



Work Based Learning

A Consultation

... informing the debate

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Helen Connor

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FOREWORD

The capacity to adapt lies at the heart of the evolutionary process for individuals and organisations. The survival of the fittest is really the survival of those who can adapt to challenges and opportunities. Adaptation in turn rests on a capacity to learn and to implement the results of that learning. Successful organisations are learning organisations because they have the ability to capture and share a wide range of learning experiences.

Individuals learn in all sorts of ways; not just in institutions of learning. But the process has to be managed so that the reflection that lies at the heart of learning can lead to the transfer of understanding and the transforming of future tasks.

Work based learning (WBL) is particularly important because it has the potential to fuse the theoretical and the practical, and inform practice. It can break down the artificial divide between the academic and the vocational; and incorporate the development of those 'employability' skills, such as team-working and communication, into the process of learning rather than as add-ons. It is the ideal form of applied and action learning that makes the learning real and relevant. Hence it has the potential to excite.

WBL is central to the organisational shift from an approach based on training (the imparting of specific knowledge and skills) to an ongoing process of personal development under the control of the individual, and part of the development of the learning organisation.

Given its importance for individual learners and organisations, it is perhaps surprising that it has not commanded greater interest and involvement by higher education institutions (HEIs) in general. The market is considerable but has been largely the preserve of private sector providers. This document asks why this should be, what the inhibitors are, how they might be addressed, and what recent experiences and lessons have been learned so future partnerships might be developed between HEIs and businesses.

CIHE is grateful to Helen Connor for masterminding this consultation document. Helen is an Associate Director at CIHE. She is a highly respected researcher and influencer of policy on a range of employability and diversity issues. She has recently published research on vocational pathways to higher levels and on the role of vocational higher education, and also works on diversity in higher education and graduate recruitment.

This consultation document will inform a conference in February 2005 (see www.neilstewartassociates.com/jb185 for further details). We hope it will inform the Government's next Skills White Paper. A further CIHE document in June 2005 will reflect responses to these consultations, identify a range of good practice in WBL and suggest what further actions are needed.

Richard A Brown
Chief Executive

February 2005

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INTRODUCTION

Lifelong learning is vital for competitive advantage and economic success for nations, regions, organisations and individuals. The traditional education pattern in the UK, where most learning took place in school, colleges or universities first and then working life followed, has given way to one where learning can, should and does take place in various ways throughout our working and social lives.

Our economy has become more knowledge-based, and subject to greater demands from international competition and from customers who expect ever rising quality of service, products and support. The market place is subject to an ever greater pace of change and uncertainty. The notion of work and careers has changed, and businesses of all sizes require greater flexibility from employees and greater levels of responsibility and initiative at all levels. Traditional 'vertical' career ladders have broken down in many large organisations; individuals are expected to take more control of their personal development and careers. The quality of many international recruits compares favourably with those from the UK so work can be easily relocated overseas.

In order to continue to compete internationally, the UK requires a continually better skilled and educated workforce, which is self-motivated, flexible and adaptive to change.

It has been apparent in many studies¹ that there is a strong link between skills at intermediate/higher levels and economic performance, and that our productivity gap with other competitor countries is due primarily to these skill deficiencies, though other factors (such as capital investment and organisational capability) are also recognised as having an influence (see more detailed discussion on productivity and skills in Annex). But it is not simply enough to produce an ever increasing supply of graduates from higher education, even with an emphasis on expansion plans on vocational or work-focused programmes (as in the 2001 HE White paper), and the introduction of new Foundation Degrees, which CIHE welcomes. Employers need to be able to develop the skills and capabilities of their existing workforce through access to a range of quality learning providers. They also need to be able to assess their needs and utilise better the skills they have, and recognise the value of lifelong learning. Smaller businesses in particular suffer from the impact of skills deficiencies, including weaknesses in management which inhibit the development of value-adding strategies². Employees at all levels need to be encouraged to participate in lifelong learning and to see its potential benefits, and feel that such learning is valued in terms of accreditation or/and rewards.

Higher education (HE) plays a significant role in the provision of higher skills at entry level to the workforce but much less so in workforce development or learning in the workplace. The latter is not a major activity or seen as a priority at most HE institutions. However, there have been a number of developments over the years, which have aligned HE closer to the workplace, significantly, the development of employability skills in undergraduates. WBL expertise has been developed in some institutions and new

programmes, for example WBL degree programmes, Graduate Apprenticeship schemes, continuing professional development (CPD) courses and, most recently, the development of Foundation Degrees, which have a substantial work based component.

Given the changing views on lifelong learning and the economic imperative for improvements to workforce development, is it not timely that HEIs should take a closer look at their role in helping to meet business skill needs and the opportunities to become more involved in workforce development in the future, through the assessment, validation or delivery of WBL? Should not employers consider what is inhibiting them from looking more to HE as workforce learning providers and finding ways of working more closely with HE institutions?

DEFINING WORK BASED LEARNING

There are various definitions of work based learning which seem to lead often to confusion in discussing its development, especially in an HE context.

We believe that it is important to distinguish *work-related learning* from *work-based learning* as these can be quite different activities for HE, with different associated policy implications and issues to be addressed. However, often the terms are used interchangeably (along with other phrases like 'learning in work', 'workplace learning' or 'workforce development'). Various, often very long-winded and complicated definitions are given in the academic research literature. In as simple a way as possible, we distinguish here between the wider scope of:

- *Work related learning* - which is learning from study or experiences in or related to the world of work; usually where students are encouraged to reflect and report on the work-relevant skills they have developed (e.g. in work experience placements). The importance of work-related learning and its potential are discussed further in the DfES report *Work Related Learning* (2002).³

and:

- *Work based learning* - which is much more focused on learning in the workplace, derived from work undertaken for or by an employer (i.e. in paid or unpaid work). It involves the gaining of competencies and knowledge in the workplace. It may include learning undertaken as part of workforce development.

Work based learning is the main focus of this paper. We are much less concerned here with *work related learning*, though still recognising its importance. HE has been increasingly involved with, and successful in delivering, *work related learning* for some time now as a way of meeting business needs for new graduates (i.e. at entry to work level). But it is the engagement of HE in workforce development which is generally lacking.⁴

Are these definitions appropriate?

Is it better to scope and define WBL differently? If so, what are your suggestions?

PROVIDERS OF WORKFORCE DEVELOPMENT

Employers reportedly spend over £8 billion on training and staff development each year with external learning providers (LSC estimates, excluding wages, and informal training in the workplace). Most of this is for very short courses (e.g. health and safety). It is not known how much of this total is at higher levels, but we assume it includes a range of higher level learning activities from MBAs and MBA modules, courses relating to professional development (CPD) or on specialist scientific topics and work based modules of undergraduate programmes, including new Foundation Degrees. But some will be for existing staff to develop coaching or mentoring skills in the workplace, for developing leadership, secondments or action learning sets and for higher level National Vocational Qualifications (NVQs) and other awards.

Businesses of all sizes will normally look to various sources to provide learning solutions, some forming partnerships with business schools and other public as well as private sector providers, depending on the nature of the learning required and the resources they have available. Many will rely mainly on their own in-house training programmes to meet particular needs, which in some cases have evolved into Corporate Universities. The latter can require considerable investment for longer term gain, but smaller businesses (SMEs) are much less likely to have such a capability.

Business schools' provision of standard MBA programmes seem increasingly less attractive to employers. They are viewed as not bespoke enough to help develop their future senior managers, and their quality is also seen as variable (as evidenced by the Association of MBAs accrediting only a percentage of the MBAs on offer). Many business schools face a challenge in communicating to employers the relevance of their offerings, (a joint Forum between CIHE and the Association of Business Schools will report on this around June). Private sector providers can be an alternative option, but they too tend to offer standard training solutions (e.g. in IT or accounting systems), and most focus more at lower levels (e.g. in training and NVQ assessment, below level 3, as confirmed by the Association of Independent Learning Providers).

It is unclear how much of a role HE Institutions (including Business Schools) have at present in the provision of workforce development, or how much of the £8 billion plus referred to above is spent by employers in HE, but it is thought to be very little (maybe around £125m). HESA statistics note that the total contribution to HEI fees from 'UK Industry, Commerce and Public Corporations' was £257m in 2002-03, including MBAs and professional courses and only 2.5 per cent of all NQs at levels 4 or 5 were achieved at HEIs (QCA, 1999/00). A similar picture on spending emerges in relation to FE colleges: employers and individuals contributed only around 9 per cent of the total cost of training in the LSC-funded sector last year (and a small proportion of that is likely to be at higher levels).

Do you agree that the HE sector share of the workforce development market is very low at present? Do the statistics undercount some activity? Do you have any better information which would help to assess HE's current or potential role?

Are there some areas of work based learning activities where the HE share is much higher, or where recent trends suggest it might be?

What part, or how much, of the workforce development market might be accessible to universities and colleges?

WORK BASED LEARNING AND HE INSTITUTIONS

Much of the reason why HE's share of the workforce development market (even at intermediate/higher learning levels) is so low is that universities and colleges have not been seen as a natural source of much of what businesses are looking for. This is thought to be due to:

- a growing need among businesses for more bespoke types of work based learning products than HE can deliver. This is partly due to its funding regime and resource constraints and partly to employer perceptions on what HE can deliver easily. Furthermore employers want small 'chunks' of learning, which HE (and to some extent many FE) institutions have not been traditionally geared to deliver (the main pattern is longer academic programmes and full-time modes of study). Also, a perception (not always real) that HEIs are not up to date with fast changing work environments, especially in high technology areas, nor able to respond with speed to demand for training (which often is bespoke as well).
- But more fundamentally, perhaps differences in the way employers and HEIs speak about skills and learning. There is a lack of a common language for describing skill needs and training which can impede dialogue on what HE can offer and what businesses want.

But neither is workforce development, nor the employer WBL market, seen as a priority or a core business area by HEIs (with a few exceptions). They generally see other priorities, in particular pressures of funding constraints, performance targets and the need to improving productivity, and, notably, performing well in the next Research Assessment Exercise (RAE). Furthermore, many HE staff perceive the development of work-based learning as not generally associated with real rewards (in contrast to the RAE). Other issues within are thought to be hampering involvement in WBL include:

- The way WBL is viewed in the main as nearly always part of a structured HE programme leading to a qualification, with its own disciplinary framework and assessment criteria (QAA standards), whether it is part of undergraduate or postgraduate professional diplomas; MBA modules or Graduate Apprenticeship scheme. While some qualifications offered by HE incorporating WBL are attractive for employers, many can need convincing that the qualifications are necessary and worth the additional effort and costs involved (though they are likely to be valued more by individual employees). If an employer knows an individual can perform at a certain level, s/he may not be particularly interested in having an academic confirm

that judgement (particularly where they have to pay for that as part of the learning package).

- Views of many institutions that WBL is synonymous with CPD, inferring a fairly narrow professional development and specific occupational focus, and often separated (structurally) from mainstream undergraduate and postgraduate teaching and learning developments (and seen as having lower status, as suggested above).
- The different approach that WBL requires from institutional based learning. The former is focused more on the development of learning itself in different situations and of softer skills, than on taking in subject specific knowledge (which HEIs are good at). Learning is more under the control of individuals in WBL and responsibilities are shared with them, their employers and the learning providers (the institution). It is essentially a continuous process (through life) rather than a series of discrete steps, so cannot be assessed as easily as on a course of learning at an institution. Traditional HE approaches may need adapting to the needs of people engaged in demanding careers and who have scarce time (especially if self-employed or in SMEs). These adaptations have resource and cost implications for HE.
- There has been little incorporation of National Occupational Standards of competence (developed as part of the NVQ system) into HE curricula, and there is little awareness about occupational standards among HEI staff (see UVAC report⁵); yet many employers have invested heavily in developing and improving them to make them work in their sectors (in lower level NVQs and SVQs, mainly).
- There is no easy to follow vocational ladder to higher levels which includes both academic formal learning and less formal workplace learning and skill acquisition (see recent LSDA research in forthcoming publication⁶). The lack of a single unifying qualifications and credit framework at higher levels in England (it does exist and is being developed more in Scotland and Wales) may also be an inhibitor along with the different approaches of the QAA and the QCA.

Given these factors, it is perhaps not surprising that WBL has been relatively slow to take hold in the HE sector, despite having a relatively long history. Certainly, it has a presence in most HEIs nowadays, but often this is a marginal activity. The recent foundation degree initiative has been a stimulus, and progress is likely to be faster in those institutions investing heavily in developing foundation degrees (with their significant work based learning components). But outside of foundation degree developments and some professional areas (CPD), there are relatively few examples of good practice, and these are dispersed in pockets across the sector. WBL does not lend itself to neat categorisation, and so there is a lack of good data to assess how much, what kind of, and how effective current WBL activity is across the sector.

We welcome the inclusion of the WBL stream in the proposed new Centres of Excellence in Teaching and Learning (CETLs) which should help to give WBL development a greater focus in the future. But it would also help we feel if it was given a stronger strategic direction or overall policy priority at national level, in England. It was noticeable, for instance, that the 2003 English HE White paper, *The Future of Higher Education* (and in particular the subsequent debates in the passing of the legislation) focused mostly on young full-time students and reforms of the student finance system. It said virtually nothing about lifelong, work based or part-time learning (i.e. higher level

learning for employees) or skills, other than in relation to the development of the new Foundation Degrees. The *Skills Strategy* paper (*Investing in Skills, 2004*) had virtually no references to higher level learning and gave little indication of any likely support at level 4 or above. And the proposed new *Framework for Achievement* (QCA) does not include HE qualifications (discussed further in the section below), in contrast to the Scottish Credit and Qualification Framework (SCQF), whose implementation plan⁷ encompasses the main qualifications of HEIs in Scotland.

WBL offers many potential advantages to HE, which some institutions do recognise. There are specific ones to the institutions and staff such as: developing local partnerships, providing an additional income stream, opening potential new sources of R&D and consultancy income, and opening up access to new student markets. And there are wider benefits such as improving the awareness and flexibility of universities, and their responsiveness to employer needs. Engaging with HE can also offer added value to employers, stretching and challenging employees within programmes of recognised learning, beyond that which would be available from training providers. But how much do employers appreciate this potential added value?

Not all HEIs in England are likely to want to become more involved in WBL. This will depend on their individual missions and priorities (CIHE has always supported diversity of mission and the striving for excellence in all its various forms). But we believe, for those that do, they would be helped by there being an overall WBL strategy for the HE sector and greater commitment in Government and funding council policies. Raising international competitiveness is as much to do with upgrading the capabilities of those in the workforce as it is about ensuring appropriate skills and experiences in the young. Improving vocational learning and skills has to embrace higher levels of learning.

Is this a fair reflection of the current situation?

Are there other obstacles to developing the HE-WBL market?

How might the situation be changed? Should it be changed?

Are there good examples of HEIs which have given WBL a higher priority and have been successful at generating valuable additional student numbers and income? How has this been done and what general lessons might be drawn?

Should the next Skills White Paper set out a clearer vision on the role of higher level learning in developing a more knowledge based economy and society? If so, what should it say?

Could HE make better use of the existing framework of national occupational standards?

Should the funding councils reward progress in WBL (perhaps under the proposed HEIF3 metrics)?

Is there room for learning from good practice overseas?). If so, where? What examples are there?

SMALL BUSINESSES

The SME dimension is particularly important. Most managers of small firms have no experience of higher education (fewer are graduates than in larger businesses) and may not appreciate the diversity that HE can provide and what modern graduates can offer. Relatively few have links with HEIs and can appreciate their knowledge transfer and problem solving capabilities. SMEs can have relatively high transaction costs in dealing with HEIs and have different perspectives on timing and delivery (requiring more flexible learning packages than universities have traditionally been able to offer). From an HEI perspective, it seems a very fragmented market, with large numbers of small businesses having varied needs, and being reluctant to pay for a quality product. We feel a much greater effort is needed by all parties, including the Sector Skills Councils (SSCs), to identify the market and sub-markets segments better for HEIs. Clear market segmentations are needed such as distinguishing between higher technology and value-adding sectors, those in the supply chains of major businesses, those providing services to larger companies and the large number of others (e.g. corner shops and other organisations that would have little interest in the products of universities). A university's value can be reduced by focusing on the wrong market segment or not latching onto the networks that SMEs use. HEIs have to secure economies of scale in the delivery of learning and guidance from SSCs, RDAs and other organisations can help.

How can the needs of SMEs be better addressed by universities and colleges? What role should RDAs, SSCs and other organisations have in helping HEIs engage in their networks?

Can the Small Business Service and DTI schemes encourage better linkages?

ASSESSMENT AND ACCREDITATION IN WBL

Assessment of WBL as part of accreditation towards an HE qualification can raise some specific challenges for HE. It usually requires some process of translating work based competencies into an 'academic' style assessment system and negotiating on valid evidence of learning. There is also the question of the extent to which employers should and can get involved in assessment. Many are used to undertaking assessment of their own company-specific training programmes, but are much less likely to, nor want to be directly involved in assessment of WBL in ways acceptable to HEIs. This may be changing especially when more WBL in HE programmes focuses around occupational and competency standards. But how much should or can it change?

If few employers are likely to want more than a minimal role in the assessment of HE provision (and may not have the resources to undertake it or afford it), the assessment of practical achievements may not be undertaken in terms that businesses value. Equally, how much do employers value the accreditation of WBL towards a qualification, which HE traditionally has offered?

How can more involvement by employers in assessment be made to work effectively? Is it a question of getting the mix of cost/time/capability issues right or is it more than that? Is there value in, say, supervisors taking a greater role? They are likely to have more relevant knowledge about the capabilities of individuals. Engaging supervisors will also be less costly than using external assessors.

We welcome the guidance which QAA have given to help HEIs develop Foundation Degrees, but suggest that further attention should be given to the role of employers in assessment of WBL and quality standards in other HE programmes, as the issues go wider than Foundation Degrees.

What are the main issues that need to be addressed on WBL assessment?

What good or innovative practices exist, say in using supervisors in the assessment of WBL in HE programmes? What about 'dip-stick' type approaches, or e-assessment or the greater use of National Occupational Standards or other external standards?

Are there approaches which employers use to assess learning at higher levels on in-company programmes which can be transferred/adapted for use by HE?

Does the accreditation of such learning really matter to employers and to employees?

ACCREDITATION OF PRIOR LEARNING (APL)

APL is a specific aspect of WBL. It is learning which has been acquired in a range of activities (though usually mainly work) that can be recognised, retrospectively, for credit towards an academic award. This is sometimes referred to as APEL, where the *E* stands for experiential. Although APL has been recognised for some time in HE as a way of potentially helping in widening access and improving vocational and work based pathways, its impact has been fairly limited to date at undergraduate level. It is generally found more at postgraduate and professional study, and valued more by individuals seeking to develop particular career paths (often regulated by professional bodies).

A recent report by UVAC⁸ called APL '*a classic example of a gap between rhetoric and reality.*' It exists, is often talked about, but seems a marginal activity at most HEIs. This reflects the general lack of interest by the HE sector in WBL but may also be a reflection of the continuing dominance of the academic route in undergraduate admissions over the vocational/work based route at many leading universities. There is a lack of an 'APL system' and consistency of practice. There is no 'best' practice evident, though there are some existing successful programmes in a number of areas (see for example Middlesex; healthcare professions, and CIPD). Furthermore, employers are generally unfamiliar with the term APL. Many lack awareness of its potential as part of a progression route to higher levels of study. Employers and employees who have had some experience of it often see it as a rather cumbersome and time-consuming process (e.g. involving gathering together a portfolio of evidence about learning achieved).

Furthermore, the continuing lack of progress in developing a single credit and qualifications framework that embraces HE qualifications in England does not help progression to HE via APL. While not underestimating the complications of getting such a framework operational, it would, we believe, help employees feel that achievement at work was being valued and help them in making progression to higher levels. It could give a major boost to APL.

What improvements and simplifications might encourage more APL to be undertaken?

Is there a need for a fundamental review of the use of APL (or APEL), or is it simply that it needs to be better promoted?

What good examples are there where APL is being used effectively for significant numbers of employees?

EMPLOYERS' ASSESSMENTS OF CAPABILITY

How many employers, especially smaller ones, know what capabilities (let alone potential) exist in their workforce? Ways of assessing such capabilities need to be better developed with learning providers or with other agencies (including HE if they can add relevant expertise). This would help in identifying learning needs that currently go unrecognised to the detriment of the business, or to utilise better the skills that individuals do have and could build upon. Employers may need to be 'incentivised' to invest in assessment. Equally ways have to be found to reduce what can be too costly a process. Currently many see the assessment and accreditation part of the learning process as just adding cost with little benefit. For many, it is the learning as demonstrated through its application that matters to them, not its assessment for accreditation purposes. Thus, the costs of accrediting the learning adds little value to the firm, though it is likely often to add market value to the individual. Is there a way in which the costs of assessing and accrediting existing skills can be lowered (perhaps with Government support), so that after an initial audit and assessment businesses might invest further and build on the skills identified? It may be better value for the Government to support the assessment and accreditation of existing skills than to fund new HE or FE institution-based study. Is there a role for APEL as a diagnostic tool which would help save costs?

How should employers be encouraged to invest more in the assessment of existing skills or capabilities, and in seeing value in accrediting the learning outcomes?

Is there value in a regional or sectoral pilot to determine what skills exist that have not been formally accredited (including at level 3 where there may be a qualifications as much as a skills gap)?

How can the issues of funding assessment in the workplace be resolved? Is there a need for a better partnership model involving state, employers and employees bearing different components of the costs?

What examples of successful partnerships between HE and employers exist in the area of assessment and accreditation?

BUILDING ON FOUNDATION DEGREES

Foundation Degrees (FDs) can offer a demand led approach with employer and Sector Skills Council partnerships and with work *based* learning as an integral component. They have potentially considerable advantages over HNC/Ds with their more work-*related* component and a more standard curriculum that often focuses on progression to a full degree rather than one geared to offering an award that is valued in its own right at supervisory level. The temptation to dilute the vital work based component of FDs because of the difficulties encountered so far in engaging large numbers of employers and problems with assessment and accreditation of WBL must be resisted. Indeed, greater employer involvement in all stages of the learning process (from the design of the curriculum to some assessment of the learning outcomes) is required. But this is resource intensive and costly. Sector Skill Councils are under-resourced for the task and the premium offered to HEIs for the development of Foundation Degrees is not large enough to be shared between the players (very few share it with employers at all, or recognise their true costs).

We feel that Further Education Colleges (FECs) are the natural deliverers of FDs as they are better networked with employers, more vocationally focused, and more numerous and hence locally accessible to more businesses and employees. But because of concern about quality they are not able to award their own degrees, unlike their equivalent US Community Colleges who award Associate Degrees. That responsibility has rested up to now with HEIs who (mostly) have less of a tradition of work based learning and generally less contact with local employers (though the proposed new national validation service by UVAC may change this situation). In answer to the question 'who should own intermediate level qualifications', Professor David Robertson states⁹, *'the international evidence appears conclusive: where universities are the principal suppliers, the qualifications falter or fail. Universities invariably prioritise their principal product, the Bachelor's degree. In a competitive recruitment environment, they do so intensively to the exclusion of sub-degree credentials.'*

Ways need to be found to ensure that high quality FDs can be both delivered and awarded by FECs in partnership with employers. This may be via an accreditation consortium, networks of FE colleges or individual mixed economy colleges who have the appropriate quality controls. But the accreditation must be on terms that employers value. Costs will also need to be better identified and shared between the partners and assessment issues addressed (as proposed above) so the work based element can be truly valued by employers and students.

The experience of FDs could pave the way for new forms of learning partnerships between employer groups and HEIs. But there are issues to be resolved on:

- **Funding and costs:** HEIs will need to continue to be incentivised to evolve from their reliance on traditional 3-4 year products; and funding needs to be simplified and more demand-led. Businesses may need to have the initial transaction costs lowered (as they have been for the development but not delivery or assessment of FDs).
- **Flexibility:** HEIs will need to work with employers to jointly develop greater flexibility in delivery (at times and places that suit learners including via e-learning and off campus, say at local FE colleges and in smaller units of learning). This will require staff and IT developments and involvement by employers.

- **Assessment, accreditation and qualification:** HEIs and employers need to work together to raise awareness of valid assessment procedures that are used within companies (and capture the best of them in WBL assessment). There may be potential to use National Occupational Standards more, (as UVAC has suggested), and also better recognition of a wide range of learning experiences deemed worthy of credit.
- **Mentoring and guidance:** Part-time students need to be supported better in the workplace (especially with help with study skills, mentoring and careers guidance).
- **Partnering the right kinds of people:** It is important to encourage those in companies with hard, practical experience to work with universities, so that each can gain the maximum benefit from working together. These are not often the people who 'volunteer' as natural HE partners.
- **Understanding what each party expects of the other,** and their respective strengths. This is especially important to HE partnerships with all types of businesses, but with SMEs in particular.

The planned regional Lifelong Learning Networks (LLNs) to improve collaboration between HEIs and FECs may offer one way forward to help develop better partnerships. The RDAs may have a role to play in setting the strategic framework for these partnerships. HEIs, FECs and employers could work more with other local and sector agencies (such as SSCs) so that expectations are managed better, and more effective solutions for business lifelong learning and skill needs can be developed. However, the commitment of the LSC to new LLNs in particular, and involvement of employers is essential. Without LSC support for higher education, FECs will be driven to depend even more on HEIs, despite the reluctance or historic inheritance that limits the ability of many HEIs fully to appreciate the employer and work based dimensions.

What experience from Foundation Degrees to date can be used as a basis for further HE-employer WBL partnerships?

Are there other approaches in short cycle WBL in HE (other than FDs) that have engaged employers or employer networks? Are those examples replicable elsewhere?

NEXT STEPS

We would welcome your observations and suggestions on the issues we have posed and on points we may have neglected.

We would particularly welcome examples of good practice that we can highlight in a report we will issue in June 2005.

Please respond to:

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ANNEX**Context I: The Productivity and Skills Debate**

The UK's historically poor productivity record has been improving in recent years, but a continuing productivity gap remains with many international competitors. Various studies over the years have pointed to skill deficiencies and lower qualification levels as important contributors to differences in productivity, though it is recognised that it is a complex area of analysis and there are other factors at play. Comparisons with France and Germany show skills deficiencies at intermediate/higher vocational level (levels 3 to 4 in the National Qualifications Framework or NQF) to be a major contributor to the productivity gap; while our gap with the USA is considered to be much less to do with higher level skill shortages (both countries have similar proportions of graduates in the labour force, and the UK actually performs much better at level 3) and more to do with underinvestment (including in R&D) and inadequate value-adding strategies (including developing higher level organisational capabilities) especially by the managers of smaller businesses (SMEs).

The issues are, however, inter-related. The existence of skill deficiencies do not encourage business leaders to invest in higher value-adding strategies. Management weaknesses (as identified by *CEML, 2002*) mean that many small businesses in particular may not be run by leaders who have the capabilities to evolve/advance their businesses. Many SMEs have a limited absorptive capacity for new ideas and good management practices, and this may be due to their limited deployment of graduates and limited investment in the development of their existing workforce to raise productivity (including at management level). Hence, many are caught in a 'low skills equilibrium' (see AIM/CIHE report *Solving the Skills Gap, 2004*).

The most recent synthesis of the research evidence linking skills and productivity (in Tamkin, 2004, SSSA) lends further support to this. It shows strong associations between 'high performing working practices' (frequently associated with training and development of staff, good management, good staff morale and productivity), better performing firms tend to have better qualified and better trained staff. Discussions on skills need to be placed in the wider context of people management strategies of firms and the way firms use skills.

Context II: Government Policy Agenda

Government policies aim to influence the performance of the UK in a number of ways.

The *Science and Innovation Framework 2004- 2014* seeks to:

- raise significantly UK R&D to nearer US levels (in terms of percentage of GDP) which will require a substantial increase in private sector R&D, improvements in the research infrastructure of HEIs and also an increase in the funds available to them for knowledge transfer;
- encourage a more joined-up approach at regional level, in the development of regional skills and economic development strategies;

- simplify small business access to IPR.

The *Skills Strategy* (White Paper, July 2003: *21st Century Skills: Realising our Potential*, and reaffirmed in recent consultative document *Investing in Skills, July 2004*), offers:

- a commitment to public support for further education and training of 16-18 year olds;
- an entitlement to free learning for adults without qualifications to help them gain a full level 2 skills foundation as a platform for employability with public support for those who are developing their qualifications to level 3 and above in specific sectors and regions (where evidence that shortages exist);
- support for those who are re-skilling or returning to work, especially where they will meet sectoral or regional needs and safeguarding a wide range of learning opportunities for personal fulfilment, community development and active citizenship;
- a commitment to reform vocational qualifications and introduce a new unit-base national system of credit and qualifications for adults.

The Future of Higher Education (DfES White paper, January 2004), and subsequent legislation, seeks to:

- encourage a more flexible and responsive as well as better funded system of higher education (i.e. higher and variable fee-charging by universities, greater individual contributions and better support to less well-off students);
- support continued expansion of the HE sector, especially at Foundation Degree level (the NVQ3/4 interface) for adults in work as well as younger students, and to be mainly delivered in the LSC funded sector (i.e. FE colleges);
- reaffirm the contribution which HE can make to the development of higher level technical skills in the workplace and encourage the strengthening of regional partnerships, including partnerships between RDAs, HEIs and FECs.

However, there are some issues that these do not adequately address, for example:

- The *Science and Innovation Framework* increases resources largely for the suppliers of science but does little to encourage and facilitate a more demand-led approach to knowledge transfer. Nor does it address the limited capacity of small and medium sized businesses to absorb or evolve R&D knowledge or new approaches. It offers little to help them strategically reposition their businesses. It also tends to neglect the creative and services sectors through an over-concentration on the manufacturing industry.

- The *Skills Strategy* says virtually nothing about higher education, and the main focus is an entitlement for all at level 2. This misses the crucial issue of how the widely accepted skills gap at level 3 is to be addressed. The Government wants employers and employees to pay more of the costs of gaining a level 3 qualification, yet the premium for gaining such awards is small, so why should anyone pay? However, if they do not, how will the skills gap with our EU competitors be closed?
- The *Future of Higher Education* (and in particular the subsequent debates in the passing of the legislation) focuses more on young full-time students and reforms of the student finance system. It said virtually nothing about lifelong, work based or part-time learning (i.e. higher level learning for employees), other than in relation to Foundation Degrees (2 year degrees). In particular, it seems part-time students (who are mainly employed adults) will continue to have to pay their fees up-front (at market rates), unless they are poor enough to qualify for some fee remission. There is also a tension between the Government stressing the need for a demand-led education system but then giving relatively little attention (apart from Foundation Degrees) to employment needs, the skills agenda, or specific areas where employers have expressed concerns about identified shortfalls such as in the UK's supply of scientists, technologists, engineers and maths (the STEM subjects). Recent exhortations to the English funding council to offer solutions does not fit easily with the council (unlike the LSC) having no statutory powers to 'ensure adequate and sufficient provision'.

In addition, a major reform to the 14-19 curriculum and qualifications has been proposed ('Tomlinson Review') and is being considered by the Government. This is designed to address current weaknesses in relation to:

- the low post-16 participation and achievement in the UK (compared to other countries) and problems in differentiating between the most able young people;
- the need to strengthen vocational routes and make the qualification system clearer;
- reduce the assessment burden for learners and teachers by having a common format for all 14-19 learning programmes and a unified diploma framework.

If the Tomlinson proposals are introduced, then employers' role in delivering and assessing qualifications for young people in the work-place will be enhanced. This will not happen for some time (2010 onwards), but currently employers are being encouraged to take such a role in many new Foundation Degrees and also in the expansion of the apprenticeship framework. However, the role and responsibilities of employers still seem rather vague, especially on what resources and capabilities are required. This contrasts with other countries with better valued vocational education systems (e.g. Germany).

PUBLICATIONS

Higher Education: More Than a Degree

This consultation at St George's House in January 2005 follows on from our successful consultation in March 2004 and focused on the student experience of higher education.
(CIHE March 2005)

The Value of Higher Education

A guide for students and their advisers on the value of higher education and what businesses look for in the graduates they recruit. This document was written with support from CIHE and UCAS, in association with Prospects. Available electronically from UCAS and CIHE websites, and in hard copy from UCAS.

Vikki Pickering (CIHE and UCAS, New Edition available: Spring 2005)

Work Based Learning: A Consultation

Identifies some of the issues that need to be resolved if universities and colleges are to capture a greater share of the market for learners who are in work.

Helen Connor (£5) (CIHE February 2005) ISBN: 1 874223 48 3

The Business of Knowledge Transfer

With reference to US Institutions, this report stresses the wide range of university knowledge transfer relationships and the need for appropriately wide metrics against which to evaluate performance.

Philip Ternouth (£5) (CIHE October 2004) ISBN: 1 874223 47 5

Higher Education Leadership and Fundraising

Summarises the Council discussion with the US fundraising guru John Glier on how US institutions have secured funding. (Free) (CIHE June 2004) ISBN 1 874223 46 7

Higher Education and the Public Good

Summary of a consultation on how the fundamental values of HE can be better asserted.

Supported by CIHE, SRHE and St George's House Windsor

(Free – website only) (CIHE June 2004) ISBN 1 874223 45 9

Universities of Applied Sciences: The German experience

The third in the series on how other countries are meeting employer needs notes how the German Universities of Applied Science (Fachhochschule) that are "equal but different from traditional universities" are the success story of modern Germany in meeting the skills gap. *Professor Helga Meyer* (£5) (CIHE January 2004) ISBN 1 874223 44 0

The Value of Higher Education

The UK economy and society rely on the development of more well-educated people and on the dissemination and application of knowledge. This document sets out the arguments for this expansion. (£5) (CIHE October 2003) ISBN 1 87 4223 42 4

Diversity and Co-operation in Higher Education

The diversity of higher education in the United Kingdom is one of its strengths. Partnerships can help HE and FE focus on what they do best and relate to national, regional and local aims. (£5) (CIHE September 2003) ISBN 1 874223 43 2

Community Colleges: the United States experience

Experience in the US demonstrates that community colleges can and should play a vital role in the economic development of the regions. What can be learned from their experience?

Augustine P. Gallego (£5) (CIHE September 2003) ISBN 1 87 4223 41 6

Business-University Collaboration: CIHE's input to the Richard Lambert Review

(£5) (April 2003) ISBN1 874223 40 8

The Future of Higher Education: CIHE's response to the government's strategic review of HE

(£5) (April 2003) ISBN 1 874223 39 4

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