'UK prosperity will depend on creating an economy in which employers clearly recognize that their productivity and growth is tied to how well they use and develop the skills of their workforce'.

UKCES – Annual Report May 2009

The link between the skills levels of the workforce and business productivity is irrefutable. The forecast for an increase in the numbers with higher level skills amongst the working population is certain. The need to improve these within the NE region is palpable. The

responsibility of publicly funded and devolved agencies to continue to drive this agenda is unarguable. The expectation that the HE and FE sector respond to the challenges and opportunities is definite. It is vital that education practitioners and planners help to realize this vision by putting policy into practice, powering the UK's prospects in a hugely competitive and rapidly changing world.

The number of documents alone listed within this synthesis (26 in all) displays the wealth and extent of policy and research activity conducted in this area. This is a direct reflection on the enormity of the task ahead in re-building the UK's economy to anchor our global economic position and the emphasis placed on higher level skills achievement in achieving this.

Higher education/ higher level skills learning

There is sometimes confusion with regard to the distinction between higher education and higher level skills learning. A simple definition is that, although both are accredited at Level 4 and above, higher education is usually defined as a prescribed academic course undertaken over a specific period of time which can be undertaken full or part-time. Higher level skills qualifications are more typically for adults learning on a part-time basis, are work-based in nature, use more flexible delivery methods, sometimes incorporating accreditation of prior learning. They place the needs of the employer very much at the heart of curriculum development.

An underlying economic imperative has driven and continues to drive UK Government thinking in relation to HE and higher level skills. Indeed, the HE sector as a whole is seen as a having a key role to play in ensuring that a sufficient proportion of the nation's workforce is equipped with the high level skills needed to sustain the competitiveness of the UK within the global economy. The Leitch Review, amongst others, has noted that such skills and knowledge are the main foundation of national and individual prosperity, and that in comparison with other major economies, there is a shortage of these skills within the UK's adult working population.

Widening participation

The Government's continuing focus on widening participation to HE and, more broadly, higher level skills, can be seen as an attempt to address this issue and 'grow' the number of suitably qualified and skilled adults. This particular agenda, also has a social dimension, as by supporting the access to higher education of young people and adults from the lowest socio-economic groups (National Statistics Socio-Economic Groups 4-7), the Government believes that it is also promoting social inclusion and equality by closing the gap between the most advantaged and disadvantaged parts of society. Whilst related Government targets have referred to 18-25 year olds and/or 18-30 year olds, the main focus in widening participation activities has been on 14-18 year olds in schools and colleges.

Since 1999, funding has been directed at the delivery of activities that are designed to raise the aspirations of socially disadvantaged young people towards applying to and entering HE. These activities have resulted in narrowing the gap in HE participation between the most advantaged and disadvantaged parts of society, as well as contributing to an unprecedented growth in the number of people entering HE, a trend that was highlighted by the Leitch Review as bringing about a welcome increase in the proportion of highly skilled workers. Whilst a revised 50% target remains, the Government recognizes that widening participation and future expansion in the sector will depend upon the development of a broader and more flexible range of course models of learning (part-time, work-based, foundation degrees and studying whilst at home) alongside the traditional three year degree.

Quality and standards

As access to HE and higher levels skills has increased, so too have publicly-voiced concerns about falling standards and the quality of compulsory and post-compulsory education and training. Critics continue to argue, for example, that an inevitable consequence of widening participation to HE has been an increase in the number of students 'dropping out' from university and an erosion of entry standards. Contrary to these views, actions by individual higher education institutions and the sector as a whole to improve the overall 'student experience', means that levels of student retention in the UK are similar to those of other countries with mass higher education systems. The most recent results of the annual National Student Survey indicated that 81% of students were satisfied with their choice of course and institution.

A concern to raise standards and to improve quality in all forms of education and training, has led successive Labour Governments to establish rigorous inspection regimes, targets, performance indicators and agencies responsible for ensuring that quality standards are

developed, implemented and maintained. In addition to providing evidence that helps to shape future funding and policy decisions, these quality initiatives maintain public confidence in the education and training system by providing students and employers with information on the 'quality' of providers and education/training outcomes. Employers' needs are the forefront of both the Training Quality Standard (TQS) for employer responsiveness and vocational excellence and the Learning and Skills Council's Framework for Excellence. Reflecting one of the recommendations of the Leitch Review that the education and training sector in the UK should become more demand-driven, the Framework for Excellence, "supports moves towards a demand-led funding system by sharing details about a provider's performance with learners and employers' to help them to choose the right learning experience."

Employer engagement

Employer engagement is central to current UK skills strategy. The active support and engagement of employers is necessary to up-skill the current workforce, to develop workplace training and to define the content of job-relevant education and training qualifications and programmes. A recent report notes that "the term employer engagement is fluid in its application" and that "various definitions have been proposed." This report goes on to state that employers engage with the education and training systems by advising on policy, helping to define needed competencies as consumers and providers of training. With specific reference to the HE sector and workforce development, employer engagement has been categorized at three levels:

- **Advanced engagement where the programme of study is demand-driven and the employer is involved in the design and delivery**
- **Effective management where employers are consulted on programme content**
- **Limited engagement where employers experience minimal consultation on programme content and their involvement is limited**

Whilst definitions of employer engagement remain, 'fluid' in both theory and practice, what remains clear is the Government's desire for employers, HEIs and other education providers to work together to meet the UK's skills needs. Furthermore, whilst the benefits to HEIs of employer engagement remain uncertain, the benefits to employers and employees include: increased confidence and higher aspirations; development of new skills; a positive change in thinking at work; greater levels of innovation leading to improved services and products; and external recognition that can support recruitment and retention in sectors of strategic importance.

Government

Although the Dearing Review of HE was commissioned by the Conservative Party in 1997, by its publication in May 1997, the Labour Party won the election and is still in power. During their period in office, there has been unprecedented investment in HE and HLS.

Who's Who?

Names and titles of senior ministers with a high public profile, high visibility or referenced to within the field are

Previous

Ruth Kelly
Secretary of State for Education & Skills
December 2004 - May 2006 (DIUS)

Alan Johnson
Secretary of State for Education & Skills
May 2006 - June 2007 (DIUS)

Bill Rammell
Minister of State for Lifelong Learning and Higher Education
May 2005 - June 2007 (DIUS)

John Denham
Secretary of State for Innovation, Universities and Skills
June 2007 - June 2009 (DIUS)

Current

Ed Balls
Secretary of State for Children, Schools and Families
June 2007 - present (DCSF)

Peter Mandelson
Secretary of State for Business, Innovation and Skills
June 2009 onwards (BIS)

David Lammy
Minster of State for Higher Education and Intellectual Property
June 2007 onwards (BIS)

Government departments

The Department for Industry, Universities and Skills (DIUS) merged with Business, Enterprise for Regulatory Reform (BERR) in June 2009 to become the Department for Business, Industry and Skills (BIS).

The Comprehensive Spending Review (CSR) October 2007 for the period 2008/9-2011/12

First introduced by the Labour Party in 1997 and conducted every three years since, Comprehensive Spending Reviews set firm and fixed three-year Departmental Expenditure Limits and, through Public Service Agreements (PSA), define the key improvements that the public can expect from these resources. The CSR therefore represents the Government's long-term public services investment plan and was introduced in recognition of the need to modernise the UK, establish, nationally, a strong position to face the new global opportunities and threats and succeed in the global economy. The public services within the scope of the CSR are education, health, transport and criminal justice.

The 2007 CSR was informed by a detailed assessment of the long-term trends and challenges set to affect public services over the next decade, including:

- **demographic and socio-economic change, such as the rapid increase in the old age dependency ratio as the 'baby boom' generation reaches retirement age;**
- **the intensification of cross-border economic competition as the balance of international economic activity shifts towards rapidly growing emerging markets such as China and India;**
- **the acceleration in the pace of innovation and technological diffusion and a continued increase in the knowledge-intensity of goods and services;**
- **continued global uncertainty and poverty, with ongoing threats of international terrorism and global conflict**
- **increasing pressures on our natural resources and global climate from rapid economic and population growth in the developing world and sustained demand for fossil fuels in the advanced economies. (HMT CSR/Policy Review)**

The spending allocated to Education (in total) in 2007 was £78 billion, placing it third behind Health (£105 bn) and Social Protection (£159 bn). This represented a rise of 2.8% each year of the review period in real terms, showing an increase from 4.7% in 1996/7 to 5.6% in 2010/11 (ref: DirectGov Newsroom, Tuesday 8th October 2007). DIUS was awarded £18.8 billion for 2007/8 with a rise to £20.8 billion by 2010/11, allowing an increase in spending on HE and adult skills by an average of 2% per year in real terms, from £14.2 bn in 2007/8 to £16.4 bn by 2010/11 (ref: Publictechnology.net 10th October 2007).

There is a number of national agencies which the Government has either commissioned or which exist to inform debate and decision-making in relation to higher level skills and education and/ or are responsible for funding and policy implementation:

Alliance of Sector Skills Councils www.sscalliance.org.uk

The Alliance is a new organisation comprising all 25 licensed UK Sector Skills Councils (SSCs), the employer-driven organisations that together articulate the voice of the employers of more than 90 per cent of the UK's workforce on skills issues. Its core purpose is to act as the collective voice of the Sector Skills Councils, to promote understanding of the role of SSCs within the skills system, to co-ordinate policy positions and strategic work on skills with stakeholders, to help build the performance capability of the Sector Skills Councils, and to ensure that they continue to work effectively on the employer-driven skills agenda

Headliners: little outward facing output as a collective organization specifically for the SSCs

British Chamber of Commerce www.britishchambers.org.uk

The British Chambers of Commerce (BCC) is the national body for a powerful and influential Network of Accredited Chambers of Commerce across the UK; a Network that directly serves not only its member businesses but the wider business community.

High on the BCC's agenda is helping British business thrive so the BCC works with Government to shape policy affecting businesses, and focuses on key areas of activity including skills development, international trade and business services.

Headliners: provides services for its business members including highlighting and simplifying Government developments affecting trade and commerce. Strong messages given on the need to compete globally at a higher level

Business Link www.businesslink.gov.uk

Originally fully funded by the Government with the aim of boosting public sector support for private sector business, Business Link is a free, impartial business advice and support service, available online and through local advisers. Advice and information is developed in partnership with subject experts within government and relevant business-support organisations to help businesses improve performance, be informed of and comply with regulations, and grow and develop. It is available to start-up businesses and those in operation. Some parts of the service are offered free with public funding attached whilst other parts are operated on a commercial basis.

Headliners: no single campaign but advice includes tax, health and safety, finance and grants etc., as well as brokerage of Train2Gain.

CBI www.cbi.org.uk

The CBI's mission is to help create and sustain the conditions in which businesses in the United Kingdom can compete and prosper for the benefit of all.

It is the premier lobbying organisation for UK business on national and international issues. It works with the UK government, international legislators and policy-makers to help UK businesses compete effectively and has commented much on the skills system and the subject of employer engagement within this.

Headliners: Authors of 'Stepping Higher', 'Reaching Further', 'Future Fit'

CFE (previously known as the Centre for Excellence) www.cfe.org.uk

CFE is an independent, not-for-profit specialist in skills, employment and economic development. Founded in 1997, it provides research and evaluation, programme management and consultancy services to both the public and private sectors. It works on behalf of government departments and agencies, local authorities, colleges and universities to deliver services that are innovative, practical and responsive to the needs of its customer audiences.

In recent years, CFE, working with central and local government and its agencies, has expanded its expertise to include research, policy development and project management across a range of public policy areas including skills, employment, and economic development

Headliners: 'Known Unknowns'

CIHE - The Council for Industry and Higher Education www.cihe-uk.com

CIHE works to foster closer working and understanding between business and HE and FE so that world-class learning and research can improve the global competitiveness of both sectors and the capabilities of graduates and those already in the workforce. It is a unique high-level partnership of business, universities and colleges.

Headliners: Recent reports include 'Rebuilding Britain' and 'Invest for Greatness in Higher Education'

fdf (previously known as Foundation Degree Forward) www.fdf.ac.uk

Established in 2004, fdf is a national body that supports the development and validation of high quality Foundation degrees. It is funded by the Higher Education Funding Council for England (HEFCE) to support employer engagement across work-based higher education programmes generally and in relation to Foundation degrees specifically. fdf works in partnership with all relevant agencies, institutions, organisations and interest groups to ensure that the development of work-based higher level skills training is driven by the needs of employers and students. Funded until 2011.

Headliners: EBTA (Employer Based Training Accreditation), Endorsement Service

Higher Education Funding Council (HEFCE) www.hefce.ac.uk

The Higher Education Funding Council for England HEFCE was set up by the Government in 1992 as a 'non-departmental public body'. This means that it works within a policy framework set by the Secretary of State for Business, Innovation and Skills, but is not part of the Department for Business, Innovation and Skills (BIS). It has distinct statutory duties that are free from direct political control. The Management Statement and Financial Memorandum between HEFCE and BIS sets out Hefce's broad policy framework and the terms and conditions under which BIS makes funds available to HEFCE.

In brief, HEFCE;

- distributes money to universities (130) and colleges for higher education teaching, research and related activities
- funds programmes to support the development of higher education
- monitors the financial and managerial health of universities and colleges
- ensures that the quality of teaching is assessed
- provides money to further education colleges for their higher education programmes (124 directly-funded FECs)
- provides guidance on good practice.

Headliners: All national Government funding; guidance, initiatives and policies.

Learning and Skills Improvement Service (LSIS) www.lsis.org.uk

The Learning and Skills Improvement Service was established in 2008 and is the new FE sector owned and led body, formed from Centre for Excellence and Learning (CEL) and Quality Improvement Agency (QIA) to develop excellent and sustainable FE provision across the sector. LSIS works in partnership with all parts of the sector to provide vision, leadership, clarity and high quality support. It thus enables continuous self improvement and capacity building. LSIS will focus on learners and on developing excellent and sustainable further education and skills provision across the sector. Leadership development underpins an important part of the organisation's strategic role in the sector.

Headliners: Commissioners of 'Reaching Further'

UK Commission for Employment and Skills (UKCES) www.ukces.org.uk

Established by Government in April 2008, the UK Commission for Employment and Skills was a key recommendation in Lord Leitch's review of skills (2006). The UK Commission was originally created by the merger of two predecessor organisations, the Sector Skills Development Agency and the National Employer Panel.

UKCES aims to benefit employers, individuals and Government by advising how improved employment and skills systems can help the UK become a world-class leader in productivity, in employment and in having a fair and inclusive society: all this in the context of a fast-changing global economy.

As employers have prime responsibility for improving productivity, the UK Commission strengthens the employer voice and provides greater employer influence over the UK's employment and skills systems.

UKCES provides independent advice to the highest levels in the UK Government, helping to achieve improvements through strategic policy development, evidence-based analysis and the exchange of good practice.

Headliners: 'Ambition 2020', 'Simplification of the Skills System in England', Talent Map, Alliance of SSCs and licensing of SSCs

Universities UK (UUK) www.universities.ac.uk

This is the major membership and representative organization of UK universities. It works to advance the interests of Universities and to spread good practice throughout the higher education sector.

Headliners: 'Standing Together' report

Universities Vocational Awards Council (UVAC) www.uvac.ac.uk

The University Vocational Awards Council (UVAC) is a not-for-profit organisation set up in 1999 by the higher and further education sector. It provides an independent voice for higher education institutions (HEIs) and further education colleges (FECs) on matters relating to higher vocational learning. Its mission is to champion vocational learning.

The Work Foundation www.theworkfoundation.com

Established by Royal Charter in 1984, The Work Foundation is a not-for-profit organisation. With a high level of influence, it provides answers to practical problems for 'UK-plc' and offers a distinctive mix of practical consultancy, robust research, debate within the public conversation about working life and campaigns on policy issues. It also produces policy papers which inform and influence Government. The core belief is that mutual respect and motivation leads to 'Good Work'.

Its unique fusion of services enables it to create tailored services across the public, private and voluntary sectors.

Headliners: Many economic and business research reports covering a wide range of subjects including 'Muscular skeletal disorders in the European Workforce' (September 2009) which account for 49% of work absences!

Sector Skills Councils (SSCs)

The successors of the National Training Councils, Sector Skills Councils (SSCs), are independent, employer-led, UK-wide organisations designed to build a skills system that is driven by employer- demand and have been in development since 2004. There are currently 25 SSCs covering over 90% of the sectors which drive the economy. All work towards the following four key goals:

- reduced skills gaps and shortages
- improved productivity, business and public service performance
- increased opportunities to boost the skills and productivity of everyone in the sector's workforce
- improved learning supply through National Occupational Standards, apprenticeships, and further and higher education.

Since their establishment, they have built strong working relationships with the UK Government and the devolved administrations, training providers, bodies which fund training and other important skills stakeholders. Positioned at the heart of the skills system by Government, they are licensed by Government through UKCES which has an auditing role over the Alliance and, through this, the SSCs.

Headliners: Sector Skills Agreements, National Skills Academies, vocational qualifications and frameworks up to Level 7

Technology Strategy Board (TSB)

www.innovateuk.org.uk

Established as a direct result of The Sainsbury Review, The Technology Strategy Board promotes innovation in many ways. It invests in programmes and projects, spreads knowledge, interprets policy, identifies opportunities and draws people together to solve problems or make new advances. The TSB currently manages a range of programmes and delivery mechanisms to drive innovation.

A number of technology areas (KTAs) and application areas where efforts will be focused have been identified whilst other approaches to targeting our activities are employed, particularly Innovation Platforms and emerging technologies.

Headliners: Publication of 'Connect and Catalyse', a national strategy for innovation 2008 – 2011; possessor of £711 million funding plus £180 million from RDA s and £120 million from the Research Council

Quality Authority Agency for Higher Education (QAA)

www.qaa.ac.uk

Established in 1997, the QAA safeguards academic standard and quality in HE provision. It carries out external reviews and supports academic infrastructure by commenting on reference points and guidelines. All newly developed qualifications are benchmarked against QAA standards and this is of significance when developing innovative new provision.

Headliners: Degree awarding powers, Bologna process, Access to HE diploma, subject 'benchmarks'

Listed in order of date of publication, the full versions of the reports outlined can be viewed on the agency websites shown.

The Dearing Review of Higher Education

Published 1997 and commissioned during the Conservative Party era (Gillian Shepherd was then Secretary for Education and Employment, succeeded by David Blunkett in May 1997 for the Labour Party), was a landmark review and fundamentally affected the landscape of HE from its publication onwards. It ushered in radical approaches to funding and shook the traditional view of HE, promoting/forcing a movement towards employer- focussed education and skills and away from student- focussed programmes. It challenged the economic value of publicly-funded education, a view which raised much interest from the Treasury. Fiercely debated and disliked by many academics and university 'hopefuls' in the under- 25 age bracket, the attitudes and approaches displayed by Dearing still provokes much resistance but they sit as firmly at the heart of Government funding and frameworks for HE today now as then.

The policy and literature of recent years cannot be viewed without reference to the Dearing Review, such was its immediate and sustained impact.

The Lambert Review

- 'Business/ University Collaboration'
- HM Treasury - December 2003

This review was the first to highlight the need to bring business and HE closer together and to create greater mutual understanding and cross-benefit, albeit focussing on the traditional area of R & D. Concentrating particularly on science, engineering and manufacturing, it made "a series of recommendations aimed at smoothing out the path between Britain's strong science base and the business community" [HM Treasury 2003a]. In the spotlight was the lack of UK business's investment in knowledge and innovation and a key message was that the biggest challenge was to generate demand from business for this activity. The review received some criticism but was accepted as groundbreaking, and both positioned Universities and Further Education Colleges as agents for economic growth and paved the way for future hard-hitting business- facing reviews of HE.

'Prosperity for All in the Global Economy - World Class Skills' - Lord Leitch
- HM Treasury - December 2006

Tasked with considering the UK's long-term adult skills needs, the Leitch review delivered some stark facts and imperatives concerning the ability of the UK to compete on the rapidly changing world market and sustain its economic, social and political position in the future. Some key phrases from the report still sound in the sector's vocabulary; 'The UK will run to stand-still', 'A radical step-change is necessary' and more (ref. Executive summary). The report raised the alarm, created a sense of urgency and challenged the Government to take action.

A set of recommendations was made, including was a series of learning and qualification targets to be reached by 2020; for HE/HLS, it was to ensure a rise from 29% in 2005 to 40% by 2020 of the adult working population qualified to Level 4 (this target is already ahead of progress and is the only one of the Leitch targets which will be reached). There was also a series of principles and recommendations which included; the formation of UKCES, the re-licensing of SSCs, an increase in the co-funding of workplace degrees and a focus on Level 5 and above skills, the formation of a universal Adult Careers Service and of an integrated employment and skills system. Headline messages included encouraging a shared responsibility from employers and the public sector to address the situation and to use current structures to the best effect rather than add more change and disruption as well as strengthening the employer voice within the skills system.

The 'Re-skilling for Recovery' report of December 2008 detailed the implementation plans in response to this.

The Sainsbury Review of Science and Innovation - 'The Race to the Top'
- HM Treasury - October 2007

This described the need for Universities to support the re-structuring of British industry and economy to become predominantly based on high value goods, services and manufacturing, and positioning HEIs centre- stage in their ability to create this necessary transformation. Key recommendations included the establishment of the Technology Strategy Board to promote and enable work between industry and the HE sector, a campaign to improve the teaching of STEM subject, and the availability of funding (Higher Education Innovation Fund) to bolster activity. Again, the fact that there was little demand for high value skills and business in the UK and the Government's lack of focus on this was pinpointed.

‘A New University Challenge; Unlocking Britain’s Talent’ - HEFCE consultation/ DIUS commissioner - March 2008

Responding to the compelling evidence that local higher education, delivered or supported by universities, unlocks the talents of people and drives economic regeneration, the Government outlined its ambitions to develop new local HE provision in ‘University Challenge: Unlocking Britain’s Talent’. Through this, communities were invited to bid for funding from HEFCE for new HE Centres, with the prospect of establishing 20 of these at various locations throughout England, to be operational by 2014. (Compounded by The Working Future’s cities reports)

NB: The Consultation, being conducted by HEFCE, was closed on 17.10.09. Results are awaited.

‘Innovation Nation’ – White Paper - DIUS - March 2008

Drawing on the Lambert Review of 2003, predicated by the Sainsbury Review and sitting side-by-side with ‘The New University Challenge’ (published almost simultaneously), the White Paper, ‘Innovation Nation’, released 13 March 2008, set out the Government’s aim to position the UK as the best place in the world to run an innovative business or public service.

The argument presented within the Paper was that innovation is essential to the UK’s future prosperity in order to tackle major challenges such as climate change, and that the power of Government spending must be harnessed to create demand for new innovative products and services across the public, private and third sectors. Other key themes are: further supporting innovative businesses and research; increasing exchanges of knowledge; boosting the supply of skilled people; supporting innovative towns and regions and promoting innovation in the public sector, all of which place the HE sector centre-stage, as initiators and incubators of innovation through R & D and of affecting the supply of highly- skilled people.

Key ‘measurables’ from the Paper include the first Annual Innovation Report published December 2008, a commitment to creating an Innovation Index and Innovation Research Centre through NESTA and to continue to increase the supply of STEM students support for research in this area.

‘Known Unknowns: The Demand for Higher Level Skills’ - CFE - March 2008 (revised November 2008)

Employers spend £38 billion on training annually, yet, according to the Cfe in ‘Known Unknowns’, 2008, only 39% of businesses undertake HLS training for their workforce and recognise the productivity benefit. Of the 39%, HEIs took half of the market for learning. The remaining 61% reported that they had no interest in HLS and, of this, 59% said they were unlikely or, definitely would not, undertake HLS in the coming year. Significant improvements are to be made here, therefore, to affect the perceptions of the 61% who are unaware of the benefits of HLS.

Further work is being conducted currently by the East Midlands University Association on behalf of Hefce to explore employer attitude in greater detail.

‘Higher Education At Work: High Skills - High Values’ - White Paper - DIUS - April 2008

The messages purported in this White Paper were that there needs to be;

- a. more and more employable graduates
- b. an increase in the skills and capacity for innovation and enterprise for those in work

Furthermore, an increase in additional student numbers was promised to allow greater access to HE; a focus on STEM graduates and subjects was highlighted; a demand that HE providers see employability skills of their learners as a key responsibility; and the inclusion of cultural awareness and language skills to support competition in a global economy. There was also an expectation that HEIs and FECs should take a key role in serving their localities and regions by working closely with RDAs, other key funding and planning agencies and employers. The case for higher level skills to create and drive a knowledge-based (and therefore successful) economy is clearly made in this document.

‘Connect and Catalyse’ – a strategy for business innovation - TSB - May 2008

This Strategic Plan for The TSB, which covers the period 2008 – 2011 and the longer term, explains the plan in place to make the UK a global leader in innovation and details how it will work to ensure UK business success by:

- providing leadership;
- working with different parts of Government to simplify and connect the innovation landscape;
- ensuring the UK has the necessary capability in underpinning technologies;
- addressing major challenges to create new business opportunities;
- investing in people, networks and creating a culture supportive of innovation.

In it, the TSB confirms its commitment to working with Government Departments and the Devolved Administrations in further increasing the funding available to those organisations aligned with our strategy. This includes HE and HLS providers.

‘Stepping Higher’ - CBI - October 2008

Commissioned by HEFCE, the report makes clear the need for the HE sector to make it easy for employers to work with them, identifying that a third of jobs require degree level skills and that this is set to rise in the future. It recommends that systems of communication and brokerage which improve understanding between employers and HE providers should be encouraged and supported.

‘Simplification of Skills System in England’ – UKCES - Consultation October 2008 (response awaited)

Charged with this unenviable task of simplifying the English skills system in response to complaints from both individuals and employers that the current system is almost impossible to navigate and comprehend, is bureaucratic, inaccessible and fluid, UKCES is conducting a national consultation against ten proposals. These include a single brokerage system with Skills Brokers, specialist and regional skills support and the ‘Talent Map’, an on-line information and advice system for employers.

The response is due in spring 2010.

‘Skills for the Workforce: Employer Perspectives’ - UKCES - October 2008

UKCES expresses its concern that HEIs are not responding enough to employer needs, shown by employer perceptions and the varying uptake of the HE ‘offers’ within this report. It is stated that the principle of applying employer- demand to course development is still not accepted, mainly because this will drive a movement away from student demand as the main determinant of the provider offer. It recommends an improvement in the numbers and quality of non- conventional courses, WBL provision, part- time learning, short courses, e- learning and accreditation of prior learning, which at present is not used to its fullest extent. It also states that more needs to be done in attracting non-traditional learners to HE. UKCES identify that the role of HE has within the Leitch agenda is a major point of weakness in achieving against the government agenda and policy. However, evidence suggests that the FE sector is responding well and is proving to be very demand- driven in its approach and delivery. Although their funding is complex (and needs changing with incentives added), they manage to respond with flexibly and speed.

‘Standing Together; How Universities can help business through the downturn - Universities UK, GuildHE, HEFCE - November 2008

This brochure sets out the kind of support universities and colleges can offer employers, both in the current economic climate and longer term. This includes:

- practical support to help small and medium- sized enterprises (SMEs) and spot problems early, focusing on SMEs top priorities of cash flow, access to finance and staff training
- consultancy services
- research support
- staff development and training courses
- strengthened partnerships through the Regional Development Agencies, Business Link, Train2Gain and Sector Skills Councils.

A point of contact within each higher education institution for businesses is listed.

‘FE Works: supporting individuals, employers and communities’ - DIUS, AoC, ALP, NIACE - 2008

The Guide is a tool to encourage FE colleges and providers to work innovatively and flexibly to support individuals, employers and communities during the economic downturn and to share best practice. It recommends working with a range of local partners including local authorities. The publication demonstrates, using case studies, how FE providers are supporting individuals, employers and communities during the current economic climate.

The Annual Innovation Report - DIUS - December 2008

The first Annual Innovation Report was launched by the Prime Minister on 4 December 2008. It reported the progress against the commitments made in the ‘Innovation Nation’ White Paper and presented an overview of the UK’s innovation performance alongside descriptions of the innovation activities of Government Departments and the Regional Development Agencies.

Key achievements include an increase in the number of STEM undergraduate entries from 2003 - 2007, the establishment of the Small Business Research Institute by the Technology Strategy Board, investment in the Low Carbon Vehicle Platform for R & D, the support for the Creative Industries by the TSB and the allocation of funding to 5 Pathfinder projects in the FE sector / LSC.

‘Re-Skilling for Recovery’ - Report to the House of Commons - December 2008

In ‘Re-skilling for Recovery’, there is a recommendation that there should be further integration of FE/HE. This will include better and more progression pathways, ‘top-up’s’, more accreditation schemes, more and much improved part-time learning, more and better work- based learning so that there is smoother progression from further to higher education to encourage and enable individuals to stay in learning once they embark. (See also UKCES report, no 5)

‘Reaching Further’ - CBI - January 2009

Commissioned by LSIS, focussing on workforce development through employer / FE partnership to boost employee skills, this report presents a ‘call for action’ from the FE sector with a ‘how to’ approach. By presenting a series of 13 case studies, the factors and arrangements that make for a successful partnership between FEC and employer are displayed and examined. The central message is that FECs can, and should be, doing more partnership working, and taking commercial advantage of the markets available (currently half of training is delivered to companies by external providers). There is a call for action for both FECs and employers to work with each other more effectively to present solutions to the economic situation faced. The key lessons learnt within the case studies are useful and are available for adoption and adaptation by others enticed into visioning new efforts.

‘Future Fit; Preparing Graduates for the World of Work’ - CBI - March 2009

The employability of graduates and how ‘fit for work’ their learning makes them is a major concern. Discussion centres around whether the general professional and business skills please employers more or high level technical skills. A combination of the two it seems is ideal, but what is examined in this report is the generally defined ‘additional skills’ which graduates need to equip them for work; team working, business and customer awareness, problem solving, communication and literacy skills, application of numeracy and IT, positive attitude, entrepreneurship. Through a series of case studies, what employers and HEIs are doing to ensure that our graduates have the best possible chance of employment are demonstrated.

‘Building Britain’s Future: New Industry, New Jobs’ - HMT - April 2009

Initiated and led by Peter Mandelson, the Business Secretary, this White Paper describes the Government’s ‘active industrialism’ strategy.

Mandelson lays out his plans to ensure Britain’s position in the post-recession global market which is set to double in size and predicted to open up major opportunities for the UK in this paper. In order to capitalise on these, we must patronize the ‘high- tech’ sectors and produce tailored strategies for growth areas. HE lies at the heart of the success of this both in ensuring the relevance of the higher level skills of the workforce and in developing innovations for new markets.

‘Ambition 2020’ - UKCES - May 2009

This is an assessment of the progress made towards the UK becoming a world leader in employment and skills by 2020. Currently, the UK is positioned 11th in productivity, 10th in employment, 14th in income equality, 17th in lower levels skills, 18th in intermediate and 12th in high level skills in OECD countries. To move into the top quartile (top 8), there need to be 20 million additional qualifications achieved amongst the working population by 2020 (one for every second adult). Amongst the conclusions made in the report is a focus on skills development through formal qualification, greater connections between policies and practice and greater involvement of employers in policy development. One of the key messages is that whilst raising skills level is important, raising the skills level aligned to the economy is more so. In order to create an economy based on higher level products, services and productivity, it must also be driven by a higher demand for skills. Until then, a mismatch between skills and application within the economy will exist.

UKCES First Annual Report – May 2009

The first Annual Report, May 2009, provides a useful overview of all of the range of reports published by UKCES in its first phase with a summary of each. It is therefore probably the best ‘search’ document for UKCES directives and recommendations. One of its particular messages is that there is an identified need for better skills utilisation in the workplace or ‘working smart’, caused, it is claimed, by a weakness in UK leaders and managers to make the best of human capital and to maximise the potential of the individual within the workplace to the advantage of the business (predicator of The MacCleod Review).

‘Recession and Recovery; How UK Cities Can Respond to Recovery’ - The Work Foundation - July 2009

The Work Foundation presses the RDAs to do more to encourage and lead collaboration between the public, private and third sectors in convening partnerships which enable a shared strategic response to the recession, so that recovery aligns with national policy, best practice and the needs of the region. It particularly highlights the need for the continued investment in skills as one of the key predictors of how cities will fare in the recession which is dependent upon the level of skills which exist amongst its inhabitants. (Newcastle was one of the twelve cities analyzed as part of the research for this report).

‘Engaging for Success; enhancing performance through employee engagement’ / The MacLeod Review/ BERR - Commissioned by BIS - July 2009

The MacCleod Review/BERR has been accepted by Government and will result in the production of an Action Plan for implementation in Autumn 2009 with the release of Leadership and Management web -based tools set for Spring 2010 (indications are that the Skills Funding Agency will be responsible for this plan) and other recommendations to boost awareness and counteractive activity in this area. The report takes an in-depth look at employee engagement, which is proven to transform business and productivity with there being a direct correlation shown between the two. It identifies that over half of employees have skills higher than their roles. A weakness in the capability of leaders and managers to recognize this as an important business productivity tool is apparent and a real cause of weakness in overall business output.

‘Employer Engagement in Higher Education; Defining, Sustaining and Supporting’ - CIHE - July 2009

This is a highly practical guide for HEIs and HE in FE in anchoring their approach to employer engagement, with a set of highly pertinent engagement questions to guide thinking, planning and behaviour. By means of a series of case studies, the engagement issue is examined. The main suggestions made are;

- HE is seen by employers as being good at certain things and not others, and so should play to its strengths in developing reflective practitioners who can help transform the organisations they join
- Employers can have little real influence on HE supply without both parties being reasonably engaged and committed – being in it ‘for the long haul’. This requires resources from both sides being exercised in making the partnership work
- Few HE providers can seriously offer many bespoke workforce development products and rarely to short timescales. HE can work with Further Education Colleges and private sector training organisations to add value
- Few university staff are familiar with the more informal types of learning in the workplace and the more experiential and facilitative style of company learning that employers increasingly prefer for their staff
- Universities are continuing to evolve to meet the opportunities businesses are presenting
- There is much good practice that can be shared

(Ref; short summary of CIHE latest reports, website)

‘Jobs of the Future’- September 2009 - HM Government (Mandelson)

Developing the ideas expressed in ‘Building Britain’s Future’, this white paper describes the Government’s approach to creating ‘comparative advantage in the global economy’ for the UK and protecting against competitiveness and sustainability’. It shows how the UK labour market is set to change, where new jobs could be created and where new opportunities lie. It is explicit in identifying the new HE Framework as one of the tools which the Government is employing in order to realise the new directions described. It also identifies the HE sector as one which is contributing to the growth of the UK economy, creating 580,000 jobs, generating export earnings of £3.6 billion and contributing £45 billion to the UK economy.

In brief, the sectors identified for growth and which are best placed to serve and position our economy and sustainability are: the Low Carbon Economy (energy, carbon finance, building technologies, environmental monitoring, solutions and consultancy); Advanced Manufacturing (high tech production such as aerospace, pharmaceuticals, electronics, precision instruments and specialised goods supporting global value chains – Printable Electronics Centre in Sedgefield is identified as creating up to 1,500 new jobs by 2014); Life Sciences (pharmaceuticals, medical biotechnology, medical technology, regenerative and stratified medicine- as part of this work, the Government will create a HE/Industry Forum to help bolster); digital economy and creative industries (ICT, broadcasting and creative industries –all supported by the Digital Britain strategy); Business and Professional services (legal, finance, marketing and real estate); the Care Sector (childcare services and early years in particular to support the working population);the Retail Sector (although not identified as one which needs higher level skills) and as a more minor area of growth, the Tourism , Hospitality and Leisure sector.

‘Higher Ambitions’ – The HE Framework – November 2009 – BIS (predicated by John Denham February 2009)

In his Welcome Collection Speech in February 2009 to launch the HE Debate which informed the production of the awaited HE Framework , John Denham, then Secretary for Innovation, Universities and Skills, expressed the need for the HE sector to produce a ‘compelling argument’ in evidencing the sector’s contribution to the economy and society and that, whilst HEIs and FECs are critical for the country’s future, they cannot expect public funding as a right and that ‘society will demand that higher education meets the personal , educational and training needs of individuals and economy’. He was clear that ‘we will need to transform the relationship between academia and government’ and that HEIs must ‘intensify employer engagement with the design, development and delivery of courses and expanding work-related or work-based study’ (ref: Denham’s Wellcome Collection speech, February 2009)

There are six key themes within the newly published ‘Higher Ambitions’ which will underpin future funding plans for HE/ HLS. The focus is very much on HEIs doing more for the same amount of funding and positioning HEIs, and their learners, at the heart of economic competitiveness, with a major shift in focus from the full- time under -graduate to the part-time adult learner. Examples of themes include improving the accessibility of HE to all, the contribution from HE to economic growth, the need to strengthen HEI research capacity, a pursuit of teaching excellence and placing HEIs at the heart of their local and regional communities. Several new specific requirements listed include the publication of what each university will do for student employability and new targets to be set by HEIs to recruit learners from under privileged backgrounds.

1. The message from Government through their recent reports and policies is that more is required from the HLS sector at a 'faster and further' rate to affect change in the economy. The clear expectation expressed is that there should be the return on investment from the vast amounts of funding allocated to the HE sector over the last ten years - now
2. If the HE sector is to maintain a strong position at the forefront of the Government's thinking, visioning and regard, it must prove its worth further
3. Mandelson's 'Skills Activism' is gaining momentum, and the skills agenda (significantly higher level skills within this) is being magnified
4. The recently published MacLeod Review evidences that weaknesses in Leadership and Management skills nationally are detrimental to employee engagement and skills utilization in the workplace, which is affecting business productivity. This counteracts the potential effect of employees with higher level skills, which are currently underutilized in the workplace
5. Key government funded or linked agencies and employer agencies are consistent in their view that employers are still either unaware of or confused by the HE 'offer' and that the sought mutual understanding between employers and providers is weak
6. Key government -funded or linked agencies and employer agencies are united in their view that there needs to be continued and further improvement in HE provision for those in employment through an increase in flexible programmes, APEL, improved work- based learning and quality-driven part-time learning arrangements
7. Key government- funded or linked agencies and employer agencies are consistent in their view that there needs to be better and improved links between HE and FE to enable and ensure learning and qualification progression and to improve knowledge-transfer between the two
8. They are also consistent in their views that part-time provision for adults which delivers economically valuable skills should take a more dominant position in university and further education provision and programming
9. A system for building mutual understanding and communication between employers and education providers is yet to be built, but it is recognized that this would be of significant value in escalating the development of truly demand-led qualifications
10. There is a shift in concern from increasing the number with higher level skills amongst the work force per se to increasing the level of HLS to match a demand driven by an economy based on higher- level skills - i.e. addressing the imbalance of 'derived' demand and the difference between 'demand' and 'demand-led'
11. There is an apparent shift from focusing solely on employer engagement in HLS to including employee engagement and making this a symbiotic approach in future planning and thinking
12. Although the HE sector contributes £46 billion to the national economy, it is yet to exploit the full business potential available to it nationally through employer engagement activity as opposed to full time undergraduate student markets. Competing private training providers dominate the HE training market.

Hilary Day, November 2009
Regional Business Development Manager, NEHSP

With contribution from Richard Dodgson, Research and Information Manager, Universities for the North East

