



The Market for Work Based Learning

**An input to the review by
Professor Marilyn Wedgwood for the DfES**

from

The Council for Industry and Higher Education (CIHE)

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The CIHE

The Council for Industry and Higher Education (CIHE) is a unique high-level partnership between leaders from businesses, universities and colleges, whose aim is:

To advance all kinds of learning and research through the fostering of mutual understanding, cooperation and support between higher education and business.

Hence we develop a joint agenda on the learning issues that affect us all, commission and support research so that policy can be better based on evidence, debate our agenda with the Governments across the UK and work with them, employers and others to effect change. We want to ensure that the UK has a world class higher education system that in particular meets the needs of businesses for high quality graduates and internationally acclaimed research.

Workforce Development and CIHE

It has been one of the aims of the CIHE for some time now to encourage employers and HEIs to work together more to help 'up-skill' the workforce, thus ensuring that the nation gets more working people qualified to level 4 and above and the resources and potential of higher education are utilised effectively. As the recently published 'Leitch review' on the UK's long-term skill needs shows, the global economy is changing rapidly affecting UK's competitive position. We can no longer afford to rely on the output of young graduates from our universities to meet our high level skill needs but must give more attention to the potential of adults in the working population and invest more in their skills also.

Employers are, on the whole, committed to investing in training to improve the skills of the workforce. They spend over £ 33bn annually¹ on training though that covers all levels and much of it relates to in-company training and trainee wages. Around £5bn of it annually goes to external providers, mostly spent on training from private providers and a very small proportion, estimated recently by DfES at around 5 per cent, currently goes to the HE sector (for non-accredited CPD). Although these figures are approximate, and may underestimate the total spend on HE (as they exclude employer contribution to fees for part-time degree students) they give a good indication of the likely market penetration that universities have here.

CIHE believes that this small share of the workforce development market that HE has could be improved. The resources and expertise in universities (and also colleges) could be harnessed and utilised better to help develop the skills, knowledge and capabilities of the existing workforce. At the same time this could give the HE sector additional income. But several things need to change for this to happen, in essence:

- HE needs to be made more accessible to employers
- employer demand for higher learning needs to be stimulated more
- And the Government needs to set the right policy environment to enable partnerships between business and HE to flourish.

We have set out where we believe changes need to be made and the key issues that need to be addressed in two CIHE reports:

¹ Source: *National Learning and Skills Survey 2005, LSC* (figures cover England only so total for all UK will be slightly higher)

- *Work-based learning: a consultation* , February 2005
- *Workforce Development and Higher Education*, July 2005

You will find that these address many of the questions posed in your inquiry letter and we recommend you look at them. We also refer you to a recent international competitiveness study about global businesses' investment in UK higher education:

- *International Competitiveness: Businesses working with UK Universities*, 2006.

They are accessible from CIHE's website (www.cihe-uk.com) but please contact Helen Connor if you have any difficulty finding them.

In addition, CIHE has assisted in two recent research studies which I hope you have been made aware of, as they also cover the scope of your work – the HEA report on work-based learning '*Illuminating the landscape ..*' and the HEFCE report '*Towards a Strategy for workplace learning* (CHERI/KPMG), 2006 (plus a regional report by KSA partnership), both are available from HEFCE's website.

CIHE is currently taking forward some of the recommendations we made in our reports in a number of projects. One of these is aimed at helping to assess the employer demand for work-based learning provided by higher education (and supported by DfES), where current numerical estimates are poor. A second is identifying innovative programmes which demonstrate successful working partnerships and demand-led approaches that have overcome well known barriers (and supported by HEFCE). Both will report early in the new year. We are also working on a proposal with university partners to develop a number of pilot networks of SMEs, as they are a particularly difficult market for HEIs to penetrate. These will help develop a market in workforce development by bringing business and HE institutions together and so increase the amount of higher level learning (which will be demand-led) delivered to employees. We are also developing a proposal with the SSDA and others to investigate how employers influence and shape the HE curriculum and its delivery.

Comments

We feel there is neither the time available nor much value gained from repeating here the points we discuss in our reports referred to above, but it might be helpful to draw attention to a number of points and summarise some of the main messages. These continue to be evident from our current project work. We would be happy to discuss them further if you wish.

1. You appear to be assuming a traditional approach (as Leitch does too) to work-based learning in higher education – one mainly which talks about 'courses' and 'qualifications'. The future, as we see it, lies in more flexible, bite sized learning that has the aim of enhancing business competitiveness. Learning outcomes which businesses are interested in may or may not be qualifications, or may not lead directly to qualifications, but will be expressed as competences required at work and often linked to business performance measures. We are encouraging pilot projects which aim to help do this. It might be through learning networks (based on existing university networks of SMEs), through supply chains, through Knowledge Transfer Partnership programmes or student work placements, and through private, public and not-for-profit providers. It is important we feel that the emphasis is put on HE being able to help organisations of all sizes (including sole traders) secure competitive advantage rather than employees acquiring qualifications. Businesses look for a range of high quality provision that develops and releases the distinctive potential of individuals. Individuals will require an equally wide range of flexible learning opportunities from HE in the future.
2. There are several reasons why universities should take a greater role in workforce development, though not all will apply equally to HEIs and so have varying significance to them. 'Drivers' we have identified in our work include :

- the UK economic demands and international competitiveness (see arguments put more fully in CIHE report *International Competitiveness: Businesses working with UK Universities*). There is a linked also to the growth of the 'knowledge economy'.
 - demographic changes – a drop in the number of young people after 2010 will put pressure on traditional markets for universities, especially 'middling' ones. Many will need to focus more on other markets, either overseas or older people
 - Lifelong learning: There has been a growth in people choosing to learn throughout lifetime in more personal ways. There is also an increased need in certain occupation to have a postgraduate qualification as well as a first degree (eg STEM)s
 - Local community role of universities and more local /regional student markets: This is of growing significance for many universities, including the development of their local economy. Workforce development will be part of it
 - Expertise developed in HEIs from employability and enterprise policy initiatives over the years (there is potential to build on this but only for some universities)
 - Widening participation: Greater HE Participation by adults is likely to be more important in future in helping institutions meet their widening participation objectives, as unlikely further short term improvements can be made in participation rates for under 30 year olds.
3. And there are equally also good reasons why employers might work more closely with HE providers, though again, not all will apply equally to organisations and sectors. Benefits for employers we have identified can be in:
- Providing `opportunity for CPD for employees eg health professions, engineering, education (this is traditional reason for engaging)
 - part of technology transfer leading to improvements in business performance
 - providing new access routes to higher education for older employees in particular occupations where higher skill levels and qualifications are increasingly needed and where employers are experiencing shortages (eg using FDs)
 - improving attrition, especially 'churn' among new graduates in early development years in many large firms
 - increasing external standing of a firm by more employees becoming qualified (especially if competing in international markets)
 - helps in development of a 'learning company', so improve competitiveness

while benefits to individual employees might include:

- obtaining a nationally recognised qualification which has more 'currency' in the marketplace
- improved earnings over lifetime;
- and personal satisfaction, sense of achievement, and confidence boost.

We believe that many of these factors need to be more clearly articulated and we would also welcome more evidence of the impact of work-based learning on businesses and employees.

4. But, as we have highlighted above, the current share that HEIs have of the workforce development market is fairly small. Ways of encouraging employers to work more closely with HEIs have been identified as :
- Ensuring more of the learning offered by HEIs is demand-led or at least demand-relevant, and delivered at a time and quantity employers want (ie small chunks not whole courses) with learning outcomes linked to business performance outcomes.
 - Offering more customisation of learning or courses to businesses
 - Encouraging more flexibility in costs, and developing cost sharing arrangements.

- Making employers more aware of what HE can offer and what works. Many are unaware of the changing landscape of higher education and do not think of going to a local university to see if their workforce development needs can be met there. Typically, employers receive very little marketing material from HEIs, in contrast to their experience with private providers.
 - Reducing paperwork and bureaucracy (especially in relation to accreditation of prior learning), and
 - Having a greater shared language and understanding of the different cultures in business and education.
5. In addition to these, Government needs to set a policy environment which helps partnerships to flourish. Thus, as we recommended in our 2005 report:
- we need a shift in perspectives within HE, professional bodies, employers and others on what is thought of as workforce development and its value – it is more than CPD courses , and can apply to all forms of learning and levels.
 - a wider target on HE participation is needed. Government should re-balance its focus on under 30 year olds to put more emphasis on widening participation to adults. The 50% target for young people should be subsumed into a broader-based all-workforce target.
 - performance measures for universities (eg league tables) need to recognise the contribution (current and potential) of learning in the workplace and also the increased focus on adult learners in many universities
 - more of a credit-based approach to learning in HE should be developed as a way of encouraging greater flexibility in delivery modes and funding .
- And from our current project work, we also suggest:
- more encouragement be given to progression pathways within firms, so that , for example, apprentices can easily see what opportunities they may have to progress by taking a higher qualification
 - more attention be given to the skill set and experience of academic staff and reward system of HE. This will need to change – is it ‘ fit for purpose’ to work in this market and develop it?
 - more partnership working between HEI and FECs, and between local HEIs (or public-private provider), should be encouraged, to enable them capture a greater share of the potential business market (and develop new markets) and to overcome issues of viability on some courses (small numbers of employees), share risks
 - and we need to test out different brokerage models to find out what work best here (at higher levels it may not be T2G which is most effective)
6. Finally, it should be noted that there will be strategic choices to be made by institutions about how much they want to change or refocus their activities to engage in this market. Many, probably most, will continue to see workforce development as a minor function of the university and not invest hugely in the changes needed to take a significantly increased market share. Many of our top universities see their mission more as an international one focusing on being world leaders in their research and teaching. We are likely to see different models developing for delivering of workforce development at different institutions and not one-size approach for the sector.