

HIGHER SKILLS IN THE NORTH WEST: REPORT ON EVENT HELD ON 29 FEBRUARY 2008

This report summarises the main points of interest from the above event (at the EGG, University of Manchester Incubator Company), which was held:

- to look at the outcomes of the Leitch Review, the creation of the new Department of Innovation, Universities and Skills, the Comprehensive Spending Review settlement, the Government's new Higher Skills Policy ' the Government's Sub National Review, and other key related developments impacting on the development of higher skills, and, in the light of them,
- to consider through presentations and interactive exercises, how flexible approaches to achieving higher skills can be most successfully promoted and delivered to employers.

The event took the form of a series of presentations (followed by an opportunity for questions and answers), plus a Syndicate Exercises based on case studies of providers working with employers. The concluding session reviewed the main outcomes of the day.

Copies of the slides used in the presentations are available from Kate Fletcher (K.Fletcher@fdf.ac.uk) or on the NWUA website at www.nwua.ac.uk .

The summary below picks out a few main points from each presentation and from the subsequent Q&A sessions. Annex A to this report summarises the main outcomes of the Syndicate Exercise.

1. Opening Presentations

Stephen Hillier, Director, Skills Group, DIUS: The Context

Stephen said that the Government's consultation paper on its Higher Skills strategy would be published soon after Easter, with a White Paper on Science and Innovation being published before Easter. The other key points from his presentation were:

- The Government now seems settled on the post-Leitch agenda, with a big emphasis on unlocking talent and on the integration of employment and skills actions
- The recent analysis by the Prime Minister's Strategy Unit, which came out a few weeks ago, is well worth reading and reflects the Prime Minister's personal commitment to winning the skills race, with a strong emphasis on high value, innovation, and on providing second, third, fourth, and lifelong chances
- After some initial unjustified derision the idea of accreditation of employers' own qualifications has now been widely accepted and the Government also sees action to improve the employability of graduates as being very important
- Performance so far against the Leitch targets shows a mixed picture, with good progress on literacy and Apprenticeship numbers but not so good on numeracy,

and at level 2 and level 3. Stephen stressed the very large volumes which will be involved if the targets are to be achieved

- Train to Gain presents a very big challenge in so far as how this model might be successfully extended to the higher skills area. The Government was keen to see the role of brokers broadened to cover HE
- The Skills Pledge was an important strand of Government policy and it already covered 10% of the workforce
- Key strands of the Higher Skills consultation paper which will be published after Easter would include:
 - Increasing the employability of graduates
 - Increasing both skills supply and demand
 - A strong emphasis on cost sharing and co-funding, building on the encouraging start already made
 - More employer-led HE

Jane Hanstock, Pro Vice-Chancellor, University of Salford: The HE response

Responding to Stephen's speech and the Government's position, Jane's key points included:

- Following Leitch the clear priority in the period up to 2020 is to upskill the current workforce
- The disappointing numbers of people qualified to level 4 and above present a big opportunity for HE
- The Government has made it clear that it does not want "more of the same"; it wants much more flexibility, affecting who will learn, what they will learn, and where and how they will learn it
- The HE sector has already developed a number of responses to this including the HEFCE employer engagement strategy, the wider remit for FDF, the Higher Level Skills Pathfinders, and the HE Academy
- In addition individual HEIs are developing their own initiatives such as Salford's employer engagement pilot which, among other things, will look at the importance of achieving viability for programmes, an issue which reflected the challenge or tension between the longer-term HE approach and a much shorter term employer perspective
- Jane's key messages for Government were that:
 - A lot is going on already but there is nevertheless a need to change
 - This is a high risk area for HEIs and FECs: Government and employers need to understand this
 - There is a need to stimulate employer demand, using SSCs, Chambers of Commerce etc, but recognizing that they will not always be able to deliver
 - HE is good at developing the capacity to be a lifelong learner and this is often more vital than particular vocational or occupational skills
 - International experience shows that it is actually very difficult to define long-term skills needs and by international standards the UK is doing quite well
 - Nevertheless there is a need to develop new and additional partnerships and to build in links to the enterprise agenda

Nick Gerrard, Deputy Chief Executive, Manchester Enterprises:

Nick reviewed the background to the Sub National Review and the growing importance of City Regions and Sub-Regions as a focus for economic development, including skills development. He identified the key implications of the Leitch report and the Sub National Review report for HE and higher skills as being:

- Skills are central to the City Region agendas
- In Greater Manchester there is a particular issue with worklessness, which, importantly, is now seen as an economic as well as social issue
- The importance of higher skills is increasingly recognized
- Employers will want to include higher skills in the agendas of the new Employment and Skills Boards
- This also aligns with the Government's pressure for greater HE employer responsiveness
- Because of their different missions, this will affect some HEIs more than others, but all will be affected
- It will be important to develop new partnership mechanisms and links, where these do not already exist.

In the subsequent Q&A sessions the main points made included:

- Demography (an ageing workforce and declining numbers of young people coming out of school) will present a big challenge for both employers and providers, requiring HEIs to grow employer demand and to develop more flexible approaches
- Employers do not yet understand this demographic challenge and its potential implications
- A clear and well understood national framework for qualifications will be crucial
- Train to Gain shows that providers can work with employers to meet their needs but it has not yet proved that co-funding will work on a substantial scale
- By 2010 a third of all FE skills funding will be going through Train to Gain and delivered in the workplace
- It will be important to develop more and better HE/FE partnerships and to publicise how they are meeting employer needs; FEC validation of FDs is a secondary issue

2. First case study: MSc in Construction Management

Aled Williams, National Academic Co-ordinator / Senior Lecturer, and Tim Lees, CEBE Research Fellow, University of Salford

Aled and Tim described the experience of Salford University's Centre for Education in the Built Environment, in developing an MSc in Construction Management. In response to the Construction Skills Certification Scheme they had needed to create provision up to level 5 which would enable managers to meet the requirements of the scheme. The project to develop been developed in collaboration with employers (Balfour Beatty), other stakeholders, HLSP, Construction Skills and the National Academy. It was now taking 2 student intakes per annum. The key reasons why it had succeeded included:

- Good relationships
- Clear articulation of the employer need by Balfour Beatty
- Wider support in the region, including HLSP support
- Willingness to try something new

In the subsequent Q&A session the following main points were made:

- The regulatory requirements had helped to ensure employer motivation, but this was not the whole story
- In order to achieve sustainability the project was aiming to develop a strategic alliance with employers in the sector. The employer is already paying for participation in the course.

3. Second case study: First Post North West

Robert Marshall, MANCAT; Saskia Metcalf, SkillSet; Chris Harper, Futureworks; and Lance Tattershall, 360 Media

This case study reflected work by a wide partnership including Skillset, MANCAT, Futureworks, and 360 Media, whereby they had built on a London-originated programme and used their links with Granada to develop a professional development award at level 4 aimed at the media post-production sector and related areas. It was a unique collaboration involving the industry, professional trainers and HE (including Bolton University). The development process had been a long one, reflecting the varied occupational needs and the consequent need to engage a number of providers in the delivery. The course was now working well, with the first cohort completing now and the second cohort due to start later in 2008. The format involved classroom training for one day per week for 18 weeks, adding up to a total student time involvement of around 156 hours over six months.

In the subsequent Q&A session the following main points were made:

- The needs of the sector are changing constantly and the providers will need to keep adapting the content to reflect this
- The market is limited and to tap its full potential a bite-sized, modular approach will be important
- University of Bolton is looking to accredit the course with the potential to convert it to a Foundation Degree
- Given the 100% graduate intake into most of the occupations in the sector, there is a potential ELQ problem, but not if the course is a Foundation Degree or is co-funded by employers, as it is currently
- However the development of a Foundation Degree would help in this context and it is also hoped that the content will make it viable on a continuing basis because the indications are that employers will be prepared to pay for the highly specialised and work-based component.

4. Conclusion

Fran Hulbert, Management Board member, fdf, and former Director Skills Policy, NWDA

In summarising the event, and reviewing its success in addressing the issues of interest to participants, Fran made the following main points:

Background/General Points

- Foundation Degrees should be developed **within the context** of the NW Regional Economic Strategy – links to priority sectors, spatial location of ASNs from HEFCE
- **Broad concept of “skills”** – enables connectivity between education, qualifications, attainment, employability, attitudes, and emphasis on higher-level knowledge. Implications for Leadership and Management. “Occupational skills maintain the bottom line, intellectual skills grow the business.”
- Skills should be seen within the context of wider spatial investment, infrastructure, business growth and employment opportunity. **“Skills is not the sole solution but there is no solution without skills”**
- The economic agenda is metamorphosing into a geo-political agenda with the advent of the **Sub National Review**, City Regions and the rising powers of local authorities
- **Productivity is the basis for skills development.** It is essential to keep employment and skills both fused as a policy imperative, and explicitly connected to business support measures at the same time. The business appetite and necessity for using higher capability in the workforce must draw skills levels upwards from the point of recruitment. If this does not happen, a low skills-low wage stasis develops, and it would be possible to increase the employment rate without increasing productivity.

Specific Points

- **Progression** – need for clearer articulation between vocationally focused programmes, especially between Diplomas, Apprenticeships and FDs
- **Brokerage** – in the NW the Higher Level Skills Pathfinder comprehensive brokerage development is working well between LSC and HEFCE via the NWUA. Need to ensure that the initial IDB business brokers are of the highest calibre, immediately securing employer confidence and also being thoroughly conversant with the supply side to ensure appropriate referral.
- **FE/HE interface – prospect for major market growth, capitalising on:**
 - Effective partnerships/LLNs in the region, work built upon trust
 - Joint curriculum planning and QA systems
 - Shared CPD for staff
- **Funding.** Co-funding means “shared investment”, rather than match funding. Urgent need for worked examples and demonstrable models that will persuade employers that it is cost effective and sustainable. Serious lack of these so far and some growing concern.
- **Relevance of qualifications.** Leitch quid pro quo was that in return for employer commitment to workforce development they will have greater influence over customising the design and content of qualifications. The **fdf** Employer Based Training Accreditation (EBTA) project is a current high profile initiative that is helping in this process.
- **Flexible, responsive provision.** More agile delivery of FE and HE in particular, to ensure that learning is available where and when needed to fit in with working patterns, is relevant, and accessible in credit accumulation forms. This signals significant change management within universities. There may be implications for architectural design and capital investment decisions.
- **Staff credibility.** Part of the responsiveness agenda - secured through CPD
- **Range of employer involvement**

- Overt commitment, Skills Pledge
- Tangible and measurable action
- Promulgation by existing business to business networks

How to gain employer attention and commitment?

The forces that shift the attitudes of individuals and organisations are:

- Legislation
- Public comparison, (shame or euphoria)
- The incentive of gaining resource
- The penalty of losing resource
- Corporate pride, profit guilt and altruism,

An engagement strategy is therefore needed that confronts employers with the detailed evidence and information to gain decision – i.e. inactivity is not an option. The most powerful business case here is the future impact of demographic trends on the workforce of each sector. This will build the essential ownership of action by the senior management. Full commitment is then secured by agreeing funding models (examples needed) and confidence built over time through successful outcomes, learner benefits being evident in improved performance in the workplace, and repeat business.

Annex A

29 FEBRUARY EVENT: SUMMARY OF SYNDICATE DISCUSSIONS

<u>QUESTION</u>	<u>KEY POINTS MADE</u>
What are the main higher skills issues facing most employers?	<ul style="list-style-type: none">• The skills needs (and understanding of skills) vary greatly across businesses, sectors and sizes of businesses.• Skills needs include generic management and leadership; softer skills such as communication, problem solving, and teamwork; project management; information management• Leadership and management skills are a key skills issue across all sectors but they need to be acquired in a sector specific context.• However, there was a strong feeling that L&M is experiencing a 'bubble' that will at some point burst.• Skills for life need to be embedded – i.e. installing the ability to learn.• Important that HEIs do not assume they know, and that they ask employers• Issue of how well employers can articulate their needs• Reluctance from employers to be proactive – leave it to HEIs to come to them
In what circumstances might Foundation degrees be an appropriate solution and what delivery and other problems might Foundation degrees pose?	<ul style="list-style-type: none">• Some delegates believe that Foundation Degrees (FDs) have been driven too much by top-down initiatives (the example given here was initiatives promoted by the Department of Health) and are not fully accepted in the workplace, and sometimes too large to meet employer needs.• FDs still not on the radar for most employers, they are still undecided about their efficacy.• FDs <u>must</u> be employer led and delivered in a way which suits employers and employees. Too much FD provision is full-time.• HEIs need to engage large employers for FDs because SMEs cannot resource them sufficiently. In some FECs students are having to pay for their sandwich courses.• Affordability is a big issue for employers: £500 is a key threshold beyond which employers can be reluctant to invest. However others argue that if the FD is what they want, employers will be prepared to pay for it• An FD for a specific employer is easier to manage though harder to sustain – it has a potentially shorter shelf life.• Generic FDs often re-invent the wheel and don't always solve the problems. In addition CPD variants of FD modules and top-ups still don't offer enough sustainable business for HEI / FECs.• Diversity of employers and business models is a barrier to responsiveness, too many bespoke pathways aren't cost effective.

	<ul style="list-style-type: none"> • Soft skill input needs to reflect cultural change in terms of communications e.g. SMS, Facebook. • Employers need to develop understanding of time and costs involved in developing new programmes – the whole HEI / FEC ‘production process’ is under estimated. They can sometimes (wrongly) assume that HEIs will alter their quality assurance processes and time frames just to suit their individual needs. • New partnerships are essential to reach fragmented market e.g. Chambers of Commerce. • There is possibly no single solution or answer to the need for even more responsiveness – needs more empathy and partnership from both sides. • Expectations of learners are higher – demand for interesting / well paid jobs following graduation. • Learners in the workplace need a solution to help them to the next level / promotion / new career.
<p>What other solutions might be appropriate and in what circumstances?</p>	<ul style="list-style-type: none"> • In some sectors and businesses small, or bite-sized units of learning are likely to be the solution, although this has implications for the award structure • Distance learning on existing provision is an alternative • Suites of short courses and CPD etc. • Some large research-intensive universities don’t have any trouble recruiting and therefore they do not need to be outward facing generally and to develop FDs specifically. The individual institutional mission will govern what is appropriate. • Provision of successful case studies to persuade employers of the value of working with HEIs • HEIs need to improve their lead times and this needs to be supported by HEFCE and QAA
<p>How can delivery of higher skills solutions best be integrated with meeting other employer needs and with related services/initiatives?</p>	<ul style="list-style-type: none"> • Must contribute directly to the aims of the company, not to the aims of the HEI i.e. don’t design provision around traditional HE models • CPD, credits for workplace applications are important • Don’t fall into the trap of thinking that “one size fits all” There is a wide diversity of employers and employer objectives and HEIs need to try to meet all of them • HEIs should be involved in shaping the skills and Knowledge Transfer agenda e.g. as Warwick University has done. • Day release schemes meet the needs of employers (i.e. a lack of resource to release employees over long periods) but this can cause problems for the HEIs – the programme runs for too long and students fail to finish due to promotion or changed circumstances in the job. • Universities need involvement with employers to inform their work on a broader front
<p>How might the Leitch report, Sub National Review and other recent developments change the scene and what new opportunities and problems might they present for those involved in working with</p>	<ul style="list-style-type: none"> • Need better alignment of funding across the HE and FE in areas • Demography will drive the universities to accept alternative ways of working • Leitch presents lots of challenges to QA processes,

<p>employers to address their skills needs?</p>	<p>terms and conditions of lecturers etc</p> <ul style="list-style-type: none"> • Staff skills sets will need to change and adapt, including the need to assess learning in the workplace: staff development is key • Leitch/SNR will not have so much impact on operational processes within HEIs. • HEIs will be much more influenced by their individual missions and educational developments than high-level skills and regional policy documents. • Importance of employers understanding needs beyond the short term • The value added by HEIs is to give employees capacity to respond to unknown futures • There is a big need to recognise and acknowledge what is already going on! These examples of good practice / case studies need reflecting back to employers – show them what we are doing and therefore encourage buy-in to future collaborations. • Within HEIs there needs to be capacity to allow staff to explore links within their own institution and outside within their communities of practice. This will help to present a more coherent picture to employers. • SSCs need to do more in-depth age / skills / cultural profiling, especially to support older learners / workers. • Delegates generally happy that national policy will help / confirm the work they are involved in. • There is a continuing challenge for HEIs to identify their ‘customers’ though HEIs can never solve ALL their problems. • In terms of terminology, ‘staff development’ is preferred as it focuses on individuals, doesn’t use the word ‘skills’ and makes sense to employers.
<p>Which organisations ought to be collaborating in developing and delivering higher skills at the City or Sub Region level, and why, and how do their perspectives and interests differ?</p>	<ul style="list-style-type: none"> • HEIs, FECS, trade unions/Unionlearn, SSCs, Chambers, Business Link, Professional institutions, local trade associations. • HEIs need to tap into existing networks e.g. Chambers of Commerce and Chartered Institutes. • fdf is a major network resource. • The Sector Skills Councils have a vital role of informing employers of skills implications of future developments in their industries
<p>What should we be doing in the North West to help?</p>	<ul style="list-style-type: none"> • Changing the negative perceptions of HE • Working with others to champion the value of higher skills • Collaborating on a sectoral basis • Developing and supporting credit frameworks • Need to directly confront those in HEIs who castigate employer engagement • Encourage HEIs to change their business models to provide investment internally to obviate any over-dependency on external finding, e.g. HLSP • The new standard for employer responsiveness will be a very important challenge

	<ul style="list-style-type: none"> • Train to Gain hasn't had any impact at all on HEIs or FDs, so this needs to be better developed. • There is a big tension between the RDA imperative to support SMEs and the HEI need to engage with large resource-rich companies – this needs to be resolved.
Other main points made	<ul style="list-style-type: none"> • MMU don't engage with the SSCs involved in Health because they have no authority. Skills agenda partnerships are made directly with the PCTs. • More generally there was some criticism that the SSCs are ineffective, instead just adding another unnecessary layer to the agenda. • Employer demand for softer skills (e.g. leadership and management) might be limited because they don't want their employees to be empowered. • HEs are better than FECs at the networking and marketing aspect of engaging with businesses. • Importance of flexible and innovative delivery • Employers interested in CPD and bite sized chunks of training/learning • Danger of generalising about employers and HEIs • Staying the same is not an option for HEIs. • Some scepticism from HEIs re the Skills Pledge, which is felt to be too focused on level 2: these types of initiatives need to be broadened to incorporate all skills levels