OECD Review: Skills Beyond School

Background report for England

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UK Commission for Employment and Skills

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Further information about the OECD review is available at: [www.oecd.org/education/vet](http://www.oecd.org/education/vet)
# Table of Contents

Glossary ............................................................................................................... vi

1  Introduction and Scope of the Study ......................................................... 1  
   1.1 Defining PSVET in England ................................................................. 1  
   1.2 Structure of the qualification framework ............................................ 3  

2  An Overview of PSVET in England ............................................................ 7  
   2.1 Vocational Qualifications .................................................................... 9  
   2.2 Apprenticeships .................................................................................. 10  
   2.3 Higher Apprenticeships ...................................................................... 12  
   2.4 Foundation Degrees .......................................................................... 15  
   2.5 Patterns of participation and achievement ........................................ 15  
   2.6 Participation in Apprenticeships ....................................................... 17  
   2.7 Make Up of the Student Population ................................................... 19  
   2.8 Completion Rates ............................................................................ 20  
   2.9 Teacher Training .............................................................................. 20  

3  Effects of Training, Labour Market Outcomes and Progression from PSVET ................................................................................................ 22  
   3.1 Effects of Training and Labour Market Outcomes ............................... 22  
   3.2 Progression Rates ............................................................................... 23  
   3.3 Causes of Poor Progression ............................................................... 25  

4  Steering, Governance and Funding ......................................................... 29  
   4.1 Institutions ........................................................................................ 29  
   4.2 Overall Structure and ‘Culture’ of the System ...................................... 32  
   4.3 Overview of the Main Institutions ..................................................... 33  
   4.4 Current Direction of Government Policy ........................................... 34  
   4.5 The Department for Business Innovation and Skills and the Skills Funding Agency ................................................................. 40  
   4.6 The UK Commission for Employment and Skills ............................... 42  
   4.7 Sector Skills Councils ....................................................................... 45  
   4.8 Local Enterprise Partnerships .......................................................... 47  
   4.9 Learning and Skills Sector Bodies ..................................................... 47  
   4.10 National Careers Service for England .............................................. 48  
   4.11 Office for Standards in Education, Children’s Services and Skills (Ofsted) ................................................................. 48
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.12</td>
<td>Office of Qualifications and Examination Regulation (Ofqual)</td>
<td>49</td>
</tr>
<tr>
<td>4.13</td>
<td>Awarding Organisations</td>
<td>50</td>
</tr>
<tr>
<td>4.14</td>
<td>Trade Unions</td>
<td>51</td>
</tr>
<tr>
<td>4.15</td>
<td>Funding</td>
<td>52</td>
</tr>
<tr>
<td>5</td>
<td>Role of Employers</td>
<td>57</td>
</tr>
<tr>
<td>5.1</td>
<td>Introduction</td>
<td>57</td>
</tr>
<tr>
<td>5.2</td>
<td>Structural Position</td>
<td>57</td>
</tr>
<tr>
<td>5.3</td>
<td>Scale and Nature of Employer Involvement in PSVET</td>
<td>58</td>
</tr>
<tr>
<td>5.4</td>
<td>Government Support to Raise Employer Involvement</td>
<td>61</td>
</tr>
</tbody>
</table>
Table of Graphs and Charts

Table 1.1 Vocational qualifications under the QCF and NQF frameworks ............................................. 5
Table 2.1 Participation of 16 to 18 year olds in education and training, England, 2009 – 2011 ................................................................. 7
Table 2.2 Participation of 16 to 18 year olds in work-based learning, England, 2009 - 2011 ........ 9
Table 2.3 Breakdown of higher level vocational qualification achievements, 2006/07 and 2010/11 ................................................................. 16
Table 2.5: Apprenticeship starts by sector subject area................................................................. 18
Box 1: Developing the cream of British dairy technical skills - the National Skills Academy for Food and Drink .................................................................................................................. 63
Box 2: An example of new courses and progression routes developed at intermediate and higher level skills (Level 3 and above) in the nuclear industry .................................................. 64
Box 3: ‘Best Market Solutions’ in automotive retail ........................................................................... 67
Box 4: The Wolf Report .................................................................................................................. 37
Table 5.1 Funding entitlements for 2012/13 ................................................................................ 53
Table 5.2 Funding entitlements for 2013/14 ................................................................................ 53
## Glossary

This glossary gives a guide to the abbreviations used in this report:

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>AELP</td>
<td>Association of Employment and Learning Providers</td>
</tr>
<tr>
<td>AoC</td>
<td>Association of Colleges</td>
</tr>
<tr>
<td>ATA</td>
<td>Apprenticeship Training Association</td>
</tr>
<tr>
<td>BIS</td>
<td>Department for Business, Innovation and Skills</td>
</tr>
<tr>
<td>BTEC</td>
<td>Business and Technology Education Council</td>
</tr>
<tr>
<td>DfE</td>
<td>Department for Education</td>
</tr>
<tr>
<td>EFA</td>
<td>Education Funding Agency</td>
</tr>
<tr>
<td>EIF</td>
<td>Employer Investment Fund</td>
</tr>
<tr>
<td>EQF</td>
<td>European Qualifications Framework</td>
</tr>
<tr>
<td>FEC</td>
<td>Further Education College</td>
</tr>
<tr>
<td>FHEQ</td>
<td>Framework for Higher Education Qualifications</td>
</tr>
<tr>
<td>GIF</td>
<td>Growth and Innovation Fund</td>
</tr>
<tr>
<td>GTA</td>
<td>Group Training Association</td>
</tr>
<tr>
<td>HEFCE</td>
<td>Higher Education Funding Council for England</td>
</tr>
<tr>
<td>HEI</td>
<td>Higher Education Institution</td>
</tr>
<tr>
<td>HNC</td>
<td>Higher National Certificate</td>
</tr>
<tr>
<td>HND</td>
<td>Higher National Diploma</td>
</tr>
<tr>
<td>ISCED</td>
<td>International Standard Classification of Education</td>
</tr>
<tr>
<td>LEP</td>
<td>Local Enterprise Partnership</td>
</tr>
<tr>
<td>LFS</td>
<td>Labour Force Survey</td>
</tr>
<tr>
<td>NAS</td>
<td>National Apprenticeship Service</td>
</tr>
<tr>
<td>NIACE</td>
<td>National Institute of Adult Continuing Education</td>
</tr>
<tr>
<td>NOS</td>
<td>National Occupational Standards</td>
</tr>
<tr>
<td>NSA</td>
<td>National Skills Academy</td>
</tr>
<tr>
<td>NQF</td>
<td>National Qualifications Framework</td>
</tr>
<tr>
<td>NVQ</td>
<td>National Vocational Qualification</td>
</tr>
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<td>OFQUAL</td>
<td>Office of Qualifications and Examinations Regulation</td>
</tr>
<tr>
<td>OFSTED</td>
<td>Office for Standards in Education, Children’s Services and Skills</td>
</tr>
<tr>
<td>PSVET</td>
<td>Post Secondary Vocational Education and Training</td>
</tr>
<tr>
<td>SFA</td>
<td>Skills Funding Agency</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium sized Enterprises</td>
</tr>
<tr>
<td>SQS</td>
<td>Sector Qualifications Strategy</td>
</tr>
<tr>
<td>SSA</td>
<td>Sector Skills Agreement</td>
</tr>
<tr>
<td>SSC</td>
<td>Sector Skills Council</td>
</tr>
<tr>
<td>SVQ</td>
<td>Scottish Vocational Qualification</td>
</tr>
<tr>
<td>UCAS</td>
<td>Universities and Colleges Admissions Service</td>
</tr>
<tr>
<td>UTCs</td>
<td>University Technical Colleges</td>
</tr>
<tr>
<td>UVAC</td>
<td>University Vocational Awards Council</td>
</tr>
<tr>
<td>QCF</td>
<td>Qualification and Credit Framework</td>
</tr>
<tr>
<td>VRQ</td>
<td>Vocationally-Related Qualification</td>
</tr>
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</table>
1 Introduction and Scope of the Study

The need to develop higher level competences in the workforce has been established as a major concern in English skills policy. Government policy has enacted a number of important measures to tackle this deficiency. This is a time of major change in vocational education and training and the OECD review, Skills beyond School, is particularly timely. At the same time, the fact that policy and practice is in a state of flux also poses challenges for the review.

The other major challenge is that post-secondary vocational education and training (PSVET) is extremely difficult to define and delineate within the English system. As a result it has frequently been necessary to extrapolate and make inferences about PSVET from general information.

1.1 Defining PSVET in England

It is a complex matter to define PSVET in England\(^1\). The term “VET” is not often used (“vocational learning and qualifications” being perhaps the most common generic term, and “Further Education and skills” being prominent in policy debates). Use of terms such as “post-secondary VET”, “initial VET” and “continuing VET” is uncommon. This puts England at a disadvantage in international comparative studies as it can make it difficult to locate and compare vocational education, qualifications and institutions within this framework.

In comparative studies the International Standard Classification of Education (ISCED) levels can be helpful. UNESCO developed the ISCED to facilitate comparisons of education statistics and indicators across countries on the basis of uniform and internationally agreed definitions\(^2\).

In terms of overall system structure, the upper secondary phase in England formally runs from the age of 14 to 18. Provision at ISCED level 3: “generally begins at the end of full-time compulsory education. The entrance age is typically 15 or 16 years”\(^3\).

\(^1\) It should also be noted that it has often been necessary to make use of data sources for the UK as a whole where data specific to England is not available. Where data for England is not available, this is indicated in the text.

\(^2\) ISCED is the International Standard Classification of Education, devised by UNESCO in 1997. (http://www.unesco.org/education/information/nifsunesco/doc/isced_1997.htm). Level 1 corresponds broadly to primary education, Level 2 to lower secondary education, and Level 3 to upper secondary education. Levels 5 and 6 cover higher education. Level 4 is defined as taking place after Level 3 but not necessarily being more advanced.

Provision at ISCED level 4 is deemed to be limited to provision that offers alternative routes into further and higher education\(^4\). ISCED level 5 usually begins at age 18, although exceptions are sometimes made.

In England, the “classic” route for students heading towards university is to take a general set of GCSE qualifications at age 16, followed by a smaller set of A-level qualifications at 18 which permit entry to university. However, routes through vocational education and training are more varied than this. Many students who follow vocational courses post-16 may also study (or retake) GCSE qualifications. They can also choose to take qualifications not at the same level of equivalence as A-levels (level 3) but at lower levels (for example apprenticeships at level 2). There is also a wide range of vocational qualifications and the progression routes followed are highly diverse. Whilst most vocational students are likely to enter employment after their first course post-16, a broad range of programmes are available beyond level 3, and upwards into higher education. Students’ pathways are highly varied. Some take vocational courses before they start work and others combine vocational courses with work. Programmes and qualifications located at level 3 (and therefore equivalent to the upper secondary phase in one sense) can be taken by people of all ages and not just those who have progressed without interruption from level 2.

It is also important to note that the definition of ISCED level 4 has always been problematic and open to interpretation in individual national contexts. The formal definition allows that, whilst such provision is “post-secondary” and takes place after upper secondary programmes, it is not necessarily more advanced than upper secondary provision (UNESCO, 1997). The English system is characterised by a wide variety of vocational programmes (there are currently over 16,500 vocational qualifications) unlike other countries such as Germany or Finland where there are fewer and, arguably, better structured programmes. The number of people participating at any one time is highly variable, and at any one time awards might be made for only around one third of the qualifications available. Therefore there is no clear cut-off in terms of the age of students or the point at which particular programmes and qualifications are taken which is helpful in other systems in defining “post-secondary”.

Empirically, European Commission research has shown that ISCED level 4 provision in Europe has three main functions: to enable students to obtain further vocational qualifications which may also open up progression to higher levels; to facilitate specialisation by those already on vocational tracks; and as a route into the labour market or into tertiary level vocational education and training for general upper secondary graduates who have been unable to progress further in the general education system

OECD Review: Skills Beyond School - England Background Report (McCoshan et al, 2008). All three functions are likely to pertain in England, particularly the first two, although empirical evidence of this is lacking.

From the viewpoint of employers, it is clear that the scope of the study should not be limited to ISCED level 4 and above. Employers articulate that there is a shortage of “technicians” in England, although there is no single accepted definition of what level constitutes a “technician”, or how this articulates with the vocational education and training system. It has been suggested that the focus of attention should be on level 3 upwards:

> Technicians are concerned with applying proven techniques and procedures to the solution of practical problems. They carry supervisory or technical responsibility and are competent to exercise creativity and skills within defined fields (Skills Commission, 2010, p.5).

An important emphasis in current government strategy is on tackling England’s deficiency in “vital intermediate technical skills” (BIS, 2010a, p.4), not least through the development of apprenticeships. Therefore, it would be inappropriate to strictly limit this study to ISCED levels 4 and above without taking into account programmes and qualifications formally located at level 3.

1.2 Structure of the qualification framework

In defining the scope of the study, we also need to take into account the structure of the qualification framework developed in England. In England qualification “levels” are contained in three qualification “frameworks”. These frameworks group together qualifications according to the demands they place on learners and show possible progression routes from one qualification to another. Within any one level, qualifications can cover a wide mix of subjects, and can vary in the length of time taken to complete:

- National Qualifications Framework (NQF): Includes all general and vocational qualifications (although many vocational qualifications use QCF design rules) in England, Northern Ireland and Wales and consists of nine levels (entry level to level 8 describing the difficulty of qualifications at each level). The levels in the QCF and the NQF are the same.

- Qualifications and Credit Framework (QCF): The QCF contains vocational (or work-related) qualifications available in England, Northern Ireland and Wales and so will be the primary framework referred to in this report. It was developed in England, Northern Ireland and Wales from 2005 onwards.
OECD Review: Skills Beyond School - England Background Report

- Framework for Higher Education Qualifications (FHEQ): Designed by the higher education sector, the FHEQ describes all the main higher education qualifications offered by a university or higher education college (apart from honorary degrees and higher doctorates). The FHEQ broadly corresponds with levels 4 to 8 of the NQF/QCF.


As discussed above, this report primarily focuses on the upper levels of ISCED level 3 and levels 4 and 5 including the upper end of secondary level qualifications but excluding Bachelor degrees. This is QCF levels 3, 4 and 5\(^5\). This is shown in table 1.1 below where the levels that this report focuses on are shaded.

\(^5\) Bachelors degrees being level 6 although level 5 of the QCF overlaps with first cycle degrees.
## Table 1.1 Vocational qualifications under the QCF and NQF frameworks

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>8</td>
<td>Vocational Qualifications Level 8</td>
<td>Doctoral Degrees</td>
</tr>
<tr>
<td>7</td>
<td>Fellowships, NVQ Level 5, Vocational Qualifications Level 7</td>
<td>Master’s Degrees, Integrated Master’s Degrees, Postgraduate Diplomas, Postgraduate Certificate in Education (PGCE), Postgraduate Certificates</td>
</tr>
<tr>
<td>6</td>
<td>Vocational Qualifications Level 6</td>
<td>Bachelor’s Degrees with Honours, Bachelor’s Degrees, Professional Graduate Certificate in Education (PGCE), Graduate Diplomas, Graduate Certificates</td>
</tr>
<tr>
<td>5</td>
<td>NVQ Level 4, Higher National Diplomas (HND), Vocational Qualifications Level 5</td>
<td>Foundation Degrees, Diplomas of Higher Education (DipHE), Higher National Diplomas (HND)</td>
</tr>
<tr>
<td>4</td>
<td>Vocational Qualifications Level 4, Higher National Certificates (HNC)</td>
<td>Higher National Certificates (HNC), Certificates of Higher Education (CertHE)</td>
</tr>
<tr>
<td>3</td>
<td>NVQ Level 3, Vocational Qualifications Level 3, GCE AS and A Level, Advanced Diplomas</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>NVQ Level 2, Vocational Qualifications Level 2, GCSEs at grade A*-C, ESOL skills for life, Higher Diplomas, functional skills Level 2 (English, mathematics &amp; ICT)</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>NVQ Level 1, Vocational Qualifications Level 1, GCSEs at grade D–G, ESOL skills for life, Foundation Diplomas, functional skills Level 1 (English, mathematics &amp; ICT)</td>
<td></td>
</tr>
<tr>
<td>Entry level</td>
<td>Entry Level Certificates (sub levels 1–3), ESOL skills or life, functional skills Entry Level (English, mathematics &amp; ICT)</td>
<td></td>
</tr>
</tbody>
</table>

In summary, while in strict definitional terms post-secondary vocational education and training focuses on programmes and qualifications at QCF levels 4 and 5, in this report we shall also take into account QCF level 3 (as shaded in Table 1.1) whilst keeping in mind that post-secondary VET is not a categorisation that maps easily onto the VET system in England. It is at levels 4 and 5 where progression routes are less well defined within the English vocational education and training system. As a recent government strategy document noted: “Whilst many colleges and providers have long and established track records in offering Level 4 technical and professional qualifications, this has been a neglected area in policy terms for some time” (BIS, 2011a, p.13).

As noted, at level 3 there is a need to ensure provision articulates with higher level provision effectively. In addition, there is a particular focus in this background report on apprenticeships, which cover level 2 as well as level 3 and above. Apprenticeships have become an important vehicle for improving the education and training system to meet economic and social goals in recent years, and as a means of directly engaging employers in the VET system. In line with the OECD specification, this report focuses on institutions providing vocational courses where the majority of provision is of vocational programmes of one year or more in length located at levels 3 to 5 of the QCF.
An Overview of PSVET in England

There is a strong policy commitment by the current government to the development of higher level vocational education and training:

We will develop and promote the concept, identity and value of our ‘Higher Vocational Education’ portfolio with clear, flexible and articulated progression routes into levels 4, 5 and 6 (BIS, 2011a, p.13).

In this section, we provide an overview of current provision and in particular of apprenticeships. An overview of VET provision in England can also be found here: http://www.britishcouncil.org/a_brief_guide_to_uk_technical_vocational_education_and_training__final_version_1.pdf

There are around 620,000 16 year olds in England and slightly larger numbers of 17 and 18 year olds. Some 97 per cent of 16 year olds, and 91 per cent of 17 year olds are in full-time education or training. However, for 18 year olds, this proportion declines to around 70 per cent. Relatively few 16, 17 and 18 year olds are in work-based learning (i.e. state supported training such as apprenticeships) or employer funded training.

Table 2.1 below provides details of the participation rates of 16 to 18 year olds in education and training in England between 2009 and 2011. A further breakdown of participation in work-based learning for these age groups is provided in Table 2.2.

Table 2.1 Participation of 16 to 18 year olds in education and training, England, 2009 – 2011

<table>
<thead>
<tr>
<th>Age 16</th>
<th>end 2009 %</th>
<th>end 2010 %</th>
<th>end 2011 (provisional) %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time education</td>
<td>85.8</td>
<td>88.0</td>
<td>86.2</td>
</tr>
<tr>
<td>Work Based Learning (WBL)</td>
<td>4.9</td>
<td>3.7</td>
<td>3.8</td>
</tr>
<tr>
<td>Overlap between WBL and full-time</td>
<td>0.2</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Employer Funded Training (EFT)</td>
<td>1.3</td>
<td>1.0</td>
<td>1.1</td>
</tr>
<tr>
<td>Other Education and Training (OET)</td>
<td>3.2</td>
<td>4.1</td>
<td>5.6</td>
</tr>
<tr>
<td><strong>Total Education and training</strong></td>
<td>94.9</td>
<td>96.5</td>
<td>96.7</td>
</tr>
<tr>
<td>Not in any education or training - in employment</td>
<td>1.0</td>
<td>0.8</td>
<td>0.5</td>
</tr>
<tr>
<td>Not in any education, employment or training (NEET)</td>
<td>4.0</td>
<td>2.7</td>
<td>2.8</td>
</tr>
<tr>
<td><strong>Total Not in any Education or Training (NET)</strong></td>
<td>5.1</td>
<td>3.5</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Total Education and WBL</strong></td>
<td>93.5</td>
<td>95.5</td>
<td>95.5</td>
</tr>
<tr>
<td>All</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Population (N)</td>
<td>638,000</td>
<td>632,100</td>
<td>620,100</td>
</tr>
</tbody>
</table>

Age 17

<p>| Full-time education | 73.9 | 75.9 | 75.6 |
| Work Based Learning (WBL) | 7.1 | 6.2 | 6.3 |</p>
<table>
<thead>
<tr>
<th></th>
<th>end 2009 %</th>
<th>end 2010 %</th>
<th>end 2011 (provisional) %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overlap between WBL and full-time ²</td>
<td>0.2</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Employer Funded Training (EFT) ²</td>
<td>2.6</td>
<td>2.5</td>
<td>2.4</td>
</tr>
<tr>
<td>Other Education and Training (OET) ² ³</td>
<td>4.4</td>
<td>4.8</td>
<td>6.4</td>
</tr>
<tr>
<td><strong>Total Education and training</strong> ⁴ ⁵</td>
<td>87.8</td>
<td>89.4</td>
<td>90.7</td>
</tr>
<tr>
<td>Not in any education or training - in employment</td>
<td>4.9</td>
<td>3.5</td>
<td>2.6</td>
</tr>
<tr>
<td>Not in any education, employment or training (NEET)</td>
<td>7.3</td>
<td>7.2</td>
<td>6.7</td>
</tr>
<tr>
<td><strong>Total Not in any Education or Training (NET)</strong></td>
<td>12.2</td>
<td>10.6</td>
<td>9.3</td>
</tr>
<tr>
<td><strong>Total Education and WBL</strong> ⁵</td>
<td>85.2</td>
<td>86.8</td>
<td>88.3</td>
</tr>
<tr>
<td>All</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td><strong>Population (N)</strong></td>
<td>668,100</td>
<td>643,700</td>
<td>637,700</td>
</tr>
</tbody>
</table>

### Age 18

<table>
<thead>
<tr>
<th></th>
<th>end 2009 %</th>
<th>end 2010 %</th>
<th>end 2011 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time education</td>
<td>47.1</td>
<td>49.4</td>
<td>50.4</td>
</tr>
<tr>
<td>Work Based Learning (WBL)</td>
<td>6.8</td>
<td>7.1</td>
<td>7.3</td>
</tr>
<tr>
<td>Overlap between WBL and full-time ²</td>
<td>0.1</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Employer Funded Training (EFT) ²</td>
<td>5.3</td>
<td>5.4</td>
<td>5.2</td>
</tr>
<tr>
<td>Other Education and Training (OET) ² ³</td>
<td>5.7</td>
<td>5.7</td>
<td>6.7</td>
</tr>
<tr>
<td><strong>Total Education and training</strong> ⁴ ⁵</td>
<td>64.8</td>
<td>67.5</td>
<td>69.6</td>
</tr>
<tr>
<td>Not in any education or training - in employment</td>
<td>18.3</td>
<td>20.1</td>
<td>15.8</td>
</tr>
<tr>
<td>Not in any education, employment or training (NEET)</td>
<td>16.9</td>
<td>12.5</td>
<td>14.5</td>
</tr>
<tr>
<td><strong>Total Not in any Education or Training (NET)</strong></td>
<td>35.2</td>
<td>32.5</td>
<td>30.4</td>
</tr>
<tr>
<td><strong>Total Education and WBL</strong> ⁵</td>
<td>58.9</td>
<td>61.3</td>
<td>63.5</td>
</tr>
<tr>
<td>All</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td><strong>Population (N)</strong></td>
<td>687,800</td>
<td>676,600</td>
<td>652,200</td>
</tr>
</tbody>
</table>

Source: Statistical First Release 12/2012, Department for Education

Notes:

1. Includes all pupils in maintained schools, maintained and non maintained special schools and pupil referral units.
2. Includes all pupils in independent schools - assumed to live in the same LA as the school.
3. Total of those studying part-time education as part of work-based learning (WBL), Employer Funded Training (EFT) and other education and training (OET).
4. Total of full-time education and WBL (less WBL in full-time education) plus EFT and OFT.
5. Total of all full-time and part-time education and WBL (less WBL in full-time education).
Table 2.2 Participation of 16 to 18 year olds in work-based learning, England, 2009 - 2011

<table>
<thead>
<tr>
<th></th>
<th>16 year olds</th>
<th>17 year olds</th>
<th>18 year olds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>end 2009 %</td>
<td>end 2010 %</td>
<td>end 2011 %</td>
</tr>
<tr>
<td>Work Based Learning (WBL)</td>
<td>4.9</td>
<td>3.7</td>
<td>3.8</td>
</tr>
<tr>
<td>Apprenticeships</td>
<td>3.2</td>
<td>3.4</td>
<td>3.8</td>
</tr>
<tr>
<td>Advanced Apprenticeships (AAs)</td>
<td>0.6</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>Apprenticeships (As)</td>
<td>2.6</td>
<td>2.8</td>
<td>3.0</td>
</tr>
<tr>
<td>Entry to Employment (E2E)</td>
<td>1.7</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td></td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Population (N)</td>
<td>638,000</td>
<td>632,100</td>
<td>620,100</td>
</tr>
</tbody>
</table>

Source: Statistical First Release 12/2012, Department for Education

2.1 Vocational Qualifications

Vocational qualifications that use the rules of the QCF are regulated by Ofqual in England and Northern Ireland. Qualifications on the QCF are made up of units which are brought together to form qualifications using rules of combination. Each unit has a credit value. The credit value also gives an indication of how long it will normally take to prepare for a unit or qualification; one credit usually representing 10 hours of learning.

There are three different types of qualification in the QCF:

- Awards – achieved with between 1 and 12 credits
- Certificates - achieved with between 13 and 36 credits
- Diplomas - require at least 37 credits.

Awards, Certificates and Diplomas can be at any level from entry to level 8. The title of the qualification, for example, ‘Level 2 Certificate in Hospitality and Catering Principles’ will indicate how difficult the qualification is (in this case level 2) and the size of the qualification (in this case between 13 and 36 credits).
Units accredited by different Awarding Organisations can be combined into qualifications. If an individual has already achieved one or more of the units that make up a particular qualification, they do not need to repeat these units and the prior achievement will count towards achievement of the qualification.

The titles ‘NVQs’ and ‘VRQs’ were previously used to refer to competence qualifications and knowledge qualifications respectively. Some SSCs have chosen to retain the title ‘NVQs’ for some qualifications.


2.2 Apprenticeships

Apprenticeships occupy a distinct position within vocational provision. They are not qualifications but constitute frameworks that typically contain the following separately certified elements:

- A knowledge-based element (the theoretical knowledge underpinning a job in a certain occupation and industry).
- A competence-based element (the ability to discharge the functions of a certain occupation, typically certified via work-based occupational qualifications).
- Transferable skills (English and Maths) – key skills/functional skills.
- A module on employment rights and responsibilities.
- Personal learning and thinking skills\(^6\).
- On-the-job and off-the-job training guided learning hours\(^7\).

The standard of apprenticeships is regulated through the Specification of Apprenticeship Standards in England issued by the Department for Business Innovation and Skills. See: http://www.apprenticeships.org.uk/AboutUs/~media/Documents/Publications/SASE-Consultation-Guidance.ashx

Apprenticeships incorporate on and off-the-job training and are available at the following levels: Intermediate Level (level 2), Advanced Level (level 3) and Higher Level (Levels 4-5). Apprentices are employed and undertake their training whilst in employment. For more information see: http://www.apprenticeships.org.uk.

\(^6\) Personal learning and thinking skills are independent enquiry, creative thinking, reflective learning, team working, self management and effective participation.

\(^7\) An Intermediate Level Apprenticeship framework must specify the number of Guided Learning Hours (GLH) that an apprentice must receive to complete the framework. This must be a minimum of 280 GLH of which at least 100 GLH or 30% (whichever is the greater) must be delivered off-the-job and clearly evidenced. The remaining GLH must be delivered on-the-job and clearly evidenced.
In general it should be noted that apprenticeships in England typically last 1-2 years (although this does vary by sector and by level), in contrast to 3-4 years in many European countries. In August 2012, government introduced a minimum duration of 12 months for all apprenticeships.

**Apprenticeship Reviews**

Apprenticeships are at the heart of the system we will build. They bring together individuals, motivated and working hard to develop themselves; employers, investing in their own success but supporting a programme with wider social, environmental and economic value; and government, providing public funding and building the prestige and reputation of the programme (BIS, 2010a, p.7).

To this end, apprenticeships are being expanded and reviewed. They are to be reshaped so that level 3 (defined as technician level) rather than level 2 becomes the level to which learners and employers aspire. The momentum behind Higher Apprenticeships has increased since 2009 with additional frameworks being developed (see 2.3 below).

In March 2012, an independent review of apprenticeships in England was commissioned by the Department for Business, Innovation and Skills (BIS) and the Department for Education (DfE) and led by entrepreneur Doug Richard. The review explored what the future of apprenticeships in England should be and how they can meet the needs of the changing economy. The review reported in November 2012 and recommended:

- A narrower definition of what constitutes an apprenticeship. Apprenticeships should be targeted training for those new to a job rather than for the training and accreditation of existing workers.

- Apprenticeships should focus on outcomes. The outcome standards should be set by industry and assessed by employers at the end of the apprenticeship.

- There should be a single qualification for each occupation associated with an apprenticeship. Employers, employer partnerships and other relevant organisations should be invited by government to design and develop those qualifications.

- Public funding should flow through employers to give them purchasing power and encourage them to invest in apprenticeship training. The review advocates tax as the preferred method for funding apprenticeships.

- Access to good quality information for learners and employers should be improved by government.
In May 2012, the entrepreneur Jason Holt concluded his review, commissioned by BIS and DfE, which explored how to make apprenticeships more accessible to small and medium sized enterprises (SMEs). The review found that the main barriers to SMEs taking on apprentices are lack of awareness, insufficient SME empowerment and poor process. The review recommended:

- Better communication about the benefits of apprenticeships.
- Rebalancing the purchasing power and access to information on the side of SMEs in order to ensure they get what they want from training providers.
- Ensuring that the roles and responsibilities between the many parts of government and related agencies involved in apprenticeships are clear, coherent and optimal.

See: http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/m/12-891-making-apprenticeships-more-accessible-to-smes-holt-review

### 2.3 Higher Apprenticeships

Government policy seeks a rapid development of Higher Apprenticeship opportunities and of the creation of progression pathways within apprenticeships (see HMT, 2011). Accordingly, the National Apprenticeship Service (NAS) is working towards an increase in the proportion of starts at Advanced and Higher Apprenticeship levels from the current 32 per cent (2009/10) towards over 50 per cent by the end of 2013/14 (SFA, 2011a). These plans will also focus on improving progression through and from apprenticeships. There are currently a range of Apprenticeship Frameworks available in England at levels 4 and 5 which can be searched online.

For more information see:

http://www.apprenticeships.org.uk/employers/the-basics/higher-apprenticeships.aspx

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8 Apprenticeship Frameworks can be searched at Apprenticeship Frameworks online: http://www.afo.sscalliance.org/frameworkslibrary/index.cfm
In July 2011, a £25m Higher Apprenticeship Fund was introduced to provide funding to develop and implement Higher Apprenticeship frameworks in a number of occupational areas. In the first round of competitive bidding to the Fund (in 2011), 19 partnerships comprising employers and training providers were awarded £19 million to support more than 19,000 degree level apprenticeships benefiting 250 employers. Round two, announced in June 2012, will support the development of a further 4,230 new Higher Apprenticeships across growth sectors, including: aviation, low carbon engineering, legal services and space engineering. Round two has also seen the first apprenticeship at Master’s degree level with the development of an Accountancy Apprenticeship. Not all Apprenticeship Frameworks cover all levels, and depend on needs within sectors. For example, the Supply Chain Management Apprenticeship Framework covers levels 2, 3 and 5.

There are also variations between individual Apprenticeship Frameworks within the overall requirements set by government. To illustrate this, we can compare two examples, the Food Manufacturing Excellence pathway in the Food and Drink Higher Apprenticeship (HA), and the Engineering Manufacture (Senior Technician) in the Engineering Manufacture (Aerospace) pathway. A number of differences are evident:

- In terms of access, the Food and Drink HA has no formal entry requirements, whilst the Engineering Manufacture equivalent specifies the need for certain previous qualifications at level 3.

- In relation to the qualifications to be taken during the course of the HA, Food and Drink specifies a level 4 Certificate or Diploma requiring between 125 and 289 Guided Learning Hours. In Engineering Manufacture, apprentices are required to study both a competence qualification (a Level 4 Extended Diploma) and a knowledge qualification (either a BTEC Level 4 Higher National Diploma requiring 438 Guided Learning Hours, an HNC or one of three Foundation Degrees (see 2.3 below) requiring between 576 and 720 Guided Learning Hours.

- In relation to progression opportunities after completion of the HA, the Engineering Manufacture HA has a clear route into higher education. The option to take a Foundation Degree, rather than a HNC or HND as the knowledge qualification, is likely to make the route to higher education easier as Foundation Degrees are delivered by or in partnership with universities and attract points with UCAS.
A final difference between the two Frameworks is that the Engineering Framework is positioned in relation to recognised professional qualifications which exist within the sector. Thus it is “recognised as meeting the full requirements of Engineering Technician and a significant proportion of the professional requirements of Incorporated Engineer, forming a credible platform on which to build for the eventual achievement of IEng status”. An equivalent set of professional qualifications does not exist in the food and drink sector.

Evidently, within the overall requirements set for Higher Apprenticeships, there is scope to adapt structure and content to needs and circumstances within sectors and occupations. A variety of factors are pertinent, including:

- The extent and nature of regulation of occupations.
- The function of qualifications in determining entry to occupations.
- The state of development of professional bodies and their requirements for registration.
- The availability of programmes in the higher education sector, and underpinning this, the relationship between sectors/employers and higher education institutions.

A notable feature of both the examples used here is that they have pushed the minimum qualifications specified in national requirements upwards in certain ways. In Engineering Manufacture, although the level required for successful completion in functional skills is equivalent to a Grade C in GCSE Maths and English at level 2, as it is for all Higher Apprenticeship Frameworks, the entry requirements have been set at a level which would mean that many candidates would easily exceed the grade required. Furthermore, both Frameworks contain qualifications that exceed level 4. The Food and Drink Higher Apprenticeship notes that the Diploma exceeds requirements but specifies that candidates will receive recognition for the additional achievement. Engineering Manufacture can include Foundation Degrees which are located at level 5 in the FHEQ, equivalent to level 5 in the QCF.

There is a policy intent to improve the relevance of Higher Apprenticeships and the National Apprenticeship Service are consulting on how the current Specification of Apprenticeship Standards for England (SASE) 3 can be improved for Higher Apprenticeships at Levels 4 and 5, and how it should incorporate new Higher Apprenticeship frameworks at Level 6 and above. It is intended that any changes arising from the consultation will be implemented from 1 April 2013.
2.4 Foundation Degrees

Foundation Degrees were introduced in 2002 and are delivered by universities in partnership with local Further Education Colleges. They are designed and delivered to equip people with the relevant knowledge and skills for business. They are located at level 5 of the QCF and normally provide entry to the final year of a first degree at university or to further workplace learning. Development work on Foundation Degrees was taken forward by Foundation Degree Forward between 2003 and July 2011 when it was closed. They have been especially popular with newer universities (those created in 1992).

The study methods can be very flexible, meaning that they are available to people already in work, those wishing to embark on a career change and to those who have recently completed level 3 qualifications (e.g. A-levels, Advanced Apprenticeships or vocational level 3 qualification). A full-time course usually takes two years.

The number of students enrolled on Foundation Degrees in the UK has increased from less than 40,000 in 2004/05 to over 99,000 in 2009/10 (QAA, 2010). This represents just under four per cent of the total student population of 2.49 million in 2009/10 (Universities UK, 2011).

2.5 Patterns of participation and achievement

There is a very wide range and large number of vocational qualifications available, currently over 16,500 at all levels, from short courses, to 2-3 year programmes (Ofqual, 2012b). At level 4 and above there are in excess of 2,100 qualifications registered (Ofqual, 2012a), although it should be noted that these are qualifications on the QCF and so the figure does not include degrees which are part of the Framework for Higher Education Qualifications (FHEQ).

In relation to rates of participation, data are available on government-funded further education provision funded by the Skills Funding Agency and the Education Funding Agency over the period 2006/07 to 2010/11 which show that the number of people studying for government-funded full level 2 qualifications increased from 817,000 to 1,313,000, and at level 3 from 611,000 to 920,000 whilst at level 4 and above the...
numbers fluctuated between about 60,000 and 50,000 up until 2009/10 and fell to 38,600 in 2010/11 (BIS and the Data Service, 2012). Detailed breakdowns (including by sector) are available from the Data Service Statistical First Release: http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr_current/

It should be noted that these figures concern learners participating in government-funded further education provision and so do not fully represent the number of learners involved in PSVET as a whole. Most people participating in PSVET are likely to be employed adults. However, many of these people are likely to be doing (non-accredited) courses of less than 1 year duration, rather than the longer courses which are the focus of Skills beyond School. Data are not available to give an accurate picture of the situation. These figures also do not cover provision at level 4 and above (excluding degrees) that are delivered in higher education institutions (see table 2.3 below).

Turning to achievements, we are able to make use of data sets covering all provision, not just government-funded, although these data cover numbers of achievements, not numbers of learners, and so overall figures will be higher since an individual may achieve more than one qualification (Ofqual, 2012b; Ofqual 2012a). This reveals a broad pattern of large numbers of achievements at levels 2 and 3 and comparatively few at level 4 and above. These data also make it possible to calculate the share of all achievements accounted for by level 4 and above, which stands at 5.5 per cent.

In terms of the breakdown of vocational achievements at higher levels, Table 2.3 gives an indication of the extent to which numbers fall as the level increases.

Table 2.3 Breakdown of Higher Level Vocational Qualification Achievements, 2006/07 and 2010/11

<table>
<thead>
<tr>
<th>LEVEL</th>
<th>2006/07</th>
<th>2010/11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>4</td>
<td>61,350</td>
<td>68.5</td>
</tr>
<tr>
<td>5</td>
<td>19,250</td>
<td>21.5</td>
</tr>
<tr>
<td>6</td>
<td>5,600</td>
<td>6.3</td>
</tr>
</tbody>
</table>

14 Figures derived from Tables 1, 7.1 and 8.1 in BIS and the Data Service (2012). These data cover government-funded programmes and qualifications only.
15 Share of the number of achievements of qualifications awarded by Awarding Organisations (AOs) regulated by Ofqual.
16 This covers higher qualifications of all types at level 4 and above (equivalent to post A level). It excludes university degrees, as these are not regulated by Ofqual, but by the Quality Assurance Agency (QAA).
These data also show that the number of achievements rose by 40 per cent in the period 2006/07 to 2010/11, and that proportionately achievements at level 5 and above rose faster than level 4, increasing their share, particularly at level 5 (though absolute numbers remain small). During the same period the number of government-funded learners achieving level 4+ further education qualifications fell – while those achieving level 2 doubled and those at level 3 increased by 75 per cent.

Comparing these figures to the number of first degrees started at universities each year (around 360,000) highlights that there is less vocational non-degree provision. There are different reasons why this might be the case. It could indicate a gap in vocational progression routes, but could also reflect that many people choose to develop higher level vocational skills through undertaking a vocational degree.

Not surprisingly, given the large number of qualifications available, at level 4 and above the number of people taking each qualification is comparatively small. The most significant qualification in terms of number of achievements (2,300) has been the City & Guilds Level 4 Award in preparing to teach in the lifelong learning sector.

Achievements at level 4 and above are dominated by business, law and administration (51 per cent), education and training (27 per cent) and health, public services and care (11 per cent).

### 2.6 Participation in Apprenticeships

The number of apprenticeships expanded from 184,400 in 2006/07 to 457,200 in 2010/11, comprising 15.6 per cent of all learners participating in vocational education and training funded by the government at the end of the period (BIS and the Data Service, 2012).

As with vocational programmes in general, most apprenticeships are at level 2 (Table 2.4), although over time there has been a slight increase in the share accounted for by Advanced Apprenticeships (level 3). Higher Apprenticeships have also grown but still represent a tiny share of all apprenticeships.
Table 2.4 Apprenticeship Participation: Breakdown of Starts by Level (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2006/07</th>
<th>2008/09</th>
<th>2010/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intermediate (L2)</td>
<td>69.1</td>
<td>66.1</td>
<td>65.9</td>
</tr>
<tr>
<td>Advanced (L3)</td>
<td>30.9</td>
<td>33.9</td>
<td>33.7</td>
</tr>
<tr>
<td>Higher (L4+)</td>
<td>0.05</td>
<td>0.1</td>
<td>0.5</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Table 8.1, BIS and the Data Service (2012)


Table 2.5 shows the breakdown by sector subject area. The most popular sector subject area is business, administration and law, which accounts for over a quarter of apprenticeship starts in both years, followed by retail and commercial enterprise; health, public services and care; engineering and manufacturing technologies; and construction, planning and the built environment.

Between 2009/10 and 2010/11 there was a large increase in the number of apprenticeship starts in the top three most popular sector subject areas i.e. business, administration and law; retail and commercial enterprise; and health, public services and care.

In contrast, the number of apprenticeship starts in engineering and manufacturing technologies; and construction, planning and the built environment show a slight decline.

Table 2.5: Apprenticeship starts by Sector Subject Area

<table>
<thead>
<tr>
<th>Sector Subject Area</th>
<th>2009/10 Full Year</th>
<th>2010/11 Full Year</th>
<th>2011/12 6 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
<td>N</td>
</tr>
<tr>
<td>Business, Administration and Law</td>
<td>76,590</td>
<td>27.4</td>
<td>133,820</td>
</tr>
<tr>
<td>Retail and Commercial Enterprise</td>
<td>61,620</td>
<td>22.0</td>
<td>102,770</td>
</tr>
<tr>
<td>Health, Public Services and Care</td>
<td>44,150</td>
<td>15.8</td>
<td>89,970</td>
</tr>
<tr>
<td>Engineering and Manufacturing Technologies</td>
<td>37,860</td>
<td>13.5</td>
<td>48,970</td>
</tr>
<tr>
<td>Construction, Planning and the Built Environment</td>
<td>25,210</td>
<td>9.0</td>
<td>28,090</td>
</tr>
<tr>
<td>Leisure, Travel and Tourism</td>
<td>14,690</td>
<td>5.3</td>
<td>21,590</td>
</tr>
<tr>
<td>Information and Communication Technology</td>
<td>12,570</td>
<td>4.5</td>
<td>19,520</td>
</tr>
<tr>
<td>Agriculture, Horticulture and Animal Care</td>
<td>5,690</td>
<td>2.0</td>
<td>7,380</td>
</tr>
</tbody>
</table>
2.7 Make Up of the Student Population

Detailed breakdowns of the make-up of the student population in terms of age, gender, disability and ethnicity are available through the Data Service. See: Table 1, BIS and the Data Service (2012) http://www.thedataservice.org.uk/NR/rdonlyres/BF0E331F-AF8F-437F-838F-5A0313CC81F7/0/SFR_Commentary_March2012.pdf

The data cover all apprentices, including those aged over 24 and show that:

- 49.6 per cent of people starting an apprenticeship in 2009/10 were women. This increased to 53.8 per cent in 2010/11.
- There has been a slight decline in the proportion of apprentices with a learning difficulty or disability (LDD): from 9.4 per cent in 2009/10 to 8.0 per cent in 2010/11.
- The proportion of apprentices from black, Asian and minority ethnic (BAME) groups has slightly increased: from 8 per cent in 2009/10 to 10 per cent in 2010/11.

To put these data in some context, the Labour Force Survey (LFS)\(^{17}\) indicates that males represent 50.8 per cent and females form 49.2 per cent of the workforce aged 16 to 64. Black, Asian and minority ethnic workers form one-tenth of workers (10.9 per cent).

Finding a comparator group of workers in the LFS for apprentices with disabilities, learning disabilities or difficulties is problematic. However to provide some context, 4.8 per cent of workers in the LFS declare a disability (using the Disability Discrimination Act definition) and 9.5 per cent of workers note that they have a work-limiting health condition.

\(^{17}\) The Labour Force Survey (LFS) is a quarterly sample survey of households living at private addresses in the United Kingdom. Its purpose is to provide information on the UK labour market that can then be used to develop, manage, evaluate and report on labour market policies. It is conducted by the Office for National Statistics. Data here from LFS 2011, quarters 1 to 4 (annualised), UK, weighted.
2.8 Completion Rates

Success rate data show a steady trend of improvement between 2006/07 and 2010/11 for all post-16 education and training aggregated across all levels, especially for apprenticeships, which initially had rates notably below other forms of provision. In 2010/11, apprenticeships had a success rate of 76.4 per cent compared to rates in other forms of provision ranging between 78.1 per cent and 81.5 per cent. The success rate for Higher Apprenticeships was 84.6 per cent. The improvement was partly due to providers applying more rigorous initial selection procedures, particularly in the area of key skills.


2.9 Teacher Training

In the past decade there have been attempts to introduce a statutory form of professionalism in the further education sector through the development of standards for teaching staff. Ofsted reports and academic research has shown this has failed to achieve consistency in the diverse provision for acquiring vocational knowledge and skills and the standards of teaching and quality of provision has been questioned (for example: Ofsted, 2012). As a result, there has been much debate in recent years about the quality and standard of teacher training in vocational education (for example: Skills Commission, 2010).

Most recently, Lord Lingfield has concluded an independent review of professionalism in FE. The review was asked to consider the appropriateness and effectiveness of current arrangements to regulate and facilitate the professionalism of the FE workforce, and to make recommendations on how these should be changed or improved, taking account of the broader context of the Government’s 2010 Skills Strategy. Recommendations in the final report (October 2012) include:

- All entrants to FE teaching must take an induction course.
- Qualifications required will be at the discretion of employers.
- The Learning and Skill Improvement Service (LSIS) should reform teaching qualifications to offer a certificate in further education at level 5 and an MA-level diploma in further education.
- Ofsted will inspect providers to ensure that their training and continuing professional development is adequate.
For the final report see: http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/p/12-1198-professionalism-in-further-education-final

There is also a review of Adult Vocational Teaching and Learning currently underway which was announced in the 2011 Further Education Reform Plan, New Challenges, New Chances. The sector-led Commission, chaired by Frank McLoughlin, Principle of City and Islington College, has been tasked with raising the quality, and improving the outcomes and impact of adult vocational teaching and learning in the further education and skills sector for learners and employers. The final findings and recommendations of the independent Commission are due to be published in spring 2013.

Some of the emerging cross-cutting themes of enquiry for the Commission will include:

- The role of technology.
- Higher level vocational teaching and learning.
- Teacher training and Continuing Professional Development.
- Managing, reviewing and assessing learning.
- Embedding English and maths in vocational teaching and learning.
- Leading adult vocational teaching and learning.
- International comparisons.

See: http://www.excellencegateway.org.uk/cavtl
3 Effects of Training, Labour Market Outcomes and Progression from PSVET

Evidence in relation to the effects of training, labour market outcomes and progression from PSVET is fairly scarce. Data are not currently collected, collated and reported on a systematic basis\textsuperscript{18}. A number of specially commissioned studies exist, although these do not relate to qualifications at QCF levels 4 and 5, but to level 3. However, they do provide some insights into the type of issues that are likely to face provision at higher levels and therefore are reported in outline here. Some anecdotal evidence also exists in relation to the positive effects of, for example, Higher Apprenticeships.

3.1 Effects of Training and Labour Market Outcomes

The most recent evidence in relation to the effects of training is provided by the latest evaluation of apprenticeships (IFF and IER, 2012a). This affords some insights which are valuable given the intrinsic employer involvement in apprenticeships. The evaluation found that 79 per cent of all apprentices believed that their apprenticeship had improved their ability to do their job and 84 per cent believed it provided them with skills or knowledge of benefit within their current or desired area of work. 81 per cent said that it had improved overall career prospects. The length of the apprenticeship impacted substantially on learners’ perceptions of the likelihood of there being positive effects on their skill levels and career prospects. Compared to courses of more than 1 year, apprentices on courses of less than 6 months were much less likely to report positive impacts.

75 per cent of all former apprentices in work were found to have taken on more responsibilities on completing their course, and 37 per cent had been promoted. 70 per cent felt their future pay and promotion prospects had improved, and 66 per cent felt they now had more job security. However, positive improvements in the status of work were not always directly attributed to the apprenticeship. Only 15 per cent who had progressed at work felt that the change could be attributed directly to their apprenticeship, although 83 per cent believed that it had helped them to achieve this to some extent. 44 per cent of all apprentices who had completed their course believed it had helped them receive a pay rise at that point.

\textsuperscript{18} Note, however, that BTEC Progression Surveys are now undertaken: http://www.edexcel.com/btec/news-and-policy/he-progression/Pages/progression-survey.aspx
In interpreting these results we need to bear in mind the purpose for which apprentices undertook their programme: whilst 48 per cent stated it was for career progression, 35 per cent stated it was to get a qualification. This is significant; indeed, it was commented that “there are a significant minority of cases where the apprenticeship is being used as a qualification to certify skills that the individual already possesses” (IFF and IER, 2012a). This is a result of a large proportion of apprenticeships being taken by older people already in employment, a significant feature of the programme.

Evidence on labour market destinations following initial training is scarce. There is a lack of a strong connection in many sectors in England between qualifications and labour market entry and subsequent career progression. England has been characterised as having a “flexible” labour market regime in which “choice” is a fundamental tenet. This means that education and the labour market are coordinated:

through individual judgements about the worth of particular kinds of credential in the labour market. Individual choice becomes central to the type of post-16 education people received. In turn, the educational market has responded by providing a myriad of routes and courses for students leaving secondary school. Consequently, there are few structured career pathways into the labour market… (Brown, Green and Lauder, 2001, pp.191-2).

As a result of this, it can be difficult to trace across from qualifications into occupations.

### 3.2 Progression Rates

In Europe provision at ISCED level 4 has been shown to have, in many circumstances, a “gap filling” function where vocational routes through systems are poor and/or where vocational tertiary provision is deficient (McCoshan et al, 2008). Prior to the introduction of national qualifications frameworks (NQFs), significant issues often surrounded level 4 provision in terms of its integration into systems and especially the use of credit transfers and exemptions, which have tended to be a matter for bilateral agreement (or not) between vocational institutions and universities. It is likely that such ambiguities often persist in practice, notwithstanding the introduction of formal NQFs, and this remains the case in England (as discussed below), especially since unifying qualifications into one framework has not taken place and two frameworks persist, the QCF and the FHEQ.
The division into levels 3, 4 and 5 should not be taken to imply a strict sequencing in terms of either when programmes are taken or in terms of learners being required to progress from one level to the next. Some Apprenticeship Frameworks, as discussed above, do not cover all levels. More importantly, often level 3 VQs do not permit entry to level 6 programmes at university level (unlike their equivalent level 3 general qualifications) and students will normally need to complete a programme at level 4 or 5 first, such as a Higher National Certificate or Higher National Diploma. However such qualifications are also widely recognised by universities as counting as the first 1-2 years of a 3-year Bachelors degree.

Statistics on progression are scarce. A study by HEFCE in 2007 reported on level 3 BTEC’s (National Awards, Certificates, and Diplomas equivalent to 1, 2 and 3 A-levels respectively), 98 per cent of which were studied in FECs. This found that 56 per cent of participants had qualified, with 45 per cent of non-qualifiers moving into another Further Education course rather than the labour market, and 8 per cent into undergraduate study. Of those people who qualified, 83 per cent continued in some form of formal study as follows:

- 41 per cent took a degree or other undergraduate programme, with one half of this group studying in the same subject area at higher education as at level 3, creative arts and design being the most popular. Most individuals who progressed to higher education levels went to a Higher Education Institution (HEI) (86 per cent). 54 per cent of those on “other undergraduate study” did a BTEC Higher, 14 per cent a Foundation Degree, and 5 per cent a Diploma in Higher Education.

- 42 per cent went on to study at “Further Education level”, the most popular course being key skills (60 per cent of this group) and the most popular subjects being computer sciences, languages and “combined subjects”.

These statistics highlight the variety of routes followed by individuals who take vocational programmes at level 3. Significant proportions fail to complete their course, and many move sideways into another course. Those who do successfully complete their course pursue a variety of routes, some to higher levels, others into courses to top up basic skills, which raises questions about their level of achievement before embarking on vocational programmes at level 3.

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19 It should be noted that the data used in this study was based on people starting their courses in 2002/03 and hence is now dated.
The 41 per cent of people progressing from level 3 BTEC courses onto programmes at levels 5 and 6 has become quite commonly cited. The 2009 HEFCE study on apprenticeships, in contrast, found that progression rates into higher education at levels 2 and 3 were just 4 per cent and 6 per cent respectively. It also found great variation by sector - for example, 67 per cent of Advanced Apprenticeships in accountancy progressed due in part to the clear progression structure of the programme from level 3 to level 4. The study also drew attention to the fact that entry to higher education is often delayed by several years rather than taking place immediately after an apprentice has successfully completed their course. The most popular higher level qualification for level 3 apprentices progressing was a first degree (around one half of the 965 progressing), but Foundation Degrees/HNCs/HNDs, and Diplomas of Higher Education were also popular (accounting for around one quarter each).

A recent study found the following progression rates for apprenticeships (IFF and IER, 2012a):

- Level 2 completers: 24 per cent had already progressed to a level 3 apprenticeship and 30 per cent were considering doing so in future.
- Level 3 completers: 5 per cent had already progressed to a level 4 apprenticeship and 33 per cent were considering doing so in future.

It was also found that 49 per cent of learners surveyed thought it “very likely” they would undertake further training or learning leading to a qualification within 2-3 years of completion, and 32 per cent thought it “quite likely”.

### 3.3 Causes of Poor Progression

The lack of progression from vocational programmes to higher level programmes has been attributed to a range of factors associated with both the individuals concerned and the nature of provision. Most of the literature appears to focus on the question of transition from vocational programmes into programmes based in universities. Hence, attention tends to focus on why rates of progression from vocational courses into universities are so low. This focus generates a number of useful insights but there are two other important aspects of progression at the PSVET level:

- Progression from level 3 into higher level programmes not just in universities but also in colleges (as part of “initial VET”).
- Progression beyond level 3 for people already in employment (as part of “continuing VET”). It seems likely that most progression to levels 4 and 5 or their equivalent has historically taken place within companies, hence the importance of understanding this dimension.
Unfortunately, less appears to be known about the issues involved in these aspects of progression. Arguably, greater clarity is needed with regard to these different dimensions of progression, their causes and effects.

A key factor underpinning the lack of progression on the provision side, regardless of the particular aspects, is the lack of (a) clear progression routes$^{20}$ and (b) “freestanding” qualifications at level 4. It has been commented that:

> When awarded, HE certificates (at level 4) are frequently regarded as at best a stage on a learning programme leading to a larger level 5 or level 6 qualification (i.e. a Foundation or Honours degree) and at worst a qualification for those who fail to complete a full level 5 or 6 qualification. Appropriately designed and delivered level 4 qualifications could potentially meet a critical skills need in many sectors (UVAC, 2009).

With regard to university entrance, there are on-going difficulties finding acceptable equivalences between vocational and higher education programmes/qualifications. The structure and size of vocational programmes at levels 3 to 5 are different to HE and there continue to be difficulties with applying Universities and Colleges Admissions Service (UCAS) tariffs to courses designed outside universities (Foundation Degrees being the notable exception) linked especially to what HE perceives as the weak knowledge component.

The University Vocational Awards Council (UVAC) has shown that the differences between competency qualifications (this type of qualifications were generally known as NVQs prior to development of the QCF) and knowledge qualifications (which were previously known as VRQs prior to the QCF) are significant with respect to the articulation between vocational provision and higher education (UVAC, 2009). In competency qualifications achievement is not graded; candidates are deemed to be competent or not competent. The absence of grading has been questioned by the HE sector, but to introduce grading would radically change the nature of this type of qualifications, and the assessment process. Because competency qualifications vary in size and assess skills rather than knowledge (although there is usually some underpinning knowledge), UCAS has been able to position only one level 3 competency qualification on the tariff to date (in Accounting). In contrast, UCAS recognises some knowledge qualifications, e.g. BTEC and OCR Nationals. Knowledge qualifications have graded assessment (pass, merit or distinction), a larger knowledge based component, and are taught in colleges and other educational establishments. Diplomas were designed and introduced in part to tackle such issues by combining academic and vocational learning to prepare young people for progression to further/higher education.

$^{20}$ A diagrammatic representation of this is set out in UVAC (2009) p. 14, though some parts are out of date, i.e. Applied A levels and Diplomas have largely disappeared. See also Annex 4 of the same report which sets out models of Apprenticeship progression to HE.
OECD Review: Skills Beyond School - England Background Report

and employment\textsuperscript{21}. It has also been suggested that there is a shortage of part-time progression opportunities and bridging modules for learners in work, many of whom lack formal study skills (Skills Commission, 2009).

UCAS acknowledges that applicants with non-traditional qualifications have to put more effort into the application process than most potential students with traditional qualifications. UCAS’s own research into vocational progression has revealed that whilst 93 per cent of HEIs gave information about entry requirements for applicants with A Levels, only 55 per cent gave information for those with BTEC National Diplomas and 24 per cent with the OCR National Extended Diploma. Apprenticeships and competency qualifications are rarely mentioned (UVAC, 2009).

Alongside barriers related to HEIs, research also suggests that:

FE institutions themselves have a significant impact on the progression choices and opportunities of their students. FE colleges have long been regarded as the “Cinderella sector” of the education system because of their relative under-funding and poor status. The lack of both social and economic capital in the sector adversely affects its students in numerous ways ... (T)he inferior status of FE colleges amongst employers makes it difficult for colleges to build the institutional networks and contacts necessary to secure work experience and advice for students. This is most pronounced in cities where FE colleges are in direct competition with universities for opportunities and relationships (Norris, 2011).

With regard to apprenticeships, it has been observed that:

The level and content of apprenticeship programmes are generally poorly understood by school teachers and HE staff including admissions tutors. Vocational qualifications are often criticised in HE for being too numerous and impenetrably complex. While there is always scope for rationalising the system, qualifications designed to meet the needs of employers, individuals of all ages and a large, fast-moving advanced economy cannot be expected to be as contained and familiar as mainstream general qualifications, especially when vocational qualifications have not enjoyed the continuity and status of A Levels, which have retained their identity for over half a century (UVAC, 2009).

\textsuperscript{21} The Diploma is a qualification for students aged 14 to 19 covering levels 1-3. See: http://www.education.gov.uk/16to19/qualificationsandlearning/thediploma/a0064416/what-is-the-diploma. However there is no entitlement to a Diploma so schools and colleges can choose whether to offer it. See http://www.education.gov.uk/a0064056/diploma-announcements. Demand for Diplomas from the engineering sector remains strong and Diplomas are continuing in modified form through a number of new University Technical Colleges.
As far as students are concerned, a lack of progression to HE is linked to a range of factors including: low awareness of HE options and lack of proactivity in seeking out advice; poor level of HE-readiness linked especially to low levels of achievement in English and Mathematics, a key argument of the Wolf review of VET (see section 4.4 below); poor experiences at school (rather than college at level 3); negative self-perceptions especially compared to A-level students; dependence on employer knowledge and attitudes to progression (see Aynsley and Crossouard, 2010; Thomas et al., 2012; Clark, 2011; Shaw and McAndrew, 2011). It has also been argued that one consequence of the UK’s labour market regime is that it can develop a culture among employees of scepticism towards anything but on-the-job training linked to immediate tasks (an “instrumental” perspective which contrasts with German workers’ intrinsic concern with the quality of work undertaken) (Fevre, Rees and Gorrard, 1999).

Notwithstanding these barriers, it would be wrong to assume that removing the barriers to university entrance would lead to a significant increase in the take-up of progression opportunities. There remains a sizeable gap between the proportion of students on apprenticeships, for example, who indicate that they would like to progress further in their studies and the proportion who actually do. The use of progression opportunities is a problem throughout Europe, with low rates of take-up. Even where “vocational” students do progress, their dropout rate can be high due to a number of factors including different types of content and modes of learning (McCoshan et al., 2008). Moreover, many students select vocational programmes as a route into employment, not as a stepping stone to further study. Entering work is a rational choice, given the evidence that vocational qualifications provide a decent return to individuals over their lifetime and work (McCoshan et al., 2008)\(^2\).

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\(^2\) It could be argued that this has created a cyclical situation in which the lack of good progression routes depresses demand, which in turn means programmes are not developed which in turn means that demand continues to be low and so on. The English system is therefore at the difficult stage of needing to create an effective market for programmes at QCF levels 4, 5 and 6.
4 Steering, Governance and Funding

In general the English “VET system” is characterised by significant autonomy for colleges and other training providers on the one hand and voluntarism as regards employer involvement on the other. Different governance and funding institutions exist for the initial stages of education, adult education and higher education. PSVET sits at the interface between these different regimes which, in common with many other countries, gives rise to a number of issues. This section looks at the main institutional arrangements, starting with an overview of the key features of the system and the thrust of current government policy which is seeking to make some significant changes.

4.1 Institutions

England lacks a set of institutions which specifically focus on post-secondary provision, in contrast to many European countries, as well as the US with its Community Colleges. Rather, post-secondary vocational education and training is provided by a mix of institutions. Further Education Colleges (FECs) and training providers (in the private sector but including not-for-profit and companies with charitable status) and Sixth Form Schools/Colleges are the major providers of vocational programmes and qualifications for students progressing without interruption from the preceding stage of their initial education. For provision at levels 4 and 5, especially courses of at least one year’s duration, as is the focus of the OECD’s *Skills Beyond School* study, it is the FECs which are the mainstay providers, along with some universities, notably those universities created from polytechnics in 1992 (England’s older and more established universities tend to concentrate on provision at levels 6 to 8 of the FHEQ, ISCED levels 5 to 6). FECs and training providers are also the major providers of vocational programmes for adults.

There are currently 341 Colleges in England (as at September 2012) which include General Further Education Colleges, Sixth Form Colleges and Specialist Colleges such as Land-based Colleges and Art, Design and Performing Arts colleges. These provide a range of provision at any level above compulsory education, from basic training to Higher National Diploma or Foundation Degree. As autonomous institutions incorporated by an Act of Parliament they have the freedom to innovate and respond flexibly to the needs of individuals, business and communities. For a list of colleges see:

It is important to mention the base of private training providers which exists in England. Much of their provision is of short duration, and a large proportion of their client base comprises adults (aged 19+), both in work and unemployed. Such training providers are not substantially involved in provision for students progressing directly from initial education, other than level 2 and some level 3 apprenticeships, but they remain an important component of the system.


It is also important to mention that joint working between institutions and partnerships with local employers have long been an important feature of the landscape, being encouraged by successive governments. Collaborative working is an important aspect of current policy (section 5.3 below).

The influence of polytechnics

A significant step in the development of this varied institutional landscape was the development of polytechnics from 1964 onwards and their subsequent transformation into universities in 1992. By that point, they had become the largest sector in higher education and had been called a “significant alternative” to the universities, having been in the vanguard of developing new modes of provision such as sandwich courses, and part-time programmes. They also opened up access to higher education for women, ethnic minority students and mature students and transition to work was effective from polytechnics, especially into engineering and manufacturing. Polytechnics, however, lacked degree-awarding powers. Hence, they concentrated on applied education for work, and sub-degree courses were a prominent feature, validated by the Business & Technology Education Council (BTEC). Significantly for consideration of PSVET, most BTEC qualifications have been phased out of the former polytechnics since 1992 and transferred to colleges of further education. In relatively recent years therefore there has been a significant “reshuffling” of the institutional space where PSVET might sit, in contrast to many other countries with long established and well respected higher technical institutions. In respect of progression for vocational learners, it has been argued that many of the universities created in 1992 should have their specialist knowledge and expertise in developing provision tailored to vocational learners and employers acknowledged and built upon (UVAC, 2009).

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Alongside the schools, colleges and private providers which are now the mainstay of provision, the recent development of University Technical Colleges represents a significant innovation. UTCs have been launched by the current government as part of its “academies” programme (academies are not local authority controlled), with the first opening in 2010. UTCs are for 14-19 year-olds and focus on providing technical education usually up to level 3 that meets the needs of employers. They offer technical courses and work-related learning, including apprenticeships, combined with academic studies.

All UTCs:

- Are sponsored by a local university and employers. It is also usual for FE colleges and other educational institutions, such as established academy trusts, to work in partnership with them.
- Specialise in two curriculum areas (e.g. engineering and science).
- Teach core GCSEs alongside technical qualifications, and are expected to offer young people the opportunity to achieve the English Baccalaureate.
- Focus on disciplines that require highly specialised equipment, for example, engineering, manufacturing and construction.
- Teach these disciplines alongside developing young people’s business, ICT and design skills to prepare students for a range of careers and continuing education at 19.
- Have 500 to 800 students.

The Baker Dearing Educational Trust plays a key role in developing partnerships and advising on applications for UTCs. The first two UTCs to open were the JCB Academy in Staffordshire (2010) and the Black Country UTC in Walsall (2011). These were followed by the Aston University Engineering Academy, the first London based UTC which opened in Hackney and Central Bedfordshire UTC in September 2012.

On 29 May 2012 15 new UTCs were approved to enter the pre-opening stage increasing the government’s commitment to UTCs from 24 to 34. They are spread across England and specialise in technical subjects including engineering, advanced manufacturing, science and health technologies. More than 130 national and local employers have been involved in developing these successful projects.

Group Training Associations (GTAs) exist in many areas to meet the needs of employers in particular sectors, especially SMEs who individually would struggle to source cost-effective training. There has been a recent independent review which examined the definition and public purpose of GTAs. The final report is available here: [http://www.llakes.org/wp-content/uploads/2012/09/GTA-FINAL.pdf](http://www.llakes.org/wp-content/uploads/2012/09/GTA-FINAL.pdf)

Apprenticeship Training Agencies (ATAs) also support the delivery of apprenticeships for small employers by sourcing apprentices and acting as the apprentice’s employer, with apprentices then placed with a host employer. This helps small organisations to take on apprentices when they can’t offer access to the full apprenticeship framework. The key features and behaviours of an ATA are described on the Apprenticeships website (link below) and there is a National Register of Recognised ATAs in England to help assure quality.


National Skills Academies (NSAs) are employer-led organisations with a leading role in developing the infrastructure needed to deliver specialist skills for key sectors and sub-sectors of the economy. NSAs bring employers together with specialist training organisations to develop solutions and they can take a number of forms. These are discussed in more detail in section 4 below.


### 4.2 Overall Structure and ‘Culture’ of the System

The English system is characterised by a number of distinctive features.

- In general, there is an absence of formal, mandatory social partnership arrangements, though VET benefits from the existence of The UK Commission for Employment and Skills (UK Commission), as described below. National collective-bargaining is largely confined to the public sector, although even here the direction of current policy is towards local bargaining. Trade unions play a smaller role to that of employers in the English VET system.
• Voluntarism is an underlying tenet for employer involvement in education and training. England lacks a tradition of spontaneous collective action on the part of companies in the same sector to establish professional standards. With the exception of sectors such as engineering and construction, there is a general paucity of professional bodies with significant standing, and even in these sectors several bodies exist within the industry.

• The regulation of occupations is minimal. Although licenses to practice have become more common (typically where failure to comply with good practice carries with it the risk of serious health and safety consequences), even titles like “surgeon” remain unregulated.

• An explicit market exists in qualifications, with a significant role played by Awarding Organisations in the design and award of qualifications. The structure of qualifications has a significant influence on the structure and content of programmes in the vocational sector, partly on account of the comparatively long-standing outcome orientation of the system (Cedefop, forthcoming).

The PSVET system in England is complex. There is evidence that key stakeholders including employers, education and training providers, and learners find the system difficult to understand and navigate.

4.3 Overview of the Main Institutions

At the level of national government, ministerial responsibility for PSVET as defined in this report (levels 3, 4 and 5 of the QCF) sits primarily with the Department for Business Innovation and Skills (BIS), which is responsible for policy and funding of adult skills development for people aged 19 and over. BIS discharges its regulatory and funding responsibilities through the Skills Funding Agency (SFA). There is also overlap with the Department for Education (DfE) which is responsible for education up to the age of 18, which discharges its responsibility for funding through the Education Funding Agency (EFA) (established in May 2010 when the Young People’s Learning Agency was abolished). The two departments work together on apprenticeships for the 16 to 24 age range and also on the Employer Ownership of Skills Pilot. Policy in the compulsory phases of education also, of course, has a considerable bearing on programmes and qualifications in later stages.
Alongside the role of BIS, the UK Commission provides strategic leadership on skills and employment issues in the four nations of the UK. Until recently the UK Commission was responsible for the funding and performance management of SSCs, which are licensed by government to articulate the employer input into the development of programmes and qualifications, although, as shown below, this relationship has now changed.

As noted above, Awarding Organisations play a critical role in the English system, and they are regulated by the Office of Qualifications and Examinations Regulation (Ofqual).

4.4 Current Direction of Government Policy

The overarching objective of skills policy in England is to “build an internationally competitive skills base”. High level objectives and milestones for skills policy in England are outlined in the business plan (previously these were set out in Public Service Agreement (PSA) targets).

Progress against departmental business plans can be tracked here: http://transparency-archive.number10.gov.uk/transparency/srp/view-srp/44/94


In December 2011, New Challenges, New Chances was published which sets out the government’s overall strategy plans for the reform of the FE and skills system for adults aged 19 and over in England from now to 2015, building on the 2010 strategy (BIS, 2011).

There are a number of aspects of government policy which should be discussed. It should be noted that these are also taking place in the context of the education participation leaving age being raised to 18.

Changing the balance between state, businesses and individuals

In the 2010 Skills Strategy, government has stated that its aim is to “shift profoundly the balance between the state, businesses and individuals”. The rationale for this is that:
For too long, the skills system has been micromanaged from the centre, with Government setting targets for the number and type of qualifications that ought to be delivered, and with learners and colleges following funding, rather than colleges responding to the needs of employers and the choices of learners (BIS, 2010a).

Two important planks of the policy are:

- Responsibility: increasing the role played by employers and citizens to ensure their skill needs are better met.
- Freedom: reducing central controls over providers.

There have already been a number of changes to the institutions involved in steering and funding at national level, and further changes are still to take place as part of this programme of reform.

Government has identified colleges as having “a distinctive mission in delivering locally relevant, vocational and technical higher level skills” (BIS, 2011, p.12). The Education Act 2011 has placed colleges on a similar footing to charities operating in the independent/private sector. Central controls have been reduced, with more powers given to governing bodies. The government is also to review the criteria for using the title “colleges of further and higher education”.

**Improving the operation of the qualifications market**

Government policy is also directed at improving the way in which the market in programmes and qualifications works, by stimulating competition, whilst also encouraging collaboration in the development of provision that is well-tuned to labour market needs. The broad vision is for a new system in which “learners will select training and qualifications valued by business, and available through a broad range of autonomous providers”. To this end, competition between training providers is encouraged in order to increase the diversity of provision, including Further Education Colleges offering more higher education courses. At the same time, collaboration is to be encouraged between providers to examine whether back-office functions can be collectively delivered more efficiently, and whether frontline services can be improved such as through curriculum specialisation which would not be possible by colleges working autonomously²⁴. These innovative models are intended to be in place by the 2013/14 academic year. Collaboration is also encouraged with bodies such as Local Enterprise Partnerships (LEPs) (see 4.8 below) so as to ensure the better alignment of skills provision with economic-development priorities.

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²⁴ The Efficiency Innovation Fund is supporting 21 projects across a range of models to explore new ways of collaborating, including college-owned companies, setting up companies to act as managing agencies for out-sourcing, and mutualisation models.
Streamlining and simplifying

There has been a focus on abolishing, merging and scaling back the number of government organisations in the FE landscape to reduce the number of interactions providers have with government. In parallel, there is a focus on simplifying systems and processes and reducing bureaucracy.

Other areas of government policy also have a bearing on PSVET. In this respect, the government-commissioned Wolf review of vocational education for the 14 to 19 age group is likely to have important consequences, although its full ramifications are yet to be felt: See Box 4, below (Wolf, 2011).
Box 4: The Wolf Report

The key points from the Wolf report in relation to PSVET are that many of the vocational programmes for 14 to 19-year-olds are severely criticised for their lack of value in the labour market, and it is proposed that vocational specialisation ought to be delayed more than at present. Wolf also recommends greater autonomy for schools and colleges to select qualifications, and encourages their closer cooperation with local employers and directly with awarding bodies. The recommendations made in the report that are of particular relevance to PSVET are as follows:

Recommendation 6

16-19 year old students pursuing full time courses of study should not follow a programme which is entirely 'occupational', or based solely on courses which directly reflect, and do not go beyond, the content of National Occupational Standards. Their programmes should also include at least one qualification of substantial size (in terms of teaching time) which offers clear potential for progression either in education or into skilled employment. Arrangements for part-time students and work-based 16-18 year olds will be different but the design of learning programmes for such students should also be considered.

Recommendation 8

The DfE and BIS should evaluate the extent to which the current general education components of apprenticeship frameworks are adequate for 16-19 year old apprentices, many of whom may wish to progress to further and higher education. It does not appear appropriate given this Government’s commitment to progression through apprenticeships that frameworks should, as at present, be drawn up entirely by SSCs who conceive their role in relation to current employers and job requirements rather than progression opportunities. The review of frameworks should also consider ways to increase flexibility and responsiveness to local labour markets and conditions.

Recommendation 9

Students who are under 19 and do not have GCSE A*-C in English and/or Maths should be required, as part of their programme, to pursue a course which either leads directly to these qualifications, or which provides significant progress towards future GCSE entry and success. The latter should be based around other English and Maths qualifications which have demonstrated substantial content and coverage; and Key Skills should not be considered a suitable qualification in this context. DfE and BIS should consider how best to introduce a comparable requirement into apprenticeship frameworks.
**Recommendation 14**

Employers who take on 16-18 year old apprentices should be eligible for payments (direct or indirect) when they bear some of the cost of education for an age-group with a right to free full-time participation. Such payments should be made only where 16-18 year old apprentices receive clearly identified off-the-job training and education, with broad transferable elements.

**Recommendation 15**

DfE and BIS should review contracting arrangements for apprenticeships, drawing on best practice internationally, with a view to increasing efficiency, controlling unit costs and driving out any frictional expenditure associated with brokerage or middleman activities that do not add value.

**Recommendation 24**

DfE and BIS should discuss and consult on the appropriate future and role of National Occupational Standards in education and training for young people, and on whether and how both national employer bodies – including but not only SSCs – and local employers should contribute to qualification design.

**Recommendation 27**

At college and school level the assessment and awarding processes used for vocational awards should involve local employers on a regular basis. Awarding bodies should demonstrate, when seeking recognition, how employers are involved directly in development and specification of qualifications.

The government accepted all of Wolf’s recommendations. Their response to the report is available here:


*Source: Growth and Industrial Strategy*

In November 2010, the Department for Business, Innovation and Skills and the Treasury launched the Growth Review, a fundamental assessment of what each part of government is doing to create the best conditions for private sector growth. It is a rolling programme that will last the lifetime of the current Parliament and provides a broader context within which skills policy fits. The outcomes of the initial phase of the Growth Review were announced in the Plan for Growth as part of Budget 2011 (HMT, 2011).

For more information see: http://www.bis.gov.uk/policies/growth/growth-review
In September 2012, the Secretary of State for Business Innovation and Skills, Vince Cable outlined an industrial strategy which focused on key sectors that cluster into three main areas:

- Advanced manufacturing, including aerospace, automotive and life sciences.
- Knowledge-intensive services, including higher education, creative industries and professional business services.
- Enabling industries, including the information economy, construction, energy, green energy.

The strategy highlights the important role skills play in contributing to long-term growth and prosperity and it outlines the need for a skills system that is more responsive to employers.


In October 2012 Lord Heseltine also published his independent review of how spending Departments and other relevant public sector bodies interact with the private sector, and to assess their capacity to delivery pro-growth policies. The review made 89 recommendations which aim to:

- Inject stability into the economy.
- Create the conditions for growth.
- Maximise the performance of the UK.

At the heart of Lord Heseltine’s proposals are measures to unleash the potential of local economies and leaders. Local Enterprise Partnerships (LEPS), outlined below, feature strongly throughout the report. The Review recommends a number of proposals relating to education, skills and apprenticeships of which the major proposal is the creation of a ‘single funding pot’ that should be administered by LEPs. The report proposes that the budget for vocational training for learners aged 19 and over, and all funding set aside for apprenticeships for those aged 16 and over, should be devolved to local areas.

See: [http://www.bis.gov.uk/heseltine-review](http://www.bis.gov.uk/heseltine-review)
4.5 The Department for Business Innovation and Skills and the Skills Funding Agency

The Department for Business Innovation and Skills (BIS) has responsibility for policy in the area of adult skills (aged 19+), and higher education. BIS discharges its regulatory and funding responsibilities through the Skills Funding Agency (SFA) which was created in April 2010. Government policy in respect of higher education, outside of setting levels of funding, is minimal in the context of universities being autonomous bodies. Funding for higher education is handled by the Higher Education Funding Council for England (HEFCE).

BIS sets the annual budgets, targets and priorities for the Skills Funding Agency. The Agency works at a “short arms length” from BIS which allows it to have “a fast and effective response to policy, while reinforcing the autonomy of the Further Education sector”

The Agency regulates and funds adult FE and skills training in England. The Agency allocates funds to colleges and other skills and training organisations. It also “houses” the National Apprenticeship Service (NAS) with a field force located across the country, working to develop the relationship with business to drive forward the government’s ambition for increasing apprenticeships. It also runs vocational skills competitions and awards to champion high standards.

A new remit for the Agency was set out during 2010-2011 (SFA, 2011c). This remit requires the Agency to operate a simpler and more market-driven funding and regulatory system, which is less interventionist and more cost-effective. It is based around principles which underpin government strategy, i.e. local democratic accountability, a focus on outcomes rather than inputs and outputs, and based on informed customers determining the nature and quality of what markets provide. This approach combines central control of budget and policy implementation with enhanced local management involving the building and management of strong relationships with providers, stakeholders, employers at local level. This requires more experienced and skilled staff who are able to develop such relationships and be more influencing rather than directing of provision.

The Agency has an Executive Management Team consisting of the Chief Executive and eight Executive Directors. The latter include Directors dedicated to “Relationships” (one for the North of England and one for the South). The Agency operates 13 Area Relationship teams covering England whose job it is to:

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25 SFA website [http://skillsfundingagency.bis.gov.uk/aboutus/](http://skillsfundingagency.bis.gov.uk/aboutus/)
Maintain relationships with providers and local/regional stakeholders, monitoring and observing the operation of the “local school system, nudging and influencing provision.”

- Gather intelligence on learning and skills needs.
- Gather intelligence on the performance of the skills system.
- Work “seamlessly” with the apprenticeships sales team in the same locations “to ensure that the sector is responsive to apprenticeship demand.”

The Agency has a marketing and communication function which aims to ensure that the sector is fully informed to be able to operate efficiently, to promote skills products through targeted marketing and PR to employers and individuals, to raise the status, esteem and participation in vocational learning and the reputation of the Further Education sector.

The Agency also operates Provider Support Centres, which have accountability for all routine transactional provider services including funding allocations and programme performance management. The Agency is also responsible for the National Careers Service (see 5.9 below).

The Agency has an Advisory Board consisting of 19 individuals. It is chaired by the agency’s chief executive and includes members from local government, provider organisations, employer bodies and trades unions. The Advisory Board ensures that the SFA has direct input from customer groups in shaping and influencing its work. It advises on the implementation of key policy initiatives and effectiveness of delivery, as well as providing a feedback mechanism for employers, learners and stakeholders. It meets five times a year.

The Agency also has an Advisory Forum for colleges and training organisations which provides a mechanism for “structured engagement” with providers. It consists of 28 members drawn from provider organisations and individual providers, relevant government ministries and local government.

*National Apprenticeship Service (NAS)*

The SFA’s Executive Management Team includes a Chief Operating Officer responsible for national apprenticeships. There are five Sales and Business Development Directors and a National Programme Director who are responsible for:

- Focused Area teams who work with key partners and stakeholders to stimulate and support demand from employers and suitably qualified young people and adults.

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26 See: [http://skillsfundingagency.bis.gov.uk/aboutus/advisoryboard/](http://skillsfundingagency.bis.gov.uk/aboutus/advisoryboard/)
27 See: [http://skillsfundingagency.bis.gov.uk/aboutus/advisory-forum/](http://skillsfundingagency.bis.gov.uk/aboutus/advisory-forum/)
A comprehensive marketing and communication strategy to increase employer and apprentice engagement and enhance the Apprenticeship brand.

Consistent, high quality, support for large employers which enables their increased engagement and investment in apprenticeships.

A new, streamlined and responsive service for smaller businesses.

Apprenticeship vacancies, a web based service where employers can advertise their apprenticeship jobs.

Implementing the government’s plans to grow apprenticeships in priority areas including Advanced Level and Higher Apprentices, underrepresented groups and in key growth sectors.

The Higher Education Funding Council for England (HEFCE) funds ‘prescribed’ courses of higher education at Further Education Colleges which includes Higher National Diplomas (HNDs), Higher National Certificates (HNCs), foundation degrees, bachelor degrees, postgraduate degrees and certain teacher training qualifications.

For more information see:

- BIS: https://www.gov.uk/government/organisations/department-for-business-innovation-skills/
- SFA: http://skillsfundingagency.bis.gov.uk/
- HEFCE: http://www.hefce.ac.uk

### 4.6 The UK Commission for Employment and Skills

Established in 2008 to replace the Sector Skills Development Agency and the National Employment Panel, the UK Commission for Employment and Skills is a Non-Departmental Public Body and also a company limited by guarantee that provides strategic leadership on skills and employment issues in the four nations of the UK. Together, its Commissioners comprise a social partnership including CEOs of large and small employers across a wide range of sectors, representatives from trade unions, the voluntary sector, and the Devolved Administrations.28

The Commissioners are Directors of the company, and are appointed by the Secretary of State. About half the Commissioners are from the private sector and business bodies. The current Chairman is Charlie Mayfield, Chairman of the John Lewis Partnership.

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28 For a list of Commissioners see [http://www.ukces.org.uk/commissioners](http://www.ukces.org.uk/commissioners)
The UK Commission’s mission is to work with and through their partners to secure a greater commitment to investment in the skills of people to drive, enterprise, jobs and growth.

Strategic objectives in 2012-13 are:

- To provide world-class labour market intelligence which helps businesses and people make the best choices for them.
- To work with sectors and business leaders to develop and deliver the best solutions to generate greater employer investment in skills.
- To maximise the impact of changed employment and skills policies and employer behaviour to help drive jobs, growth and an internationally competitive skills base.

In pursuit of these objectives, Commissioners are working towards achieving the following priority outcomes across the UK:

- More employers investing in the skills of their people.
- More career opportunities for young people.
- More collective action by employers through stronger sectors and local networks.
- More employers stepping up and taking ownership of skills.

Until 2012, the UK Commission was also responsible for the funding, performance management and continuous improvement of SSCs (see 4.7 below), but this relationship is now changing in accordance with government policy.

The UK Commission works across the following areas of work:

Research: The UK Commission conducts a range of labour market and evaluative research drawing on national and international evidence to provide future and action orientated analysis and to support the UK Commission’s investment decisions.


Investment: One of the UK Commission’s key activities is to stimulate employer investment in skills. To do this two funds have been launched: the Growth and Innovation Fund and the Employer Investment Fund (as outlined in section 5.4).

For more information on the types of projects invested in see the investment portfolio: [http://www.ukces.org.uk/ourwork/investment/portfolio](http://www.ukces.org.uk/ourwork/investment/portfolio).
Investors in People: In April 2010, responsibility for the Investors in People Standard was passed from government to the UK Commission. These arrangements meant that the Commission took over guardianship of the Investors in People Standard and framework, including responsibility for ensuring continued high quality through the licensing of regional and national delivery centres across the UK.

See: http://www.ukces.org.uk/ourwork/investors-in-people

Standards and Frameworks: National Occupational Standards (NOS) and apprenticeship frameworks underpin employers’ ambition to raise skills levels and support individuals’ career aspirations. NOS are statements of the standards of performance individuals must achieve when carrying out functions in the workplace, together with specifications of the underpinning knowledge and understanding. The UK Commission has developed a new demand-led commissioning approach to developing NOS and frameworks. In 2012-13 the UK Commission is contracting over 370 product developments in NOS, Apprenticeship and Scottish Vocational Qualifications (SVQs).

Work on National Occupational Standards is underpinned by the NOS Strategy for 2010-20 which was developed with the four governments of the UK and associated documents including NOS Quality Criteria published in June 2011 (UKCES, 2011a).
4.7 Sector Skills Councils

SSCs are independent, employer-led, UK-wide organisations that are designed to build a skills system driven by employer demand, SSCs cover over 90 per cent of the UK's workforce and represent the skills and training interests of small to large businesses. The scope of each SSC is strictly defined, but extensive collaboration also takes place on cross-sector priorities.

SSCs aim to reduce skills gaps and shortages, improve productivity, business and public service performance, increase opportunities to boost the skills and productivity of everyone in their sector's workforce and improve learning supply through NOS, apprenticeships, and further and higher education.

SSCs undertake innovative programmes and projects aimed at raising employer ambition and investment in skills and through their sectoral reach, articulate the voice of employers on skills. There are 19 SSCs. A list is available at: http://www.sscalliance.org/SectorSkillsCouncils/DirectoryofSSCs/DirectorySSCs.aspx

The strategic direction of SSCs is the responsibility of their Boards which are mainly composed of employers. SSCs are collectively represented by the Alliance of Sector Skills Councils, established in 2008. For more information and contact details visit The Alliance of Sector Skills Councils website.

As noted, the UK Commission was previously responsible for overseeing the work of SSCs. As of March 2012, however, the relationship changed from one based on grant funding and minimum core specification of services, to one based on "investment" on the part of the UK Commission in which it can contract with a wider range of employer led organisations to help it deliver its goals. SSCs operate under licence from the government, and this arrangement is still in place. The provisions of the licence are quite general, and do not afford SSCs special status in themselves. The licence is advantageous to government for procurement purposes as it simplifies administration. SSC partnerships, with a defined lead SSC, bid competitively on an annual basis to develop new and update existing NOS and apprenticeship frameworks. Similarly, as noted in the section on the role of employers, GIF is not restricted to SSCs. This overall approach is part of government policy to provide the means by which employers take ownership of the skills agenda and to invest in innovative ideas for development of skills wherever they lie.

See: http://www.sscalliance.org/SectorSkillsCouncils/AboutSSCs.aspx
Under the previous arrangements, SSCs had been required to undertake Sector Skills Agreements (a key means by which, using labour market intelligence, employers could determine the skills needs within their sector) and Sector Qualification Strategies (SQS). These documents are no longer a requirement although some SSCs still retain and use them. SQS outline current and future learning and qualifications needs by employers in sectors\(^31\). SQSs were developed as part of the Sector Skills Agreements (SSAs) process. Through SSAs, SSCs identified the skills needs of sectors, analysed the current provision and agreed interventions with key partners to improve the match between education and training supply and employment need. The SQSs are used by the qualifications regulatory authorities of the four home nations and by SSCs to influence awarding body provision.

**SSCs and Apprenticeships**

SSCs have a role in designing apprenticeship programmes and in providing apprenticeship services such as acting as intermediaries between companies and providers, companies and funding, and assuring quality. Such services exist alongside the NAS.

For example, SEMTA offers employers a dedicated programme coordinator who:

- Confirms the quality of off-the-job training provision.
- Checks the suitability of the knowledge component (college course).
- Monitors the apprentice’s progress.
- Makes certain that the apprenticeship programme is meeting needs.
- Ensures all the paperwork is completed.
- Will provide enhanced learning opportunities and support.
- In addition, they will provide advice regarding funding and financial support, and help identify high-quality local providers with the experience and expertise to deliver the individual elements of the apprenticeship programme.

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\(^{31}\) SSC SQSs are available at: [http://www.ukces.org.uk/publications/sector-qualifications-strategies](http://www.ukces.org.uk/publications/sector-qualifications-strategies)
4.8 Local Enterprise Partnerships

As part of the Coalition Agreement, which set out the policies for the new government, Regional Development Agencies (RDAs) were abolished and replaced with “bottom up” “business-led Local Enterprise Partnerships.” A total of 39 LEPs covering every English local authority have now been established to provide the strategic leadership in their areas to set out local economic priorities and to create the right environment for business and growth. LEPs are expected to take a role in planning and housing, local transport and infrastructure, employment and enterprise, small business start-ups, the transition to a low carbon economy, and working with further education colleges and universities. The Heseltine Review (see 5.3 above) recommends a greater role for LEPs in administering budgets at the local level.


4.9 Learning and Skills Sector Bodies

The Learning and Skills Improvement Service (LSIS) was formed in 2008 to accelerate quality improvement, increase participation and raise standards and achievement in the learning and skills sector in England. LSIS works in partnership with the sector to build and sustain self-improvement and develops resources for colleges and providers to implement initiatives and improve quality. LSIS will cease to exist from 1 August 2013 and many of its functions will pass to the newly announced FE Guild. The FE Guild will be a single sector-owned body to set professional standards and codes of behaviour, as well as develop qualifications within the FE sector. It is envisaged that it will take forward recommendations from the Lingfield Review and the Commission on Adult Vocational Teaching and Learning (see 2.6 above). It is currently being developed jointly by the Association of Colleges and the Association of Employment and Learning Providers. See: http://www.aoc.co.uk/en/fe-guild-consultation-project/

The Association of Colleges (AoC) was established in 1996 to represent and promote the interests of Further Education, Sixth Form and Specialist Colleges in England.

The Association of Employment and Learning Providers (AELP) is the leading trade association for vocational learning and employment providers in Britain.
4.10 National Careers Service for England

On 5 April 2012, a new National Careers Service was launched by government to offer independent, impartial information and advice on learning and work and access to a wide range of information about careers and the job market to young people and adults. It combines highly-trained advisers with an interactive website.

For more information see: http://www.bis.gov.uk/policies/further-education-skills/national-careers-service-for-england

The National Careers Council was set up in May 2012 to provide advice to government on a strategic vision for the National Careers Service and allied career support services. The government’s vision for a better quality of information, advice and guidance on learning and work is set out in the document The Right Advice at the Right Time (April 2012).

4.11 Office for Standards in Education, Children’s Services and Skills (Ofsted)

Ofsted is the Office for Standards in Education, Children’s Services and Skills. It reports directly to Parliament and is independent and impartial. It inspects and regulates services which care for children and young people, and those providing education and skills for learners of all ages.

A Common Inspection Framework for further education and skills provision was established in 2006 and revised in September 2012.


Inspections apply to provision that is either wholly or partly funded by the SFA or EFA in:

- Further Education Colleges, sixth form colleges and independent specialist colleges.
- Independent learning providers/companies.
- Community learning and skills providers: local authorities, specialist designated institutions and not-for-profit organisations.
- Employers.
- Higher Education Institutions providing further education.
- Providers of learning in the judicial services

The different types of provision inspected under the Common Inspection Framework for learners aged 16–18 and 19+, and learners aged 14–16 in colleges only, are:

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32 Ofsted does not inspect provision wholly funded by the European Social Fund (ESF).
OECD Review: Skills Beyond School - England Background Report

- Apprenticeships, access to apprenticeships and vocational qualifications offered in the workplace.
- Community learning.
- National Careers Service – careers advice and guidance.
- Learning programmes leading to a qualification.
- Learning provision in the judicial services.
- Employability programmes.
- Foundation Learning.

In November 2012, Ofsted published its Annual report on Learning and Skills (Ofsted, 2012).

4.12 Office of Qualifications and Examination Regulation (Ofqual)

Ofqual commenced work as a fully independent non-ministerial government department on 1 April 2010. Ofqual is accountable to Parliament rather than to government ministers.

Its function is to regulate qualifications, examinations and assessments in England. It has five statutory objectives that relate to qualification standards, the standards of National Curriculum Assessments, public confidence in qualifications and assessments, the benefits of regulated qualifications and the efficiency of the qualifications market.

Ofqual gives formal recognition to bodies and organisations that award qualifications. They impose recognition conditions on awarding organisations and monitor their performance. Ofqual can impose sanctions on an awarding organisation, including financial penalties and can withdraw an awarding organisation’s recognition. Ofqual has the power to cap fees charged by an awarding organisation.

Ofqual regulates qualifications at all levels, with the exception of degrees. The Quality Assurance Agency reviews higher education institutions and produces reports which highlight good practice and contain recommendations to help improve quality.

An overview of how vocational qualifications are developed and regulated is available from: http://www.ofqual.gov.uk/qualifications-assessments/vocational-qualifications
4.13 Awarding Organisations

As noted at the start of the section, Awarding Organisations have an important role to play in the design and development of qualifications. Indeed, the recent Wolf Report concluded that they are “a potential source of innovation and quality” (Wolf, 2011, p.22). There are close to 180 recognised Awarding Organisations, covering a huge range in terms of size and coverage. Some cover a very small number of occupations whilst others are large international organisations selling their qualifications overseas. For example, the City and Guilds of London Institute offers more than 500 qualifications through 8,500 providers in 81 countries. It was founded in 1878 by the City of London and 16 livery companies (traditionally the guardians of work-based training) to develop a national system of technical education, and has operated under Royal Charter since 1900. An example from the other end of the spectrum is the British Institute of Innkeeping, founded in 1981 for the licensed retail sector. Its aim is to advance the education and training of people who need licences to sell alcohol.

It is only comparatively recently that Awarding Organisations have formed their own interest group. The Federation of Awarding Bodies (FAB) was established in 2000 as a trade association, representing organisations that award vocational qualifications in the United Kingdom. In 2001 FAB was launched as a wider network and now consists of over 100 organisations.33

Another comparatively recent development is the formation of the Joint Council for General Qualifications (JCGQ) in 1998, which was superseded in 2004 by the Joint Council for Qualifications (JCQ). The JCQ consists of AQA, City & Guilds, CCEA, Edexcel, OCR, SQA and WJEC, the seven largest providers of qualifications in the UK, offering GCSE, GCE, Scottish Highers, Entry Level, Vocational and vocationally-related qualifications. It enables member awarding bodies, inter alia, to act together in: creating common standards, regulations and guidance; providing, wherever possible, common administrative arrangements for the schools and colleges and other providers which offer their qualifications; dealing with regulators; and in responding to proposals and initiatives on assessment and the curriculum.34

33 See: http://www.awarding.org.uk/public/aboutus
34 See: http://www.jcq.org.uk/about-us/about-us
In recent years the relationship between Awarding Organisations and SSCs has changed. In 2010 a protocol was agreed between the two which stated: SSCs establish which qualifications are necessary to meet the needs of employers in their sectors and develop National Occupational Standards (NOS), whilst awarding bodies develop, own, deliver and quality assure qualifications based on the SSC’s NOS. Following a change in Ofqual’s General Conditions of Recognition (2011) the requirement for a qualification to be “approved” by an SSC where the qualification falls within an SSC footprint has been removed35, although an awarding organisation must be able to show there is support for its qualifications from relevant sectors. NOS remain a key driver for qualifications development.

4.14 Trade Unions

As noted, England has minimal infrastructure as regards to social partnerships in general, although it benefits from the existence of the UK Commission in the skills field. In numerical terms, it is the employer voice which is predominant amongst social partners. Four out of the 26 Commissioners at the UK Commission are from trade unions. Amongst the SSCs, trade unions typically have one or two places on the boards, with the remaining seats being taken by employers (and sometimes with one or two seats being taken by Third Sector representatives).

The main way in which trade unions play a role in provision is through Unionlearn which is the learning and skills organisation of the Trades Union Congress. Unionlearn works to assist unions in the delivery of learning opportunities for their members as well as managing the £15 million Union Learning Fund (ULF) which finances projects to promote learning in the workplace (e.g. by establishing learning centres).

Over the past 12 years, more than 26,000 union learning representatives (ULRs) have been trained and 740,000 people have been given training and learning opportunities through their union, mainly below level 2, including basic skills training.

Unionlearn is also responsible for providing education and training opportunities for workplace representatives and professionals via TUC Education. Each year more than 100,000 trade union members enrol in trade union education courses organised by the TUC or by affiliated unions. Government funding supports Unionlearn and is £21.5 million for 2012/13.

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35 See http://readingroom.lsc.gov.uk/sfa/Funding_Approvals_Process.pdf
4.15 Funding

We noted in a preceding section that employers in the UK spend in excess of £20 billion annually on training. In the financial year 2012–13, government planned investment in skills and 16 to 19 education totals £10.3 billion, although by no means will all of this be for vocationally related provision (BIS, 2011b; EFA, 2012a). The Adult Skills Budget on its own will be £2.7 billion. It is not possible to know with any degree of accuracy what proportion of these expenditures will be for higher level training (non-prescribed HE). However, it is clear from section 2 of this report that the amount of expenditure on training above level 3 will be only a small minority of these amounts36.

It is also important to highlight that most employer funded training is unlikely to be of one year’s duration or more or to lead to nationally recognised qualifications. Although available data present some difficulties (since data on learners and achievements are collected on different bases), we can compare the number of qualification achievements with the number of government funded learners in any one year to shed some light on this issue. In 2010/11 there were 3,091,300 government-funded learners with achievements, and a total of 4,956,350 achievements at all levels. It is evident that the vast majority of achievements are government funded (especially since each learner is likely, on average, to have registered more than one achievement). While some of these achievements will involve employer co-funding, the significant degree to which the achievement of nationally recognised qualifications depends on government funding is evident. Furthermore, there is no reason to expect that this pattern will be any different for training at higher levels37. At the same time, this highlights the important contribution that apprenticeships make to engaging employers with long duration training leading to qualifications.

Trends

In the current economic climate, the trend in the coming years is for government expenditure to be reduced. However, within the overall contraction of expenditure on education and training, the allocation for adult apprenticeships (i.e. for those aged over 24) is planned to increase, from £644 million in 2011–12 to £726 million in 2013–14. This profile will increase the share of the Adult Skills Budget accounted for by adult apprenticeships from 22.7 per cent to 29.1 per cent over the same period (BIS, 2011b).

36 Although it should be noted that this is further education provision and so does not cover the majority of provision delivered by Higher Education Institutions.

37 Indeed, data extracted from the UKCES Employer Skills Survey 2011 indicates that companies that have a high proportion of their staff trained to higher levels are no more likely to provide training leading to nationally recognised qualifications than any other type of company.
As noted at the start of the section, government policy is seeking to re-distribute responsibility for education and training so that employers and individuals take more responsibility. This policy is shaping the approach to funding, along with giving priority to helping low skilled adults to attain qualifications which they failed to achieve at school. The financial contributions expected from employers and individuals falls across a spectrum as follows:

Government will fund people aged 19+ to get qualifications to level 2. The funding entitlements for 2012/13 and 2013/14 are set out below in Tables 5.1 and 5.2 respectively.

<table>
<thead>
<tr>
<th>Table 5.1 Funding entitlements for 2012/13</th>
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<td><strong>Learning Level</strong></td>
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<tr>
<td>Basic Skills</td>
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<td>Level 2 (first)</td>
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<td>Level 2 (retraining)</td>
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<tr>
<td>Level 3 (first)</td>
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<tr>
<td>Level 3 (retraining)</td>
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<tr>
<td>Level 4 (any)</td>
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</tbody>
</table>

*Source: BIS (2010a)*

**Notes:**
- All apprenticeships for those aged 19+ will continue to be co-funded at 50% by government and employers.
- Co-funding at Level 2 for workplace learning outside of apprenticeships will only apply to SMEs and applies at a level of 50%.
- Learning at Level 3 and above for workplace learning outside of apprenticeships and entitlements will not receive government funding.

<table>
<thead>
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<th>Table 5.2 Funding entitlements for 2013/14</th>
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<tr>
<td><strong>Learning Level</strong></td>
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<td>Level 3 (first)</td>
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<td>Level 3 (retraining)</td>
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<td>Level 4 (any)</td>
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</tbody>
</table>

Source: BIS (2010a)

Notes:
• This table shows the expected position from 2013/14 following the introduction of loans.
• Loans will apply equally to apprenticeships, replacing the contribution formerly provided by government. 19+ Apprenticeships at Level 2 will remain co-funded at 50%
• Co-funding at Level 2 for workplace learning outside of apprenticeships will only apply to SMEs, and applies at a level of 50% - 50%
• Learning at Level 3 and above for workplace learning outside of apprenticeships entitlements will not receive government funding.

Government will work in partnership, i.e. share costs with employers and individuals on apprenticeships (with funding targeted more sharply where returns are greatest) and individuals over 24 who want to retrain or skill in order to get different jobs and/or improved life chances.

Government will make loans available to people aged over 24 who want to do a full level 3 or level 4 qualification in order to qualify for a professional job and/or progress to higher education (replacing the previous arrangement where government paid half the fees).

Professional and Career Development Loans are also available for adults (18+) wishing to re-train or up-skill to enhance their availability. £42 million of the £129 million available for these loans will be spent in the 2013-14 financial year on apprenticeships for adults aged 19 and over (BIS, 2010b).

Further information regarding the planned introduction of loans is available here: http://www.direct.gov.uk/en/educationandlearning/adultlearning/financialhelpforadultlearners/careerdevelopmentloans/index.htm

The introduction of loans naturally raises questions about the ability of students and potential students to repay them. It is often argued that this is particularly germane to learners on vocational programmes since they are more likely to come from low income families. Addressing these concerns, the government recently announced that it would provide £50 million to cover the fees of students aged over 24, with £20 million of this being available as bursaries for particularly disadvantaged learners.

With respect to employers’ contributions, in a recent survey most employers said they would stop training adult employees (aged 19+) if public funding was withdrawn and would be more likely to cut back on training for existing employees rather than new recruits (IFF and IER, 2012b).
Financial incentives are not a prominent feature of the English system. In apprenticeships, employers do not receive a direct monetary incentive to take on apprentices, although an apprenticeship grant has been recently introduced for small employers as part of the Youth Contract programme to combat youth unemployment, but the off-job training costs are subsidised in full, or in part, by NAS.

NAS covers the training of apprentices depending on their age:
- Age 16-18: up to 100%
- Age 19-24: up to 50%
- Age 25+: Contribution for specified places

The government provides the funds to cover the full cost of the mandatory training required to complete the framework as determined by the relevant SSC for a young person aged 16-18 on an apprenticeship. If employers or providers choose to deliver additional qualifications or courses as part of the delivery of the overall framework then these courses are not funded and need to be paid for by the provider or employer.

Employers are also supported by the NAS through the process of recruiting and training a candidate, including signposting them to providers and advising on the Apprenticeship Frameworks available. NAS also manages apprenticeships vacancies - a free online recruitment tool that can be used to match apprentices with prospective employers.

For the financial year 2012–13 provision has been made to support 40,000 new apprenticeships in small firms through payments of £1,500 per apprentice - £60 million in total. For more information see: http://www.apprenticeships.org.uk/Employers/Steps-to-make-it-happen/Incentive.aspx.

Reforms to funding methodologies

Another important dimension of government policy with respect to funding is the reform of the methodologies used to allocate funding to programmes/qualifications. The overall aim is to simplify procedures. Previously, post-19 Further Education and skills used more than 6,000 different funding rates. The new system to be introduced is based on a single funding methodology. For further details see:


The latest update is available here.
The question of funding throws into sharp relief some of the issues related to the different institutional arrangements that pertain for higher education compared to further education and skills. In particular, the lack of connections between the two systems around funding are often said to be a major structural obstacle to the progression of people on vocational pathways. It has been argued that much of this problem stems from higher education funding’s inability to cope with part-time learning (UVAC, 2009). Earlier this year a support package was announced by ex-Minister John Hayes, that would enable those taking Access to Higher Education Diploma courses to apply to the Student Loans Company to write off any outstanding 24+ Advanced Learning Loan on completion of their HE course.
5 Role of Employers

5.1 Introduction

Employers have a major role to play in higher level programmes and qualifications. Individually, they carry out and contract for a considerable amount. Collectively, they are involved in developing national occupational standards and apprenticeship frameworks via SSCs (see section 5.6) and in a range of specifically funded projects. Moreover, government policy, as articulated in the last skills strategy, envisages “a new role for employers as we grow a world-class skills base” with a new emphasis on professional standards in order to “drive competitiveness” (BIS, 2010a, p.12 and p.8).

This section focuses on employers’ direct involvement and examines the role of workplace training. It looks at ways in which employers are being stimulated and encouraged by government to move to a more proactive role, taking “ownership” of skills development.

5.2 Structural Position

Internationally, the dominant feature of England’s labour market is often seen as being its “flexibility”. This has consequences for the interface with education and training and the role that employers play. Choice is the main underlying principle governing the coordination of the labour market with education and training, and this underpins the existence of large numbers of programmes and qualifications within initial vocational education and training. It also means that employers take responsibility for training their employees, typically on an individual rather than collective basis. One of the characteristics of such training is its firm-specific nature. Indeed, England also displays elements of what have been termed the “internal labour markets” of, for example, Japan in which lifelong employment and learning go hand-in-hand in the notion of “a job for life”. However, in England the percentage of workers in such internal labour markets tends to be low relative to Japan. Nonetheless, both flexible and internal labour markets have a strong emphasis on individual employer action. An important distinguishing feature of the UK is that “throughout the economy skills acquisition and diffusion rests primarily with individual social networks rather than with the web of institutional networks which structure careers, and skill acquisition and diffusion in the occupational and internal labour markets” (of Germany and Japan respectively) (Brown et al., 2001).
Another feature of the UK system is the structural polarisation resulting from the existence of both internal and flexible labour markets. It has been argued that “internal” labour markets tend to be populated in the main by university graduates who may benefit from structured company training which is more likely to lead to formal certification/qualifications (Brown et al., 2001). However, in the larger “flexible” labour market training tends to be highly firm-specific and less likely to lead to formal certification/qualifications. This is an important context within which to consider PSVET since it concerns part of the labour market located somewhere between these two.

5.3 Scale and Nature of Employer Involvement in PSVET

Whilst employers have an important role to play in vocational education and training, the precise magnitude is hard to estimate in general, and still more difficult in relation to PSVET. The UK Commission estimates that 59 per cent of employers in the UK train their staff, and spend £49 billion on training, equivalent to £1,775 per employee and £3,275 per person trained, with an uneven spread by sector and occupation (UKCES, 2012). However, of this £49 billion, about one half is accounted for by employee wages whilst undertaking the training, and a further £7 billion by training management, giving a figure of around £22 billion in direct costs. This is close to an estimate made by the National Institute of Adult Continuing Education (NIACE) that in 2007/08 the private and non-profit sector spent £20 billion on post-compulsory and adult learning provision, £25.5 billion being spent by the public sector (Williams et al., 2010). In expenditure terms employers provide about equal amounts of both on-and off-the-job training (UKCES, 2012). Most of this provision does not lead to qualification-bearing training programmes of long duration.

Unfortunately, these figures cannot be broken down by level of qualification. However, the evidence does show that employees with qualifications at level 4 and above on average receive more training than employees at other levels (UKCES, 2012). The evidence also shows that most PSVET takes place amongst employed adults, so it is reasonable to hypothesise that, proportionately, employers play a more important role in PSVET than vocational education and training at lower levels. Interestingly, only 13 per cent of companies in England, Northern Ireland and Wales with more than 80 per cent of staff with qualifications at level 4 and above have been found to recruit from universities which may be a result of two factors: the lack of perceived relevance of university provision to many employers, and employers’ preference to train their own staff to this level (UKCES, 2012). Overall, there remains a lack of hard evidence in this area.
An important characteristic of training provided by employers is that in most cases it does not lead to recognised qualifications. Of employers that train, only 43 per cent (equivalent to 25 per cent of all employers) fund or arrange training that is intended to lead to a nationally recognised qualification (whether it does in fact lead to the qualification being obtained or not) (UKCES, 2012).

More detailed evidence on the extent and nature of employer involvement in VET is provided by the recent evaluation of apprenticeships. This evidence is especially helpful as it concerns provision for which a high level of employer involvement is not just desirable but essential. This can therefore be reasonably interpreted as the “high water mark” of employer involvement. To provide context for this, however, it is worth noting that compared to countries of comparable economic development, England suffers from low levels of employer commitment of time, energy and resources (Steedman, 2010) and demand from learners exceeds the ability of the system to find sufficient employers to meet it (Wolf, 2011).

In terms of the stimulus for employer involvement, around one quarter of employers had become involved via an approach from a training provider\(^{38}\), and only for one in ten was it due to a need for qualified staff. One in ten had also taken part due to advice/encouragement from head office/another part of the organisation. One in ten had responded to an employee enquiry (IFF and IER, 2012b).

In relation to being involved in and able to influence decisions about training (e.g. structure, content, delivery, duration), 55 per cent of employers did so before the training started and 60 per cent during it\(^{39}\) (BIS, 2012a). Although this left a sizeable minority not involved, employers appreciated that frameworks are nationally set and tailoring to employers with small numbers of apprentices was not realistic or feasible. Further, the proportion of employers actually *dissatisfied* with their level of involvement was low (14 per cent before training and 11 per cent after). Therefore the desire of a significant minority of employers to be involved in issues of programme design at local level is low. Nevertheless, employers who were involved in decisions were more positive about the relevance of training, and the evaluation concluded that “…providers should be encouraged to involve employers in discussions about the training” (IFF and IER, 2012b).

\(^{38}\) http://www.ukces.org.uk/assets/ukces/docs/employer-ownership/employer-ownership-of-skills-prospectus-final-version.pdf It should be noted that these responses were spontaneous replies to the survey used in the evaluation, and, though perhaps revealing in one sense, the interpretation of spontaneous replies is somewhat difficult.

\(^{39}\) This varied sectorally - see BIS, 2012a, Table 5.2, p. 42.
In terms of employers' involvement in the training provided, one in five companies had all their training delivered by a provider. Although we do not know to what extent this was delivered in the workplace, it is reasonable to assume that a certain proportion was not. Furthermore, there was significant variation around this average figure. The proportion of companies delivering training themselves was less for apprentices aged 19+ (65 per cent) compared to the 16 to 18-year-old group (80 per cent); and for level 3 compared to level 2 (70 per cent and 77 per cent respectively) which suggests less likelihood of involvement with rising qualification level. In common with the initial vocational education and training system in general, providers did the assessment of apprentices in virtually all cases (97 per cent) (IFF and IER, 2012b).

Employer involvement ultimately depends on the value employers attach to the outcomes of training. In general, levels of satisfaction with apprenticeships are high. Employers tended to value the competence element, such as achieving an occupational qualification, most (78 per cent “very valuable”), followed by the knowledge element of the technical certificate (72 per cent). Employer rights and responsibilities (67 per cent) and transferable skills (60 per cent) were least valued (IFF and IER, 2012b).

Employers report a range of business benefits experienced from apprenticeships ranging from improved productivity (72 per cent) to improved ability to attract good staff (58 per cent)40. However, 43 per cent said that if they reduced the number of apprentices trained it would have no dis-benefit at all41. This might be due to employers believing that they could get their training needs satisfied elsewhere. Indeed 30 per cent of employers had provided alternative training for their staff in the preceding three years leading to a similar level of qualification in a broadly similar subject area. 39 per cent of employers providing an alternative said this was because other qualifications offered more specific, tailored training; 28 per cent offered it to existing staff, reserving apprenticeships for new recruits. Further, when asked to compare apprenticeships with alternatives on a range of measures42 the proportion reporting there to be no difference or apprenticeships being worse was in three out of four cases higher than those saying apprenticeships were better (the exception being “improvement in skills and productivity” where the percentage saying apprenticeships were better was 49 per cent compared to 40 per cent). 66 per cent of employers regarded recruitment of staff with the requisite experience as a realistic alternative to apprenticeships (and 51 per cent had done so), and 61 per cent running formal, internal training programmes (55 per cent had done so), (IFF and IER, 2012b).

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40 These benefits were reported by more than half of respondents.
41 The striking difference between this statistic and the results against a range of business benefits may be due to the fact that the former was a spontaneously expressed view whilst the latter was prompted in the survey used. Interpretation is difficult because of this, but the difference notable nonetheless.
42 The aspects were: improvement in skills and productivity; value to the organisation in completion; how close completers are to full job proficiency; length of time likely to stay after completion.
Evidence such as this is not easy to interpret. However, it raises questions about employers’ level of commitment to apprenticeships and about government funded provision and its ability to lever change in what is a competitive market for training for adults already in work. One factor may be the tradition of instability in policy and practice which encourages employers to find alternatives to government funded provision. One third of employers used apprenticeships with existing staff rather than new recruits, and two thirds of apprentices were already employed when they started an apprenticeship programme. This raises questions about the positioning of apprenticeships which are highly germane to the issue of higher level programmes where most training is currently for adults in work.

More information about employer engagement and investment in skills and training can be found at the UK Commission Employer Skills Survey site including England only data: http://employersurveys.ukces.org.uk/default.aspx.

5.4 Government Support to Raise Employer Involvement

Government has funded a number of measures in recent years to encourage more employer involvement in VET in general. These measures represent multi-million pound investments and have required match funding by employers who have also therefore invested many millions. They have been designed as ‘strategic’ policy tools, intended to develop new programmes, qualifications and/or delivery structures with the intention that they will have wide-ranging effects, levering change far beyond the amounts of money actually invested. Nonetheless, it should be remarked that they have been tiny in comparison with the size of the training market, as indicated above. Two funds are still available at time of writing, the Growth and Innovation Fund (GIF) and the Employer Investment Fund (EIF). Also worthy of consideration are the National Skills Academies (NSAs), mentioned earlier, which were funded from 2006 to 2011.

Since 2010, however, there has been a shift in policy with the decision to make available a more substantial portion of government funding which employers will be able to invest directly in training, rather than going through providers or intermediary bodies such as SSCs. This is a key tool in the policy to stimulate employer “ownership” of the skill development system, rather than simple involvement or engagement. For example, the Employer Ownership of Skills Pilot is a competitive fund open to all employers that offers direct access to up to £340 million of public investment to develop and deliver their own workforce development solutions.

These interventions are discussed below, beginning with the oldest intervention, NSAs, which has the advantage of having been evaluated. There are plans in place to evaluate the other schemes.
National Skills Academies (NSAs) are employer-led organisations which bring employers together with specialist training organisations to develop the infrastructure needed to deliver specialist skills for key sectors and sub-sectors of the economy. There are currently 19 NSAs at various stages of development, the first having started in late 2006. NSAs have required 50:50 employer/government investment and are expected to be self-financing by their fourth year.

NSAs operate training programmes in partnership with colleges, schools and independent training providers. There is no set format that NSAs have to follow - their shape and focus are determined by what is right for the sector. For example, employers in one sector may opt for a permanent training centre in a fixed location, whereas other sectors may prefer training that is delivered in the workplace or online.

Most NSAs operate in one of the following ways:

- Within new, purpose-built or stand-alone centres.
- Using existing training centres - e.g. within existing colleges and training provider locations.
- Through existing training providers who can deliver courses endorsed by the National Skills Academy with learning materials developed in partnership.
- Within site-based training centres or work-based learning environments - for some industries, the nature of the work and the equipment or technology means this is often the most appropriate method of delivery.
- Through online courses - web-based learning in conjunction with face-to-face learning offers important flexibility for small businesses.

NSAs work with SSCs and other industry bodies to drive change and achieve the priorities identified by employers for their sector. They act as a first point of contact for employers to quality-assured training provision. Employers were expected to make a significant contribution to capital costs; in addition SSCs were expected to enter into a dialogue with employers to determine the level of investment that would be required for NSAs to sustain skills development within the sector. Evidence of substantial employer investment was one of the factors taken into account in considering whether to fund proposals for NSAs. Employers are also seen as contributing intellectually by transfer of first-hand business knowledge to training providers, along with driving curriculum developments. The first eight NSAs levered in £58 million of employer investment (BIS, 2010a).
NSAs are designed to facilitate the delivery of training to existing employees and new entrants, depending on the priorities of employers in their sector. While they will continue to promote established programmes, such as Apprenticeships and Advanced Apprenticeships, they may also be involved in the development of new provision to meet the needs identified by employers, if gaps exist. Their delivery arrangements are meant to be designed to fit the needs of employers within their sector and therefore vary significantly across the different NSAs.

**Box 1: Developing the Cream of British Dairy Technical Skills - the National Skills Academy for Food and Drink**

The National Skills Academy for Food and Drink, based in York, engaged all the major dairy companies over two years to develop an innovative industry-wide training solution for a new generation of dairy technologists to match the highest European standards. This has resulted in the development of a brand new three year Foundation Degree in Dairy Technology benchmarked against the best training in Europe, an industry contribution of £1 million to create a state of the art European Centre of Dairy Training Excellence at Reaseheath College in Cheshire (matched by £6 million of government funding) and a pipeline of skilled dairy Technologists for the future. Employers who participated in the solution highlighted the key role played by the National Skills Academy, especially in facilitating constructive discussion on the future of skills and training in the sector.


For more details see: [http://skillsfundingagency.bis.gov.uk/employers/growth-innovation-fund/national-skills-academies/](http://skillsfundingagency.bis.gov.uk/employers/growth-innovation-fund/national-skills-academies/)

The evaluation of NSAs found that (IES and Ipsos MORI, 2011):

- All the NSAs had strong employer representation on their national boards and there was evidence that having an employer-led board did have a positive impact on the strategy and operation of each NSA. In most cases employer representatives consisted of senior industry figures from large national employers. The lack of small and medium enterprise (SME) representation at NSA board level was identified as a potential issue by some stakeholders who were concerned that SME views might not be heard at that strategic level. Some NSAs had adopted a second tier of regional employer boards or advisory groups which could draw in more local representation, in particular from SMEs.

- A few NSAs incorporated learning providers on their boards and this was felt to have worked very well in terms of signaling a partnership approach and showing that the NSA was “industry-led” rather than just employer-led.
Engagement with large national employers took early precedence among NSAs for a range of reasons, including the need to build profile, meet challenging employer investment targets, and reach a large number of employees.

All of the NSAs covered could show that they were meeting employers’ needs to some extent, but this varied according to the development stage of the NSA and the size and nature of its target market among employers. The main examples included:

- Development of new courses or qualifications to fill gaps in provision and address skill needs, such as the development of new apprenticeship frameworks and Foundation Degrees in various NSA sectors.
- Delivering training in more flexible settings – including promoting the delivery of Higher Education (HE) in Further Education Colleges, through brokering partnership arrangements between universities and their members to deliver Foundation Degrees.

Box 2: An example of new courses and progression routes developed at intermediate and higher level skills (Level 3 and above) in the nuclear industry

The Certificate of Nuclear Professionalism to establish higher level progression routes. This will contain the nuclear industry specific professional skill requirements that can be added into the Chartership requirements of a range of professional bodies and institutions to make a recognisable industry-specific high-level qualification.

The Certificate links four HE providers delivering Foundation Degrees. Further linkages with providers delivering at a range of levels are planned. In practice many of the qualifications are often based on existing Foundation Degrees with the addition of a module providing nuclear-specific knowledge. In part this is designed to attract more candidates. Additionally, the use of existing qualifications made the development process quicker and cheaper.

Apprentices on the Community Apprenticeship Scheme are funded by the Nuclear Decommissioning Authority. They have already funded 75 and have found that this funding has been particularly important in engaging employers, especially SMEs down the supply chain. Despite funding coming to an end they still have funding for a further 40 and this means that with current funds they will be able to continue this scheme until 2014. They hope to get further funding for more apprenticeships.

Source: IES and Ipsos MORI (2011)

Providers were generally committed to the NSA ‘brand’ and supported NSA aims. From a provider perspective, the main benefits of involvement arose from:
The ‘kudos’ of being part of a branded National Skills Academy network. Some providers reported they felt this had helped them to win additional contracts because it was seen as a quality kitemark.

Wider networking opportunities that have brought the opportunities to form partnerships with other providers, refer on work to other network members (and receive it) and to work in new markets (for example, across different sectors).

Enhanced opportunities for staff development through attendance at NSA-delivered ‘train the trainer’ events and better insight into industry needs.

Additional business leading to new work. Although some providers were unhappy with the number of leads they had received from NSAs – in particular as their expectations tended to have been raised quite high at the start – the evaluation also found several examples of providers who reported that thousands of pounds worth of new business had come to them via NSA brokerage.

There was a wide variation between NSAs in the funding they had been able to lever in from employers and in some cases this had fallen short of expectations, mainly due to the pressures of the recession. NSAs had brought about new employer investment in skills predominantly in apprenticeships and Foundation Degrees where none existed previously. However this was mainly through co-financed rather than full-cost recovery provision, with funding coming from the Skills Funding Agency or other sources such as Regional Development Agencies and the European Social Fund.

In relation to sustainability, all of the Round 1 NSAs were continuing to operate after the end of their development funding, although some of them had faced challenges along the way. These included: the recession, which contributed towards lower than anticipated employer investment and lower than anticipated income from providers; and additional time and cost taken to develop and market the NSA offer. Some Round 1 NSAs emerged from their three-year development funding period with changed business models and operational structures.
GIF and EIF are somewhat complementary funds. Both are competitive and fund innovation and stimulate leadership, ambition and the development of a new momentum in the development of sustainable solutions to skills issues. Where they are different is that GIF requires innovation and is open to all organisations with strong employer leadership, e.g. professional bodies, Chambers of Commerce, trade associations, local economic partnerships, as well as SSCs. EIF, on the other hand, is open only to SSCs and can fund existing activities, albeit only if they are driving forward developments within sectors. A further difference is that EIF is UK wide and GIF is only open to employer led organisations in England. EIF is linked in to the transition of SSCs from being grant-funded by government for the ten years to March 2012 and their move to being in the same position as other employer-led organisations, having to bid for government funds (see section 6). Both GIF and EIF are overseen by UKCES and the Skills Funding Agency.

Growth and Innovation Fund

Though originally encompassing three funds, including NSAs and the Joint Investment Programme, GIF now consists of Best Market Solutions projects (i.e. projects to improve skills developed by businesses and sector bodies to meet their particular circumstances) (BIS, 2010a). GIF helps employers develop their own innovative skills solutions which have the potential to transform growth in their sector, region or supply chain. For example proposals can range from skills solutions for those entering the sector, increasing the uptake of apprenticeships, to leadership and management solutions to support future growth of the economy.

GIF will co-invest up to £34 million with employers in 2012-13, with comparable levels of investment planned for the following two years. £29 million remains available in 2012-13 for new projects with the balance sustaining existing GIF projects.

It has been calculated that by March 2014 the successful achievement of GIF supported projects are projected to deliver: over 10,000 Apprenticeship starts; 107,000 young people trained to improve their employability; the establishment of two Guilds, one in Hospitality and one in Logistics, and supporting a feasibility study into one for the Creative Industries; 14 investments aimed at introducing or improving professional standards across a range of industries. Specific activities include the rollout of Jaguar Land Rover’s unit-based Masters programme across advanced manufacturing, and professional registration for the fitness industry.
Box 3 below provides a case study of the type of project supported.

**Box 3: ‘Best Market Solutions’ in Automotive Retail**

In automotive retail, the poor standard of car servicing and repairs left it facing a ‘Super Complaint’ to the Office of Fair Trading (OFT). The motor industry knew that if it did not act, the government would step in and regulate. As well as introducing an Approved Consumer Code of Practice (Motor Industry Service and Repair Code), the industry developed accreditation for technicians in the automotive retail sector, covering a range of activities. Introduced in 2005, over 7,500 employers have got involved and the scheme has registered over 25,000 individuals to date. When surveyed two fifths of employers said the scheme had increased profitability, 69% felt that it had improved customer satisfaction and more than three-quarters of the accreditations reflected newly-acquired skills within the workforce.


For more details see: [http://www.ukces.org.uk/ourwork/investment/growthinnovationfund](http://www.ukces.org.uk/ourwork/investment/growthinnovationfund)

**Employer Investment Fund**

The Employer Investment Fund aims to:

- Stimulate leadership from the bottom up to significantly raise employer ambition.
- Drive innovation, change employer behaviours and develop new ways of working.
- Secure momentum from employers to support sustainable increases in skills levels and better use of skills across sectors.

Phase 1 was launched on the 8th March 2011 with a fund value of £5 million. 14 projects have been supported over one year. Phase 2 was launched on 30th June 2011. £61 million of investment has been announced in 63 employer-led projects with over £42 million of co-investment from employers and other sources, giving a total investment of over £103 million over the next two years.

For more details see: [http://www.ukces.org.uk/eif](http://www.ukces.org.uk/eif)
The Employer Ownership of Skills pilot, mentioned earlier, was developed from the UK Commission’s longer-term vision for greater employer ownership of the skills system in England (UKCES, 2011b). The Pilot is a competitive fund open to all employers in England and offers direct access of up to £340 million of public investment. The pilot offers employers greater flexibility to improve programme design and delivery and to include wider skills development activity to help get people into work, for example work experience placements. The central idea is that by giving employers greater flexibility and direct purchasing power they can secure the training activity their industry needs to grow, as opposed to activity offered by providers in response to government priorities. Proposals must be led by employers rather than intermediary organisations such as SSCs, NSAs or colleges/providers and show how training activity will lead to growth. Employers are encouraged to collaborate within a sector, supply chain or locality and to work with employees, trade unions, colleges and training providers. Notably, proposals will need to show why an activity cannot be done as successfully through existing funding routes/delivery channels. The pilot is jointly overseen by the UK Commission, the Department for Business, Innovation and Skills and the Department for Education.

Successful Round 1 bidders were announced in September 2012 and the second Round was launched in November 2012. Round 2 invites more ambitious bids from employers willing to work together to deliver skills solutions in their industry and locality, aligned to a broader industrial strategy43. In Round 2 the Employer Ownership Pilot funding is aligned with the Growth and Innovation Fund (GIF) to form a single application and decision making process. In doing so, it aims to make it easier for employers to bring forward integrated proposals to address skills needs.

It was expected that apprenticeships would be a central part of projects, particularly for 16-18 year olds where bids will need to show how direct public investment can help to deliver routes into sustainable careers more effectively than the current system. Bidders were encouraged to think creatively about new apprenticeship models that could enhance the existing programme. This could include developing new recruitment strategies or apprenticeship solutions that do not currently exist.

For more information see: http://www.ukces.org.uk/ourwork/employer-ownership

43 For more information, see Employer Ownership of Skills Round 2 prospectus: http://www.ukces.org.uk/ourwork/employer-ownership/prospectus
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