



THE COUNCIL FOR INDUSTRY AND HIGHER EDUCATION

Submission:

After Leitch: Implementing skills and training policies in England

April 2008

Executive Summary

1. The Council for Industry and Higher Education (CIHE) is pleased to offer the following input to your inquiry “into how responses to the agenda set out in the Leitch Report will affect the broader structure of further and higher education and lifelong learning.”
2. We do so from the premise that the UK has to up-skill those in the workforce as well as develop more enterprising and employable graduates - the fundamental belief in the Leitch review. Equally we are clear that a highly skilled workforce is a necessary but not sufficient condition for business success. Employers need to be ambitious and demanding in the strategies they set for their businesses. High value-adding strategies backed by investment in new knowledge will pull through a demand for high level skills. The Government's innovation and skills strategies are therefore linked. Universities and colleges can help organisations reposition themselves through knowledge exchange as well as through the supply of skilled graduates, post-graduates and learning for those already in work.

Leitch and Higher Level Learning

3. The Leitch Review had twin aims that created an internal tension. These were to consider the learning and skill needs appropriate in the face of ever increasing global challenges notably from Asia, and to consider how to address the skill needs of those who currently have low levels of qualifications especially in maths and English. The result was a report that was strong on the latter and on up-skilling to levels below higher education but weaker on the former. However, its analysis on how the jobs of the future will increasingly require higher levels of learning and its recommendation that at least 40% of the working population should be qualified to level 4 (HE) by 2020 were extremely important.

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4. Generally it was weak on the roles of higher education in raising the capabilities of the workforce and building the knowledge intensive and high value-adding economy we need to face the global challenges. What it did say was founded on a questionable presumption that employers think in terms of levels and qualifications. Hence it underplayed the substantial changes needed to establish in England¹ a comprehensive system of learning credits and funding by credits as well as the quality and other frameworks needed to support universities and colleges to engage in work-based learning.

“World Class Skills”

5. The Government’s initial response in *World Class Skills*² displayed the same tensions as were evident in Leitch. It also seriously underplayed the need to up-skill a workforce that can only compete with Asia on the basis of higher level learning, enterprise and innovation.
6. Hence the report had little to say about the development of higher level skills or management and leadership. HEFCE funding for just 5,000 additional student numbers (ASNs) in 2008, 10,000 in 2009 and 15,000 in 2010 should be seen as just a holding response. There are some 23,000,000 who are in the workforce and 70% of these have had no assessed experience of higher level learning. We need tens of thousands of learners every year rising to hundreds of thousands per year to have their existing learning assessed and then upgraded if organisations are to have the capacity to absorb knowledge and reposition themselves against global competition as rightly envisaged by Lord Sainsbury in his report *The Race to the Top*³ and in the DIUS *Innovation Nation* report of April 2008
7. HEFCE will also want to rethink the notion of ASNs. Offering ASNs is appropriate to full-time or part-time courses where there is a substantial amount of learning over a year. For bite-sized learning where the credit rating may be uncertain at the start and/or may be only 10 to 15 credits, it is less appropriate and could be excessively bureaucratic for HEIs to agglomerate the learning to FTEs. It may not prove attractive if the learner/employee has to pay fees and the employer half the cost of the provision (as stated in the HEFCE guidance letter to HEIs 04/2007). We need to make the process as attractive as possible to all parties.

High Level Skills Strategy Consultation Document

8. We welcome the thrust of the recent Government’s Higher Education at Work consultation document⁴. We agree that this high level skills strategy complements the DIUS Innovation Nation and the BERR Enterprise Strategy and that a key aim has to be “to raise the skills and capacity for innovation and enterprise of those already in the workforce”.
9. The commitment in the new DIUS consultation document to drive towards an approach built on credits is particularly welcome. Small businesses in particular cannot release staff for long courses at universities or colleges and many people want to take one step at a time down the learning road. They want learning in small chunks delivered at times and in ways that suit them – often in the workplace or at evenings or weekends. They do not necessarily want to have to go to an institution. They may want the learning they have

¹ A credit and qualifications framework exists in Scotland while Wales has a system of funding by credit.

² DIUS 30th May 2007

³ HM Treasury 2007

⁴ DIUS April 2008

already acquired in the workplace to be assessed and accredited. They may want to build up credits towards a range of awards such as certificates, diplomas, two year degrees or MBAs.

10. Credits also help those learners from non-traditional backgrounds get a taste and drop in and out of learning. Currently if you do not finish a whole course of study you and the university or college are classed as failures. In fact a person may well have learned a lot and benefited even though a year long course could not be completed all at once. They might like to return later and the credit route makes that possible.
11. The *Higher Education at Work* consultation document states⁵:

“For the first time, we now have a clear timetable and prospect for nationwide credit arrangements to be in use in higher education. By 2009/10, HE institutions should have credit-rated their main provision and be publishing details in the descriptions of the programmes they offer. This more consistent and transparent approach to the use of credit will encourage learners and aid progression.”

We urge the Select Committee to press the Department on the need for a credit based approach to high level learning as the key to engaging businesses and individuals in lifelong learning and progression.

The Importance of Credit Frameworks

12. While there are regional consortia⁶ we need a system-wide approach that embraces all the players: universities, colleges, private sector providers and in-house provision. England has nothing equivalent to the Scottish Credit and Qualifications Framework. Each sector has its own architecture and nomenclature of levels; and in neither has credit been fully adopted as a measure of transferable learning. While some universities, mainly post '92, do use and accept credit transfer, this is not generally the case with the pre-'92 universities. There is little here, and elsewhere, to compare with the currency of credit in the American system across diverse institutions and the amount of mobility afforded to (and taken by) its students as a result of the centrality of credit within State-wide systems.
13. Lifelong Learning Networks were established with the main aim of constructing local vocational pathways to HE. In their relatively short lives, they have gone some way to addressing this issue through the development of Progression Accords. However, these local arrangements are often between one course at one College and one particular course at one University. As Lifelong Learning Networks come to the end of their lives, what will be their lasting legacy?
14. If we are serious as a nation about enabling learners of all ages and backgrounds to develop higher level skills, to acquire learning when and where it suits them and to explore and progress around the climbing frame of learning, then systems of credit accumulation and transfer have to be implemented⁷ and be made compatible across the country. Individuals

⁵ cf Para 7.9

⁶ The Greater Manchester Strategic Alliance which incorporates all universities, colleges and some other key players is particularly promising in being extensive and inclusive

⁷ There have been many attempts to implement such schemes; see eg. the INCCA Report for the then DES in 1999-2000 chaired by Dr Geoffrey Copland and supported by the then Minister Tessa Blackstone

need to be able to have the learning and skills they have acquired in the workplace validated and credited, go on an in-house or external course whether provided by a private sector provider, a College or an HEI and build further credits.

15. New initiatives on a sub-regional basis such as across learning providers in Manchester offer potential. In the Thames Gateway all of the HE and FE institutions have signed to support a guarantee of progression for all with a level 3 qualification. This commitment is indeed an important part of the Thames Gateway Plan. *“But generally UK hierarchies have mitigated against federal FE/HE structures and Government/HEFCE incentives are needed. LLNs simply do not go far enough. Despite getting a lot of their students from FE, many pre-92s keep FE at arms length for fear of dumbing down by association.”*⁸ By contrast we note that credit and credit transfer lies at the heart of the Community College and university systems in many US States⁹ and that all of Hong Kong's top rated Universities have an FE college within their governance¹⁰.
16. The moves under Bologna to develop an EU wide European Credit Transfer System (ECTS) credit and transfer system offer a way forward that international employers want to see implemented as soon as possible. All universities and colleges will want to consider how they might best work together to learn from the best practice in the US, implement ECTS and make credit frameworks central to their provision. We have to help learners transfer their learning when they transfer their job. We have to help them build their learning from all learning sources including on-the-job practical learning. We have to help learners value every step they take down a learning road and stop classifying those who “stop out” as “drop outs”. An English credit framework can help enormously with these aims.

We urge the Select Committee to stress the need for a comprehensive qualification and credit system in England along the lines of that already in place in Scotland.

Foundation Degrees

17. When first announced, the Foundation Degrees (FD) was described as akin to the American Associate Degree. But it has always tried to face in two directions. It is required to function as a transfer qualification (offering progression to the final stages of the bachelor degree) as well as a complete qualification keyed to the needs of employers in specific occupational areas. The emphasis given to the transfer or the exit function has varied with universities being more interested in the latter and the preservation of their supply chain than in it being a terminal award that would meet the skills gap at supervisory and higher technical level. The tensions inherent in this dual role became particularly open when the Government announced that future expansion would be at FD level. Those universities that saw themselves in that FD market were naturally keen to preserve and expand their offerings even at the expense of local Colleges. Foundation Degrees also lack the broad base of the US Associate degree and are specifically aimed at skills development in a way Associate degrees are not. This in turn may affect transition as some HEI third year programmes are based on broad approaches in years 1 and 2 thus creating the bizarre position where some FDs may be too focussed on employer need to afford easy progression.
18. High performing colleges should be at least as well-placed as certain business facing universities to contribute to the growth and development of foundation degrees. Indeed,

⁸ Private communication from a recent CIHE Vice-Chancellor

⁹ CIHE forthcoming publication on US and UK colleges

¹⁰ Professor Sir David Melville communication

where they have a particular vocational niche they may be the most appropriate player with the credibility and understanding to develop such awards. Some learners may welcome the local nature of their College or do not want to be constrained by an academic year and timetable. Currently, 140 FE Colleges are directly funded by HEFCE to deliver HE. The Government agrees that direct funding might be appropriate in some instances where niche provision is offered or where there are no obvious higher education partners. Understandably colleges seeking additional funded numbers must also meet criteria including critical mass, their track record on quality and standards, and the nature of such provision. The Further Education and Training Act 2007 enables those Colleges who have major provision of higher level learning to award their own Foundation Degrees.

19. But generally Colleges are now expected to develop Foundation Degrees on the basis of structured partnerships with universities where they are funded indirectly through franchise or consortium arrangements. Such partnerships, the government argues, can help stimulate demand for the Foundation Degree and establish its currency. But Colleges have to rely on their HEI partner to accept their proposal for a Foundation Degree and not submit a competing one when student numbers from the school leaving cohort is about to turn down. There is every incentive for universities to squeeze out foundation degree provision by Colleges. Regional Development Agencies (RDAs) might have a role in brokering partnerships between universities and colleges to see how they can be built on a mature appreciation of the strengths that each side can bring.
20. Up to 72% of FDs are reportedly delivered in Colleges which have a presence in areas where there are no local universities or none interested in FDs. Colleges also have close associations with businesses, a track record in widening participation and encouraging progression and an apparent ability to deliver at competitive rates.

The select Committee might like to question the Government on its policy stance and the priority it attaches to the delivery of high level learning by Colleges as well as Universities.

Funding Colleges

21. Roughly 140,000 students are taught on prescribed courses at higher education level in Colleges¹¹. Some 140 colleges are funded directly for their prescribed higher education by HEFCE. Funding for the significant amount of “non-prescribed” higher education geared to professional qualifications comes from the Learning and Skills Council which historically has had a focus (driven by Government priorities) on the development of lower level skills and qualifications.

Might the announced demise of the LSC and its replacement by a new Skills Funding Agency (so far as adult learning is concerned) be an opportunity for all higher level learning to be funded by HEFCE?

22. The Select Committee might like to probe on why there does not appear to be much enthusiasm in Government and HEFCE for this proposition. Such a unified approach to funding high level learning might make it easier for an integrated view of skills (i.e. integrated

¹¹ Roughly 100,000 students are taught at levels below higher education in HEIs – largely in what were previously Colleges which have been absorbed into universities.

across levels) to be taken by RDAs as skills brokers. LLNs, HLSPs and Aimhigher have all reinforced the role of the RDA as planning bodies and this has been reinforced by placing Business Link with the RDAs.

23. An aspect of plural funding arrangements is that the regulations governing prescribed higher education in Colleges do not allow these institutions to receive direct funding for short and flexible forms of provision, such as might be required by employers to enhance the skills and knowledge of their workforce. Funding for this kind of provision is allowed and available to higher education establishments. In these circumstances, colleges could seek indirect funding for such work but, as in all franchise relationships, some of the funding would be retained by the higher education institution to meet the costs of its quality assurance. Unit delivery can already be done with indirect funding. But directly funded colleges are unable to offer anything other than whole courses, thus hampering their flexible response to business need.

The Select Committee might like to probe the logic of this distinction. Do the safeguards on quality and the need for colleges to set out and justify their strategies for the delivery of higher level learning justify a change of approach?

Stimulating Business Demand

24. The key to achieving the aims set out in the Leitch Review and reiterated by the Government in *Higher Education at Work* will be the reaction of businesses.
25. We suggest that the Select Committee might like to note the lessons learned in Scotland. We agree with the statement in the Scottish Government's report *Skills for Scotland*¹²:

"Simply adding more skills to the workforce will not secure the full benefit for our economy unless employers and individuals maximise the benefits that they can derive from these skills. Furthermore, how skills interact with the other drivers of productivity, such as capital investment and innovation, is crucial."
26. We suggest that it will be ambitious employers who realise that they have to reposition their businesses for a more knowledge intensive age who will pull through a demand for high level skills. Organisations are unlikely to demand more skilled people without changing their business strategies, their products, processes and management styles. Scotland has for many years had levels of higher education participation amongst young people considerably above those in England. But in the absence of organisations able to absorb them, offer them graduate level jobs or free them to transform the organisations they join, many have either drifted south or remained as a wasted resource in non-graduate occupations. GDP and productivity has lagged that in England despite the high output of graduates.
27. Businesses have to be helped to add greater value in what Lord Sainsbury has rightly called *"The Race to the Top"*¹³. Government can help most through the power of innovative public purchasing. The Government spends some £150 billion per year on procurement against some £10 billion on research. If just 2.5% of the former encouraged small businesses to be more innovative, link with universities and upgrade their capabilities, that would represent an injection of some £3.75 billion¹⁴. That compares with the £150 million that the

¹² The Scottish Government September 2007

¹³ HM Treasury November 2007

¹⁴ The 2.5% figure reflects the US Government's approach under Federal public procurement policy deployed under the SBIR/STTR schemes. The CIHE report *Using Public Procurement to Stimulate Innovation* builds on the support for this

Government intends to inject via the supply side of universities in knowledge transfer under the Higher Education Innovation Fund (HEIF 3) in 2010, £350 million going to the Technology Strategy Board (TSB) for their business led activities and perhaps £100 million from HEFCE for delivering Leitch.

28. There is an increasing recognition that the future competitiveness of the UK rests on continuous innovation¹⁵. It is **innovation** that will drive businesses to be more knowledge intensive, to add still greater value to the products and services they offer and the management practices they use in their quest for international competitiveness. It is this **repositioning** that in turn **will drive the skills agenda** and make it necessary for the organisation to recruit more highly educated people and up-skill their existing workforce. The DIUS innovation agenda will drive the realisation of the Leitch agenda.
29. Currently we know little about the demand from businesses for higher level learning¹⁶. HEFCE is funding a number of mostly post-'92 universities to pilot a range of approaches and specific projects. The Government is funding three Pathfinder regions in the NW, NE and SW to the same end. But it will take some time before it is possible to assess what works and why, whether the small scale initiatives are scaleable and on what conditions¹⁷ and before a range of co-funded pilots at the local and sector levels enable us to assess the range of options that might work.
30. The Government's preferred approach appears to be to rely on an expanded Train to Gain brokerage service to build relationships between businesses and learning providers. "*The commitments in the Train to Gain Plan for Growth will ensure that Train to Gain provides an advice and referral service which truly meets employers' high level skills.*"¹⁸ This is high risk as the service is unproven at HE level and the experience so far in the NE is that brokers have had only limited success at bringing in new learners at HE level. We would prefer to see a range of approaches including via Sector Skills Councils and through expanding the business focused expertise that exists in HE and FE institutions – including through an expanded HEIF allocation. Universities and colleges are well placed to understand not only what it is feasible for them to provide but also their local markets. They need to be encouraged to augment their market knowledge and focus. A range of appropriately funded approaches will be needed to raising business and individual learner demand.
31. We welcome the roles that Sector Skills Councils (SSCs) have to engage more in working to help their businesses articulate the high level skills they consider they need. SSCs are business organisations much more than RDAs and should be the main route through which business demand is articulated. Equally RDAs are largely artificial geographical constructs. Universities, colleges and businesses work across such boundaries. So while RDAs are useful in pulling together regional and local partnerships both from the supply and demand side, it is our view that business led organisations must take the lead. As we noted above, Local Learning Networks have had only limited success and there is no reason to believe that RDAs will be more successful at dealing with essentially sector focused learning needs.

approach in the Sainsbury review and makes specific recommendation on how US experience can inform the practical steps that now need to be taken.

¹⁵ See also *International Competitiveness: Businesses working with UK Universities*, CIHE 2006

¹⁶ See the summary of available evidence in *Workforce Development: how much engagement do employers have with higher education?* Madeleine King, CIHE March 2007

¹⁷ See however an interim assessment *Workforce Development: what works and why*; Helen Connor, CIHE July 2007

¹⁸ DIUS op cit Para 7.4

The Select Committee might like to probe the Government on how far the innovation agenda will drive the skills agenda, the linkages between the two and how far available funding focused on stimulating innovation and enterprise might bust pull through a demand for higher level skills.

The Select Committee might consider whether business demand is most likely to be articulated and driven forward by business led organisations such as the SSCs rather than organisations such as the RDAs and whether resources should be allocated accordingly.

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April 2008