Options for higher education in Herefordshire, Powys and Shropshire

Report to HEFCE by SQW Ltd

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Executive summary and conclusions

1. The aim of the study was to undertake a comprehensive review of the actual and potential demand for higher education (HE) provision based in Herefordshire, Powys and Shropshire and to provide an appraisal of the options for meeting that demand.

The study area – Herefordshire, Powys and Shropshire

2. The study area has a low population living at very low population densities. Its overall participation rate in higher education is relatively high in comparison with statistical neighbours and the national average. On average the area is not disadvantaged with respect to HE participation.

3. There are pockets of low participation from which potential students cannot readily undertake HE courses. In addition, the opportunities *within the area* for a wide range of potential clients to make connections with higher education institutions (HEIs) are low. Aimhigher (England) strategies for the sub-region also acknowledge the small number of opportunities currently available. The limited opportunity to make connections with local HEIs creates constraints on the development of HEI links with local individuals and businesses, though our consultations and survey data do not indicate very high levels of expressed demand for such links.

4. In terms of absolute numbers there are insufficient potential students able to travel to an easily accessible central location, covering all three counties, to justify investment in a relatively conventional new institution covering the whole study area, nor does there appear to be a demand for such an institution from HE users. A new conventional institution would be unviable unless it diverted large numbers of students from existing institutions, and such diversion would be potentially very damaging to them.

5. There is a view, mainly from local authorities in the study area and economic development agencies, that demand from the local economy for the services of HE is not easily met under current arrangements and this could have a detrimental effect on the attraction of new employers to the area. Our interviews with businesses and business associations lends some support to this view. In addition, local authorities and similar bodies can see the economic benefits of investment in HE as a boost to the local economy.

6. A diversity of HE provision already exists in the study area, though it is not easily accessed by some users. A number of HE institutions have expressed a commitment to working in the area and see a collaborative mode of operation as a sensible solution.

7. In terms of practically delivering HE services, the study area does not appear to be coherent as a single market for higher education. Traditional national and local boundaries, travel patterns, the pattern of major population nodes and the distribution of HEIs produce a three-way split, each of which draws in one of the three counties along with neighbouring areas. There may be value, however, in co-ordination across the three counties to achieve economies of scale and scope in areas of common interest, such as research into the key features of rural areas and best practices in handling them. Such coordination might also provide an opportunity to brand options for the three counties in a consistent way, which would be helpful for generating demand and providing focus for users.

Potential demand for higher education

The current position

8. Participation in HE by young people in the sub-region is above the England and Wales averages. Shropshire and Powys have participation rates for young people above their 'very close statistical neighbours' (using Ofsted definitions of neighbours based on census data) and Herefordshire is at about the same level as its statistical neighbours. Participation by young people is also above almost all other areas with rural characteristics. The rates are in line with what would be expected on the basis of educational qualifications (Telford and Wrekin has a low participation rate, both in comparison with the study area and other counties).

9. Participation for older age groups is close to national averages and to 'very close neighbours' for all three counties. (Participation for older age groups in Telford and Wrekin is significantly below the figures for Herefordshire, Powys and Shropshire.) There are variations between age groups however. All three counties have higher participation than the national averages up to age 24. Herefordshire and Powys fall below the national average up to age 49 but converge thereafter. Shropshire is close to the England average for all age groups.

Potential demand from individuals

10. 92% of households are not currently engaged in higher education. When surveyed, 14% of these would be interested in studying at higher education levels locally, if provision exactly matched the subjects and methods of study they required. The main subjects in which interest was expressed were Computing, Engineering/Science, Business and Teaching. Only 10% of households who expressed an interest in higher education would be interested in full-time study. In general, the main attractions of local study were seen as reduced travel time, or the removal of any need to move home. Many respondents to the survey would only consider study within 10 miles of their residence. Households interested in HE had

limited formal qualifications. Many did not possess conventional entry qualifications for HE.

11. The 16-18 year old age group was surveyed separately from general households. Of those currently in full-time education, 15% did not intend entering HE within three years, 24% were undecided. The remaining 61% were considering entry into HE. Of those not intending to enter HE, 5% definitely would *consider* entering HE if local provision was available. 44% of the undecided group would also consider entry to HE in these circumstances.

12. Of 16-18 year olds not currently in education, 9% of them claim they would have stayed in post-16 education if local HE provision was available.

13. Distance is a key consideration for those young people whose decisions are influenced by local provision. Reduced travel time and the opportunity to live at home are the main attractions.

14. Career opportunities and financial considerations are the main factors for not considering HE.

Potential demand from the business sector

15. There are approximately 25,000 firms in the three counties (6,000 in Herefordshire, 5,000 in Powys, 14,000 in Shropshire). 85% have fewer than 10 employees (UK 83%) and employ 28% of the total workforce (UK 21%); these were not surveyed. Approximately 3,000 firms have more than 10 employees of which close to 10% were surveyed by telephone, roughly proportionate to county totals. A number of intensive face-to-face interviews were also carried out with the business sector.

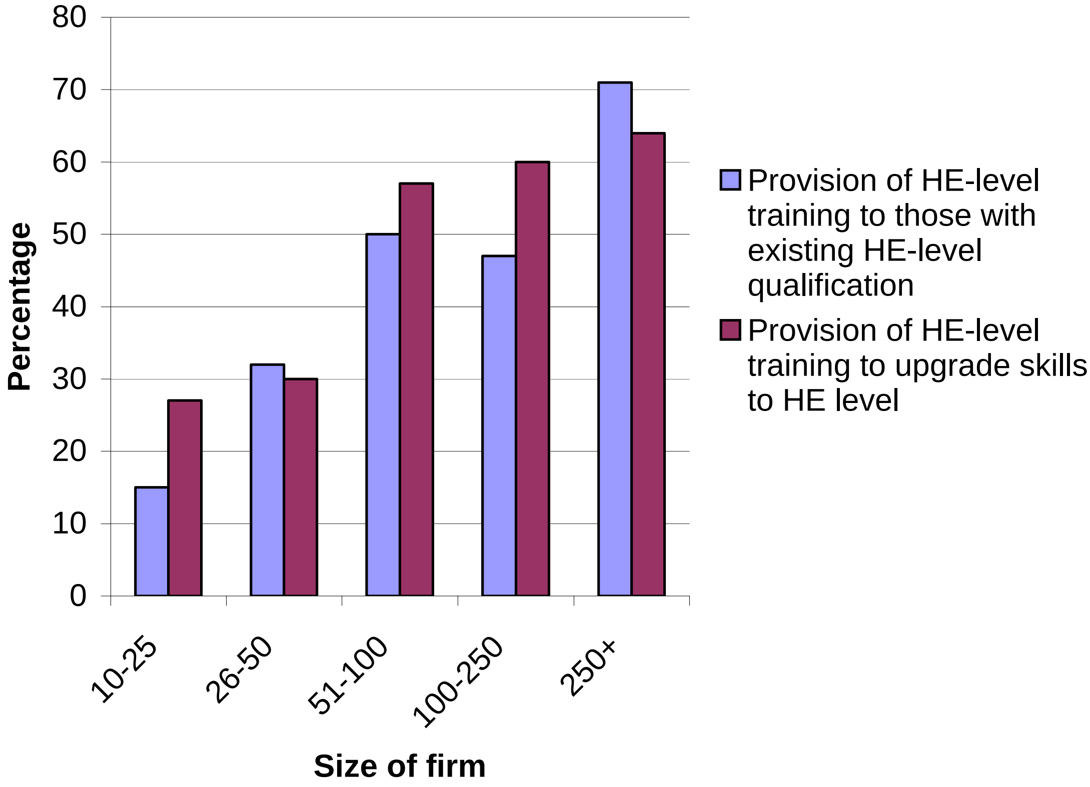
16. The demand for graduates from the business sector is not extensive. 82% of firms surveyed have fewer than 25% of staff with an undergraduate degree. The number of firms employing graduates is a proxy for demand for HE and in the study area very few firms have a high percentage of graduates.

17. However, 62% of firms surveyed have recruited employees with HE qualifications. This proportion varies with firm size: in firms with less than 25 employees 51% have recruited graduates; at other sizes around 75% of firms have recruited graduates. 47% of firms found it ‘very easy’ or ‘fairly easy’ to recruit but 48% found it ‘not very easy’ or ‘not at all easy’. There is, therefore, an issue about recruitment of graduates and, so far as it is possible to tell from the survey data and interviews, difficulty in recruiting appears to be connected to the specialist needs of the person sought. 68% of firms recruited graduates locally, that is within easy, daily travelling distance of their premises, and only 22% recruited from outside the region.

18. 72% of firms stated that local availability of training was important for recruitment. 70% of firms use course providers within 20 miles of their premises, 41% within 10 miles.

19. Most firms undertake or purchase significant amounts of HE-level training. Continuing Professional Development (CPD) and training is important for businesses: Figure 1 below shows the percentage of firms undertaking HE-level training, by size of firm.

Figure 1: HE-level training by size of firm



20. Evidence for unmet demand shows low numbers. Firms specified ways in which demand was unmet, including for example, 'Hard to find people to train staff other than ourselves', 'Difficulty in getting the right courses we need' and 'Need more training'. This implies a large element of the demand is met but in a less than ideal way. The data must be interpreted cautiously however. Our most cautious estimate is that around 160 firms across all three counties have training requirements which are not met. The most optimistic figure which can be devised from the data is that there is a maximum of 700 firms across the three counties which have demands that are not currently met. This is not a large number of firms, and their requirements are for courses which meet their specific needs within easy, daily travelling distance of their premises.

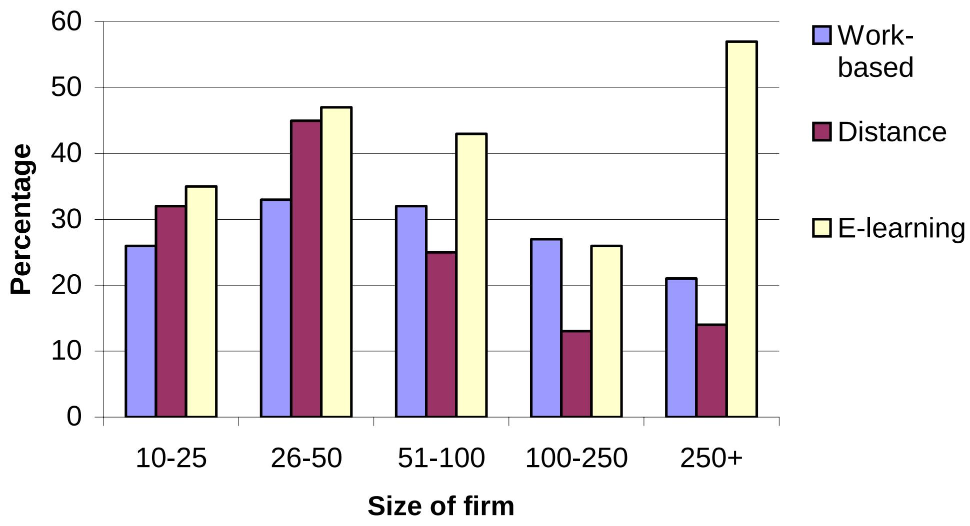
21. Table 1 below indicates the percentage of firms which would undertake more training or change the types of training they used if more training was available locally.

Table 1: Demand for more/changed types of training if local provision existed				
Number of staff	**Organisations would undertake MORE training if more training was available locally**		**Organisation would CHANGE the types of training if more training was available locally**	
	% firms	95% confidence	% firms	95% confidence
10-25	13	+/- 4%	14	+/- 4%
26-50	27	+/- 5%	15	+/- 4%
51-100	25	+/- 5%	4	+/- 2%
101-250	7	+/- 3%	13	+/- 4%
250+	0	+/- 0%	10	+/- 4%
Average	**16**	+/- 4%	**13**	+/- 4%

22. Approximately 500 firms would *increase* training if more local provision was available, but there is limited demand from large companies. Each organisation which may increase training, therefore, is likely to have small demands in absolute terms.

23. Organisations are interested in using different modes of study. Figure 2 shows the proportion of firms *not* using particular modes but who would consider using them in future.

Figure 2: Proportion of firms which would consider particular modes of study, by firm size

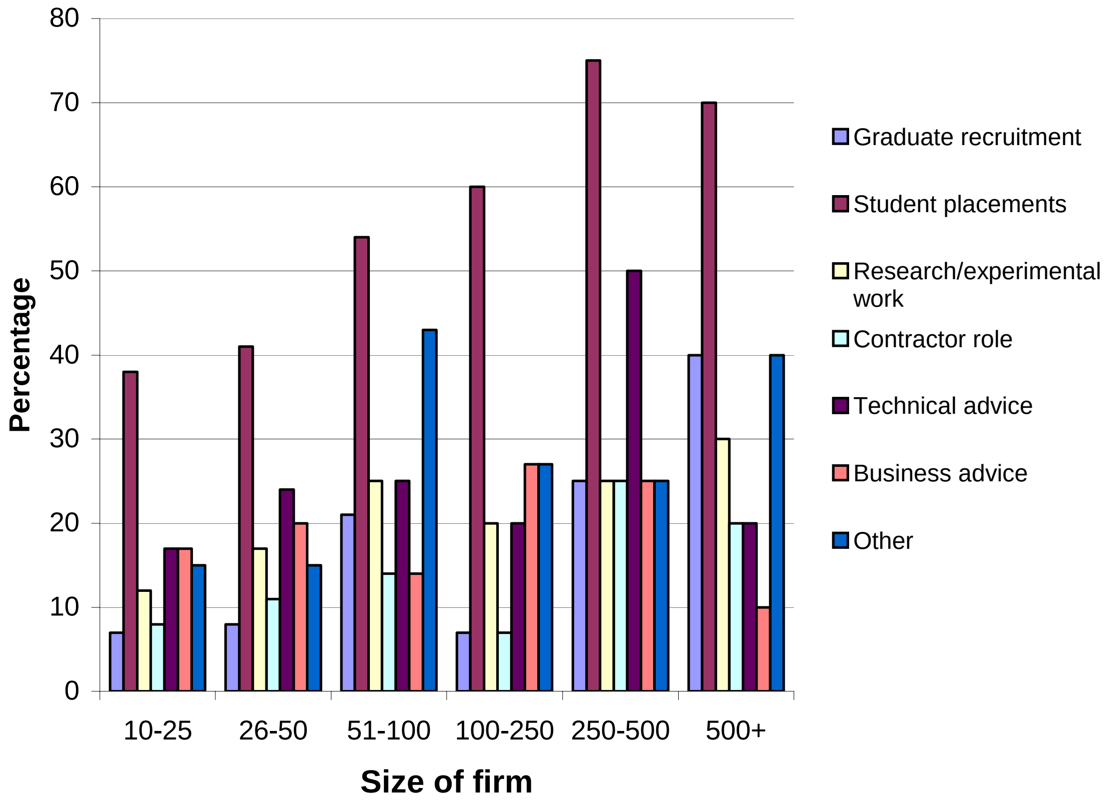


24. Businesses use a wide range of HE services, of which student placements are the most extensively undertaken. Figure 3 below shows the range of use. Student placements already occur in 43% of businesses in the three counties (60% of businesses with over 50 employees and 75% of those with 250-500 employees), and this is an area which is perceived to offer more opportunities for partnerships to be developed.

25. Overall, 17% of businesses in the survey stated that they 'would only deal with an institution which was based relatively close to us'. A further 17% 'would prefer to

deal with local institutions, but would consider dealing with one further afield if there was a good reason', whilst 21% of businesses 'would select an institution for other reasons – such as reputation or an existing relationship'. In terms of aggregate demand, this would suggest that around 518 businesses in the study area, who deal with HE institutions for reasons other than training, would only deal with a locally-based organisation. For a greater number (around 615 businesses), the proximity of HE institution is not a significant factor in forming a working relationship.

Figure 3: Use of HE services, by firm size



Options for HE in the three counties

26. There appears to be latent demand for part-time study and a clear preference for vocational courses. The evidence indicates that to satisfy latent demand such courses probably need to be more easily accessible locally than they are currently. Our interpretation of the evidence is that new provision in the study area is likely to be best provided through a small number of local learning centres connected through broadband to a high quality virtual learning environment (VLE). There may also be a case, in some remote areas, for mini-centres, with good electronic networks, linked to the learning centres and providers. In effect this is a hub and spoke system. The hub is likely to include a small administrative support unit linked to an HEI, or to different partnerships or consortia of HEIs, overseeing the work of perhaps two other

learning centres in each county. There is no assumption that all counties should operate in the same way.

27. The rationale for such a pattern of centres is that higher education for this market should not be remote from the population it serves. Remoteness in this context refers to both geographical and social factors. We envisage there will be two or three learning centres in each county, at most, and perhaps a small number of mini-centres as required.

28. In terms of subject area, vocational courses are preferred by the potential market. They connect with the primary potential market: people in work, people looking for courses connected with employment or for career advancement or those wishing to move back in to the labour market. Such courses also align with the wider provision of other HE services.

Proposed networks

29. Our analysis of local travel patterns and consideration of traditional boundaries and existing HE activities shows that the three counties at the core of the study each form a coherent area for HE provision. The neighbouring local authority areas, certainly for the English counties, also require direct consideration. Each area could sensibly be served by different groups of collaborating HEIs in three local networks which might be managed in a number of ways:

- Herefordshire, with Worcestershire and North Gloucestershire (and perhaps some parts of South Shropshire)
- Powys
- Shropshire, with Telford and Wrekin.

30. We set out below two possible structures for the networks. The first is a managed network for each area. This option gives co-ordination responsibility to a single HEI (or a very small number of HEIs). The second is a looser collaborative network in which co-ordination would be carried out by a Steering Group of the different HEIs involved. Each of these network types can be organised and managed in different ways, and governance rules can accommodate a range of options. Each of the counties may best be served by a different model.

A managed network in each area

31. This model creates a formal framework in which institutions can collaborate. It assumes a lead institution will take responsibility for co-ordination, including a one-stop shop for advice within the local area. Our assumption is that course presentation and accreditation would remain the responsibility of the specific

provider. For the user, however, there would be a clear focal point in an easily accessible location.

32. This model requires a clear specification of roles and formal responsibilities. It could be used to establish new organisational forms, e.g. 'The University(ies) *for* Herefordshire/Powys/Shropshire' as a collaborative venture between a small number of HEIs with a substantial commitment to providing HE in the relevant county. Other HEIs could deliver particular aspects of provision through service level agreements.

33. It would require the following inputs:

- additional student numbers
- some capital expenditure to provide learning centre(s) and the incorporation of a suitable VLE
- funding to the lead institution for administration and management
- in the short term, a mechanism to achieve appropriate levels of co-operation and co-ordination
- clearly specified governance arrangements.

34. It will deliver:

- real presence with a defined strategy and direct local connection for all HE needs
- a step-change in visibility
- potentially increased aspirations for HE from users/clients.

A looser collaborative network for each area

35. A looser collaborative network is likely to require the same inputs as the managed model. Its primary difference is clearly the structure for managing and organising the outputs. Such a network is likely to operate through a Steering Group and to devolve day-to-day management.

36. If such an arrangement works well, it is barely discernible from a more formally managed model. As a structure, it carries much higher risks, however. There is a risk that strategy is difficult to agree and that the network loses direction. New opportunities or new directions might be missed because no single institution feels that it owns the network or has a genuine presence in the area. At worst, such arrangements can become a source of inertia and take up a lot of time.

37. As with the managed model, it should deliver increased aspirations for higher education from local people and businesses but other outputs are less certain. There

are a number of HE partnerships and networks already in existence and some models of good practice which can be drawn upon.

A co-ordinating mechanism for the whole area

38. A co-ordinating mechanism, and possibly brand, for the whole of the study area could be beneficial. Whilst each county is largely separate as a market for HE services in practical terms, all face similar issues relating to their largely rural nature and the similarity of their socio-economic features. The rural nature of the area could form an organising principle for a co-ordinating mechanism. Part of the remit of the co-ordinating body could be to identify issues for rural research to study across the three counties, including work on the nature of rurality. At a more practical level, there may be scope for co-ordinating such things as knowledge transfer partnerships using the three counties as a base and linking in to the most suitable HEI in the study area. The West Midlands Knowledge Exchange, CONTACT, already carries out some of these activities.[1]

39. There is no HEI which is obviously well placed to take an overall lead. It would be possible to develop criteria and to set up a tendering process if there were seen to be a major benefit in such a role. The role could also be achieved by setting up a small co-ordinating group between the three proposed sets of local arrangements.

Possible partnerships

40. We have set out below suggestions for collaborative partners in each area. The partners listed are those with a primary and sustained interest in the area. They have all declared a wish to be involved.

41. **Herefordshire, with Worcestershire and North Gloucestershire (with perhaps some parts of South Shropshire)**. Herefordshire has a small population and very low population density. It is also relatively remote in terms of transport links. The characteristics of the area make it very difficult to retain young people in the area and, in many respects, it does not make sense to aim for that. Rather, the needs of those who do remain should be served and a good base for those who return should be established, as well as for new residents who see other reasons for living and working in Herefordshire.

42. University College Worcester (UCW) is a key HEI for this area. UCW has put in considerable effort to serve the area and to understand the area's needs. It is becoming increasingly highly regarded in Herefordshire and is a natural partner in terms of geographical proximity. We envisage a major role for the University of Gloucestershire, which has a substantial presence in the area, through, for example,

[1] 'CONTACT' is the knowledge exchange service for businesses to access the expertise of the West Midlands 12 higher education institutions. Based at the University of Central England Perry Barr campus, CONTACT seeks to identify the right resources for businesses' particular needs and to provide the support required to help them achieve their business objectives (www.contactke.co.uk).

the Marches Consortium and traditional connections with Hereford and Worcester. As we understand it the Gloucestershire presence in Herefordshire complements that of UCW. UCW has a strategic alliance with the University of Birmingham and we believe this could beneficially form part of the collaborative arrangements.

43. This option might require capital expenditure in Hereford and learning centres in other parts of the county. The Folly Lane site in Hereford, currently occupied by the Herefordshire College of Art and Design, Herefordshire College of Technology and Hereford Sixth Form College is a logical place to establish the primary centre in collaboration with, and probably run by, the further education (FE) colleges. The Learning and Skills Council (LSC) is currently carrying out a strategic review of FE provision in Hereford. That review may have significant implications for HE provision and it is important that relevant HE organisations are involved in discussions.

44. **Powys**. FE and HE providers in Powys are vulnerable in the sense that student numbers are just sufficient to maintain the current levels of provision effectively. Big shifts in student numbers could damage the ability of institutions to provide 'base-load' services (student support services). A new institution in England, which draws students from Welsh institutions, could be damaging to HE in Wales. The damage could affect a wider range of provision than the courses in question. If student numbers fell, services currently provided to all students might become unviable.

45. The University of Glamorgan is the biggest provider of HE to students from Powys. The University of Wales, Aberystwyth is also a significant provider. It attracts a high proportion of students from the area and sees widening access as a part of its mission. North East Wales Institute of Higher Education (NEWI) in the north and Cardiff and University of Wales, Newport in the south also have interests in the area.

46. The evidence leads us to the conclusion that the existing providers can handle the needs of Powys effectively though they would ideally wish for additional student numbers and might need some refocusing of activities.

47. **Shropshire, with Telford and Wrekin**. Significant providers in this part of the study area are the University of Wolverhampton, Staffordshire University and Harper Adams University College. Keele University has an increasing interest in the area through its new medical school. From 2007 it will have students placed at the Royal Shrewsbury Hospital, and expects to place students in the hospitals in Telford and Oswestry. Shropshire has increasing strategic significance for Keele. The University of Liverpool has also indicated a willingness to support HE in Shropshire.

48. The University of Wolverhampton has a high-quality campus at Telford which has excess capacity. The University is currently reviewing the best ways for it to maximise the use of this campus and is focusing on CPD and third stream work. The campus has excellent transport links by road and rail. Telford and Wrekin has the lowest participation rate for HE of any local authority in the wider study area.

49. There are good arguments for a local learning centre in Shrewsbury as a primary focus for new provision in the area, and possibly for two or three further centres elsewhere in Shropshire perhaps managed from Shrewsbury. Shrewsbury has a number of wards which have low participation rates for young people and, as the centre of a rural travel to work area, it is a more suitable location for work-based and evening courses than many other parts of the county.

50. On the basis of *new* student numbers, there is insufficient demand to establish a conventional new facility in Shrewsbury. If numbers were displaced from other HEIs it is feasible that, with sufficient investment and an appropriate curriculum and other services, a successful institution could be established in the town. Very large investment would be required and a long gestation period. The implications for other institutions would be severe. Current student demand implies that provision of this kind in Shrewsbury would damage the Universities of Staffordshire and Wolverhampton. It would probably have negative implications for Keele and some negative consequences for the University of Birmingham. There would be significant negative implications for NEWI and some effects at University of Wales, Aberystwyth.

51. An important starting point for HE provision in Shropshire should be a re-assessment of the role of the University of Wolverhampton's Telford campus. It may be a sensible location from which to co-ordinate provision in Shropshire. It is certainly a suitable location for intensive residential courses, subject to capacity being available and such activities aligning with the ability of the University of Wolverhampton to work in partnership to respond to the sub-region's needs.

52. Staffordshire and Keele Universities would be likely to play a significant role, alongside Wolverhampton. Birmingham and Liverpool Universities have both been involved in discussions and might add further support from strongly research-intensive universities. The key local institutions for HE in Shropshire are therefore:

- Wolverhampton, contributing support at Telford plus extensive experience of working with a diverse range of students and a well-established virtual learning environment
- Keele, through its increasing medical provision, with Staffordshire's SURF (Staffordshire University Regional Federation) network, or some development of it, a core element
- Harper Adams University College is the lead institution in the national rural Knowledge Exchange and home to the Rural Innovation Unit. It has a key role to play as the leading HEI nationally on rural matters.

53. **The Open University** (OU) is the biggest provider of full-time equivalent (FTE) students to the study area as a whole. It has recently re-assessed its strategic aims and has recognised that it has the potential to play a greater role in local options than hitherto. The OU does not see itself as a primary partner but has the skills and

expertise to provide substantial support in a range of areas. Close connections with the OU could also provide a basis for some consistency within the brand.

54. HEIs and local representatives from each of the three counties discussed the proposals set out here at a workshop in Telford in December 2004. The broad proposals were accepted and each county group began to consider ways forward. Different suggestions were made for each county.

1 Introduction

1.1 SQW Ltd. was commissioned by the Higher Education Funding Council for England (HEFCE) in May 2004 to carry out an options appraisal for higher education in Herefordshire, Powys and Shropshire. HEFCE was acting on behalf of the six funders of the project, which, in addition to HEFCE, are the Higher Education Funding Council for Wales (HEFCW), Advantage West Midlands (AWM), the Government Office for the West Midlands (GOWM), the Learning and Skills Council (LSC) and the Shropshire and Staffordshire Strategic Health Authority (SSSHA).

1.2 The aim of the study was to undertake a comprehensive review of the actual and potential demand for higher education (HE) provision based in Herefordshire, Powys and Shropshire and to provide an appraisal of the options for meeting that demand. HE was defined in this context as covering a broad range of educational and training provision at undergraduate and postgraduate level, including all modes of delivery, research activities, industrial linkages, and economic and business development activities. Consideration was required of the most appropriate solutions for the area. The interests of existing institutions involved in the regional HE market place had to be taken into account plus note of the special problems of rural areas.

1.3 SQW has carried out consultations with all the higher education institutions (HEIs) which operate in the three counties and with further education colleges (FECs) which provide HE courses. We have also consulted the local authorities, a number of employers, business organisations, the strategic health authority and economic development agencies. The purpose of these consultations was to understand the HE agenda for the three counties and the way in which it might develop.

1.4 We have taken into account a number of recent reports and papers which have been prepared on HE in the three counties and various economic strategy documents. We have looked extensively at higher education and socio-economic statistics and have carried out comparisons of the three counties with other geographical areas which have similar characteristics. The literature has helped us to understand the socio-economic and educational issues which the three counties face.

1.5 We have undertaken four surveys:

- a postal survey of students aged 16-18 in full-time education in schools or colleges in the three counties

- a telephone survey of young people aged 16-18 who live in the three counties but are not in full-time education

- a telephone survey of the general population of the three counties

- a telephone survey of businesses with over 10 employees which operate in the three counties.

1.6 The surveys asked questions about the HE intentions of respondents, the subject areas and forms of study which may be preferred, the demand for services other than teaching, the reasons for preferring one institution over another and other similar questions. Each survey probed particularly on the differences a local institution would make to HE demand and why.

1.7 Extensive discussions took place within the Steering Group for the project (drawn from the six funding bodies) and a workshop was held, in Telford on 15th December 2004, to discuss the emerging findings with senior staff from institutions providing higher education in the three counties plus local authority and regional development representatives.

1.8 The workshop was valuable as a means of checking findings with those working on the ground and, importantly, as a first step in thinking through the implementation of the options which have grown out of the earlier research with those institutions and individuals that are best placed to deliver them.

1.9 It is important in this study area to be aware that FE, and post-16 education more broadly, is an important stepping-stone to HE. Aimhigher in England is also relevant to any new options. FE is available through FE colleges and specialised agricultural colleges plus programmes such as DEFRA's vocational training scheme (VTS), which aims to improve skills in businesses in the agricultural sector[2].

1.10 Chapter 2 now sets out options for the area in more detail and provides the main conclusions of the report. Subsequent chapters give the evidence and arguments on which Chapter 2 is based. The socio-economic characteristics of the study area are considered in Chapter 3. Demand from young people and the general population is analysed in Chapter 4, and business demand in Chapter 5. Further data and analysis are set out in the annexes to the report. Annex 1 considers socio-economic data in more detail, Annex 2 sets out data used in the study, Annex 3 lists organisations and individuals interviewed and Annex 4 contains a number of maps which illustrate levels of participation in HE in the study area. The full survey results are submitted as Annex 5.

[2] The VTS funds 'vocational training activities that contribute to an improvement in the occupational skill and competence of farmers and other persons involved in forestry and farming activities and their conversion (i.e. diversification into non farming or forestry activities, or a change from one type of agricultural activity to another' (www.defra.gov.uk).

2 Options for higher education in the three counties

The context for this chapter

2.1 The content of this chapter was used as a basis for discussion of options at the workshop held with HEIs and local representatives on 15th December 2004 in Telford. The discussion at the workshop confirmed that the options set out here were the most likely to achieve the changes necessary for HE provision in the study area. As a result of those discussions a number of steps were taken to move the options on.

2.2 The options were derived from wide ranging discussion with HEIs, local authorities and regional development representatives, as well as the surveys, interviews and documentary and statistical evidence which have been reported on in subsequent chapters. The paper presented to the workshop distilled the evidence and, after extensive discussion in the Steering Group, focused on a relatively narrow range of options.

2.3 This chapter sets out the options as they were presented to delegates at the workshop, including summary introductory information which is covered more extensively in subsequent chapters but is valuable to reproduce here for context.

Introduction

2.4 The study area has a low population living at very low population densities. Its overall participation rate in higher education is relatively high in comparison with statistical neighbours and the national average. On average the area is not disadvantaged with respect to HE participation.

2.5 There are pockets of low participation from which potential students cannot readily undertake HE courses. In addition, the opportunities *within the area* for a wide range of potential clients to make connections with HEIs are few. Aimhigher (England) strategies for the sub-region also acknowledge the small number of opportunities currently available. The limited opportunity to make connections with local HEIs creates constraints on the development of HEI links with local individuals and businesses, though our consultations and survey data do not indicate very high levels of expressed demand for such links.

2.6 In terms of absolute numbers there are insufficient potential students able to travel to an easily accessible central location, covering all three counties, to justify investment in a relatively conventional new institution covering the whole study area, nor does there appear to be a demand for such an institution from HE users. A new conventional institution would be unviable unless it diverted large numbers of students from existing institutions, and such diversion would be potentially very damaging to them.

2.7 There is a view, mainly from local authorities in the study area and economic development agencies, that demand from the local economy for the services of HE is not easily met under current arrangements and this could have a detrimental effect on the attraction of new employers to the area. Our interviews with businesses and business associations lends some support to this view. In addition, local authorities and similar bodies can see the economic benefits of investment in HE as a boost to the local economy.

2.8 A diversity of HE provision already exists in the study area, including a substantial amount of provision via further education colleges, though it is not easily accessed by some users. A number of HE institutions have expressed a commitment to working in the area and see a collaborative mode of operation as a sensible solution.

2.9 In terms of practically delivering HE services, the study area does not appear to be coherent as a single market for higher education. Traditional national and local boundaries, travel patterns, the pattern of major population nodes and the distribution of HEIs produce a three-way split, each of which draws in one of the three counties along with neighbouring areas. There may be value, however, in co-ordination across the three areas to achieve economies of scale and scope in areas of common interest, such as research into the key features of rural areas and best practices in handling them. Such coordination might also provide an opportunity to brand options for the three counties in a consistent way, which would be helpful for generating demand and providing focus for users.

Options

2.10 The Steering Group has considered a range of supply-side options from ‘do nothing’ to the creation of a completely new institution. The options were assessed using a number of criteria:

1. Need: this criterion attempts to assess the extent to which the economic and social needs of the study area are met by the option. It includes an assessment of the profile and status the option could provide, the economic benefits as a service provider to a wide range of local clients, the economic multiplier which might be generated and the provision of a clear focus for supply of HE locally

2. Product: this criterion relates to the potential curriculum and services available, taking into account the location(s) of study and the learning mode(s) potentially on offer

3. Costs: an estimate of the orders of magnitude of the costs of the option

4. Complexity: this criterion relates primarily to the complexity of making the option work, the governance structures required and the ease with which responsibility for the supply of services can be established

5. Diversion: this criterion is an assessment of the displacement which might take place as a result of the option. It relates to the extent to which students and other HE clients would be drawn from other institutions and the potential damage this might cause to those other institutions.

2.11 The Steering Group concluded that the most appropriate option is a collaborative network for each of the three counties. The networks can take a number of different forms and will need to take into account a wider geography than simply the counties themselves. As noted above an overall co-ordinating mechanism may be valuable.

2.12 We set out below two possible structures for the networks. The first is a managed network for each area. This option gives co-ordination responsibility to a single HEI (or a very small number of HEIs, probably no more than three). The second is a looser collaborative network in which co-ordination would be carried out by a Steering Group of the different HEIs involved. Each of these network types can be organised and managed in different ways, and governance rules can accommodate a range of options. Each of the counties may best be served by a different model. There is no assumption that all counties should operate in the same way. Overall co-ordination, if needed, can also take place with different forms of network in different places.

2.13 There appears to be latent demand for part-time study and a clear preference for vocational courses. The evidence indicates that to satisfy latent demand such courses probably need to be more easily accessible locally than they are currently. We have looked at provision elsewhere in the country which attempts to satisfy similar demands and have revisited earlier work we have carried out in other parts of the UK. We have also discussed with HEIs the different ways in which local provision is currently supplied in the study area, or by them in other areas they serve. Our interpretation of these different sources of evidence is that new provision in the study area is likely to be best provided through a small number of local learning centres, one of which may be a primary site, connected through broadband to a high quality virtual learning environment (VLE). There may also be a case, in some remote areas, for mini-centres, with good electronic networks, linked to the learning centres and providers. In effect this is a hub and spoke system. The hub is likely to include a small administrative support unit linked to an HEI, or to different partnerships or consortia of HEIs, overseeing the work of perhaps two other learning centres in each county. Where mini-centres are required they are likely to be well equipped rooms in existing local buildings, which could be schools, FE colleges or other local centres. It may be helpful to base such centres in commercial buildings, where that is an option, in order to make any offer more attractive to the CPD market.

2.14 The rationale for such a pattern of centres is that higher education for this market should not be remote from the population it serves. Remoteness in this context refers to both geographical and social factors. It will be necessary to assess more fully where additional local learning centres, if required, might be situated. There are a number of obvious places to start but more detailed work is required to look at possibilities on the ground and to tie in with, for example, Aimhigher (England) proposals. We envisage there will be two or three learning centres in each county, at most, and perhaps a small number of mini-centres as required.

2.15 In terms of subject area, vocational courses are preferred by the potential market. They connect with the primary potential market: people in work, people looking for courses connected with employment or for career advancement or those wishing to move back in to the labour market. Such courses also align with the wider provision of other HE services.

2.16 An area of particular note is Nursing. We mention it here because of its popularity with students but need to acknowledge the complexity of building HE provision around it and its very different nature from other provision which might be considered. It has different demand characteristics from most kinds of courses which might be delivered via local centres to mature students. Nursing is a particularly popular option with young students, and heads the list of options studied in all the counties in England and Wales we have considered in this project and others. The supply of places on Nursing courses is managed through workforce development strategies which match the needs of local healthcare provision against potential learning opportunities. It is managed by Strategic Health Authorities and is a complex activity. There may be an element of supply creating its own demand for Nursing courses: where courses exist there appear to be students to fill them. In that respect Herefordshire and Powys may have latent demand (evidenced by the proportion of FTEs studying Nursing in these counties in comparison with similar local authority areas). The Strategic Health Authorities are therefore important players and, though clinical teaching will need specialist facilities, some sharing of library and conventional teaching space on hospital sites might be possible.

Proposed networks

2.17 Our analysis of local travel patterns and consideration of traditional boundaries and existing HE activities shows that the three counties at the core of the study each form a coherent area for HE provision. A summary assessment of local network options is provided in Table 2.1 below. The neighbouring local authority areas, certainly for the English counties, also require direct consideration. Each area could sensibly be served by different groups of collaborating HEIs in three local networks which might be managed in a number of ways:

- Herefordshire, with Worcestershire and North Gloucestershire (and perhaps parts of South Shropshire)
- Powys
- Shropshire, with Telford and Wrekin.

Table 2.1: Brief assessment of the local network option	
Need	Potentially all ‘viable’ educational and other HE needs could be met. The status of the provision would be determined by the quality of the partners. It may be relatively low-key in comparison with a new institution for the area, though this could be enhanced through emphasising its strategic fit to local needs, that it is a model of good practice building on the strengths of the partners. The economic multiplier from the institutional arrangements themselves would be low.
Product	All courses and methods which are appropriate and viable for the areas could be developed in principle.
Cost	Variable costs are likely to be greater than those for ‘conventional’ provision, as a result of greater co-ordination costs. There is likely to be a need for some set-up costs involving electronic facilities and possibly some building costs. The use of existing facilities in some locations may have a beneficial impact on the total cost of the network(s).
Complexity	Complexity depends on the form of the relationship between partners. More formal relationships would ultimately be simpler. Looser arrangements might be culturally compatible but achieving rapid progress is likely to be less easy and management is likely to be less direct. Partners would retain independence.
Diversion	There is likely to be some shifting of students between partners but net diversion is likely to be low.

A managed network in each area

2.18 This model creates a formal framework in which institutions can collaborate, and should enable them to build on individual institutional strengths. The model assumes a lead institution will take responsibility for co-ordination, including a one-stop shop for advice within the local area. Our assumption is that course presentation and accreditation would remain the responsibility of the specific provider. For the user, however, there would be a clear focal point in an easily accessible location.

2.19 This model requires a clear specification of roles and formal responsibilities. It could be used to establish new organisational forms, e.g. ‘The University(ies) *for* Herefordshire/Powys/Shropshire’ as a collaborative venture between a small number of HEIs with a substantial commitment to providing HE in the relevant county. (This is not the same thing as a new university which would need to fulfil current rules regarding student numbers and curriculum range.) Other universities could deliver particular aspects of provision through service level agreements.

2.20 It would require the following inputs:

- additional student numbers
- some capital expenditure to provide learning centre(s) and the incorporation of a suitable VLE
- funding to the lead institution for administration and management
- in the short term, a mechanism to achieve appropriate levels of co-operation and co-ordination
- clearly specified governance arrangements.

2.21 It will deliver:

- real presence with a defined strategy and direct local connection for all HE needs
- a step-change in visibility
- potentially increased aspirations for HE from users/clients.

A looser collaborative network for each area

2.22 A looser collaborative network is likely to require the same inputs as the managed model. Its primary difference is clearly the structure for managing and organising the outputs. Such a network is likely to operate through a Steering Group and to devolve day-to-day management.

2.23 If such an arrangement works well, it is barely discernible from a more formally managed model. The Steering Group guides policy and strategy and the manager carries it out. As a structure, it carries much higher risks, however. There is a risk that strategy is difficult to agree and that the network loses direction. New opportunities or new directions might be missed because no single institution feels that it owns the network or has a genuine presence in the area. At worst, such arrangements can become a source of inertia and take up a lot of time.

2.24 As with the managed model, it should deliver increased aspirations for higher education from local people and businesses but other outputs are less certain. The increased presence and step-change in visibility which a managed model can provide will happen in this model only if the partners can agree clear strategies and probably devolve responsibility for each strategy to one member of the partnership (though not necessarily the same partner for each strategy).

2.25 A looser network may well be the preferred option notwithstanding these risks, particularly where a number of HEIs each play a major role. In such circumstances, we recommend that clear rules of governance are established quickly. There are a number of HE partnerships and networks already in existence and some models of good practice which can be drawn upon.

A co-ordinating mechanism for the whole area

2.26 A co-ordinating mechanism, and possibly brand, for the whole of the study area could be beneficial. Whilst each county is largely separate as a market for HE services in practical terms, all face similar issues relating to their largely rural nature and the similarity of their socio-economic features. The data we have collected on the business community, for example, shows similar issues in each county. Small firms tend to call upon the services of HE less than large firms, which is true of the UK as a whole. The study area is different from some other apparently similar areas however. For example, rural East Anglia has many similarities to the study area but has a much higher proportion of high technology firms which are more connected to HE, though not necessarily to local HEIs. The reasons for such differences can be relatively easily explained but, in the context of this study, serve to emphasise the similarities of the counties in the study area and the benefit which might be derived, therefore, from an overall brand and some co-ordination of provision.

2.27 The rural nature of the area could form an organising principle for a co-ordinating mechanism. Proposals put forward by a number of HEIs which serve the study area have already helpfully developed this point[3]. Whilst rural areas have many of the same needs as urban areas the rural context brings different dimensions, e.g. the scale of business in a rural area results in a requirement for any given firm or individual to know about a greater number of specialist areas than is typically the case in more densely populated areas. Part of the remit of the co-ordinating body could be to generate problems for rural research to study across the three counties, including work on the nature of rurality. At a more practical level, there may be scope for co-ordinating such things as knowledge transfer partnerships using the three counties as a base and linking in to the most suitable HEI in the study area. The West Midlands Knowledge Exchange, 'CONTACT', carries out some of these activities.[4]

2.28 There is no university which is obviously very well placed to take an overall lead. It would be possible to develop criteria and to set up a tendering process if there were seen to be a major benefit in such a role. The role could also be achieved by setting up a small co-ordinating group between the three proposed sets of local arrangements.

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[3] See for example 'The University for the Marches: Concept Paper' 5th September 2003, University of Gloucestershire, Harper Adams University College, Keele University. The work of the Marches Consortium, the wider work of the Robert Owen Society and the Bulmer Foundation also address rural issues directly at a local scale.

[4] www.contactke.co.uk

Possible partnerships

2.29 We have set out below suggestions for collaborative partners in each area. The partners listed seem to us to be those with a primary and sustained interest in the area. They have all declared a wish to be involved. There may be other potential partners but their strategic connection to the area appears to be less than for those listed. The Open University potentially has an opportunity to play a role in supporting each geographical area in curriculum and logistical terms. It is the largest supplier of courses (measured by student FTEs) across the three counties though ranked lower than this for any individual county. We set out suggestions on possible OU involvement at the end of this section. Each of the partnerships will need to work closely with local further education colleges, both in their role as providers of further education courses which will feed into HE and as providers of HE in their own right.

2.30 **Herefordshire, with Worcestershire and North Gloucestershire (with perhaps some parts of South Shropshire)**. Herefordshire has a small population and very low population density. It is also relatively remote in terms of transport links. Its characteristics make it very difficult to retain young people in the area and, in many respects, it does not make sense to aim for that. Young people have made it clear, by their choices of HEI over many years and in response to our research, that they are content to study outside the area. It is probable that in many cases studying elsewhere is positively beneficial. Rather, the needs of those who do remain should be served and a good base for those who return should be established, as well as for new residents who see other reasons for living and working in Herefordshire.

2.31 University College Worcester (UCW) is a key HEI for this area. UCW has put in considerable effort to serve the area and to understand the area's needs. It is becoming increasingly highly regarded in Herefordshire and is a natural partner in terms of geographical proximity. We envisage a major role for the University of Gloucestershire, which has a substantial presence in the area, through, for example, the Marches Consortium and traditional connections with Hereford and Worcester. As we understand it the University of Gloucestershire presence in Herefordshire complements that of UCW. UCW has a strategic alliance with the University of Birmingham and we believe this could beneficially form part of the collaborative arrangements.

2.32 This option might require capital expenditure in Hereford and learning centres in other parts of the county. The Folly Lane site in Hereford, currently occupied by the Herefordshire College of Art and Design, Herefordshire College of Technology and Hereford Sixth Form College, is a logical place to establish the primary centre in collaboration with, and probably run by, the FE colleges. The LSC is currently carrying out a strategic review of FE provision in Hereford. That review may have significant implications for HE provision and it is important that relevant HE organisations are involved in discussions.

2.33 **Powys**. FE and HE providers in Powys are vulnerable in the sense that student numbers are just sufficient to maintain the current levels of provision effectively. Big shifts in student numbers could damage the ability of institutions to provide 'base-load' services. A new institution in England, which draws students from Welsh institutions, could be damaging to HE in Wales. The damage could affect a wider range of provision than the courses in question. If student numbers fell, services currently provided to all students might become unviable.

2.34 The University of Glamorgan in the south is the biggest provider of HE to students from Powys. The University of Wales, Aberystwyth is also a significant provider to students from the county. It attracts a high proportion of students from the area and sees widening access as a part of its mission. Its curriculum is now broad and appealing to a wide range of students. NEWI in the north and Cardiff and Newport in the south also have interests in the area. NEWI, and to a lesser extent Aberystwyth, are also significant providers for Shropshire students and are therefore doubly vulnerable to new institutional arrangements.

2.35 The advice we have been given by such institutions, and others, leads us to the conclusion that the existing providers can handle the needs of Powys effectively, though they would ideally wish for additional student numbers and might need some refocusing of activities. As in Herefordshire and Shropshire, Nursing and other subjects allied to medicine could probably be more prominent in Powys and the health authorities should be involved in discussions about curriculum.

2.36 **Shropshire, with Telford and Wrekin**. Significant providers in this part of the study area are the University of Wolverhampton, Staffordshire University and Harper Adams University College. Keele University has an increasing interest in the area through its new medical school. From 2007 it will have students placed at the Royal Shrewsbury Hospital, and expects to place students in the hospitals in Telford and Oswestry. Shropshire has increasing strategic significance for Keele. The University of Liverpool has also indicated a willingness to support HE in Shropshire.

2.37 The University of Wolverhampton has a high-quality campus at Telford which has excess capacity. The University is currently reviewing the best ways for it to maximise the use of this campus and is focusing on CPD and third stream work. The campus has excellent transport links by road and rail. Telford and Wrekin has the lowest participation rate for HE of any local authority in the wider study area.

2.38 There is strong local pressure to develop facilities in Shrewsbury (it is 13 miles away by road from Telford but only around 20 minutes drive. The train journey is less than 20 minutes and there are two trains per hour in each direction). Notwithstanding the pre-eminence of Shrewsbury as a major local centre, historically and socially, it is hard to argue for major, extensive investment in new buildings in the town when there are excellent and relatively underused facilities close by. There are good arguments for a local learning centre in Shrewsbury as a primary focus for new provision in the area, and possibly for two or three further centres elsewhere in Shropshire perhaps managed from Shrewsbury. Shrewsbury has a number of wards which have low participation rates for young people and, as the centre of a rural travel to work area, it is a more suitable location for work-based and evening courses than many other parts of the county.

2.39 On the basis of *new* student numbers, there is insufficient demand to establish a conventional new facility in Shrewsbury. If numbers were displaced from other HEIs it is feasible that, with sufficient investment and an appropriate curriculum and other services, a successful institution could be established in the town. Very large investment would be required and a long gestation period. The implications for other institutions would be severe. Current student demand implies that provision of this kind in Shrewsbury would damage the Universities of Staffordshire and Wolverhampton. It would probably have negative implications for Keele and some negative consequences for the University of Birmingham. There would be significant negative implications for NEWI and some effects at University of Wales, Aberystwyth.

2.40 The starting point for HE provision in Shropshire should be a re-assessment of the role of the University of Wolverhampton's Telford campus. It may be a sensible location from which to co-ordinate provision in Shropshire. It is certainly a suitable location for intensive residential courses, subject to capacity being available and such activities aligning with the ability of the University of Wolverhampton to work in partnership to respond to the sub-region's needs.

2.41 Arguments posed against the Telford campus relate to the limited social facilities for students in the town and a preference, from some respondents, for the area as a whole to be served by a research-intensive university. However, it is important, also, to recognise the needs of Telford itself, even though Telford falls outside the study area. HE provision for Shropshire and Telford cannot sensibly be considered in isolation from each other. A re-assessment of the Telford campus needs to take into account a number of issues:

- the students who are likely to require support from this project will not usually be looking for a conventional residential university. Their links to a main campus are likely to be through intensive week-long or week-end courses, for example, associated with local tutorials and distance learning materials. The facilities at the Telford campus meet these needs

- social facilities for students engaged in intensive residential courses are more appropriately found on the campus, rather than the local town, as in many relatively 'remote' campuses such as Keele and many of the universities first established in the 1960s

- within the wider study area, Telford has much the lowest participation rates of younger age groups of any local authority

- the University of Wolverhampton Telford campus could be re-launched with a focus for Shropshire HE which provides flexible access to learners. CPD and technology transfer activities could build on the experience of the existing Wolverhampton-Telford Technology Corridor and collaborative arrangements with other West Midlands universities.

2.42 Staffordshire and Keele Universities would be likely to play a significant role, alongside Wolverhampton. Birmingham and Liverpool Universities have both been involved in discussions and might add further support from strongly research-intensive universities. The Telford campus' re-launch should emphasise the positive credentials of the universities involved. The key local institutions for HE *in* Shropshire are therefore: Wolverhampton, contributing support at Telford plus extensive experience of working with a diverse range of students and a well-established virtual learning environment; and Keele, through its increasing medical provision, with Staffordshire's SURF (Staffordshire University Regional Federation) network, or some development of it, a core element. Harper Adams University College is the lead institution in the national rural Knowledge Exchange and home to the Rural Innovation Unit. It has a key role to play as the leading HEI nationally on rural matters. NEWI will remain a key provider, particularly in north west Shropshire.

2.43 **The Open University** is the biggest provider of FTE students to the study area as a whole. It has recently re-assessed its strategic aims and has recognised that it has the potential to play a greater role in local options than hitherto. The OU does not see itself as a primary partner, as we understand it, but has the skills and expertise to provide substantial support in a range of areas. Close connections with the OU could also provide a basis for some consistency within the brand.

2.44 For example, OU courses potentially provide an opportunity for a fuller curriculum of locally accessible materials than those provided by the partners in each of the areas. OU courses, in say, introductory science, could provide a basic input into locally focused applied science options for those learners who needed their basic science refreshing or had gaps in their knowledge. It is possible that no local institution would have the capacity to run such courses themselves but could use OU materials successfully. The OU's experience as a provider of distributed learning and expertise in serving the local communities involved in this project could be built upon. In administrative and organisational terms OU experience could be helpful, e.g it has a well-developed system of local study support and an internationally respected credit transfer system.

2.45 The OU wishes to be seen as a resource for the UK's HE community to work with partners rather than alongside them. It is clear that the OU cannot produce course materials specifically for projects of this kind. The investment required, and the complexity of course provision implied, is incompatible with the scale of OU operations. In principle however, it can offer existing materials and resources in ways which meet the needs of partners, to the partners' timescales and procedures. A connection to the OU could help to stitch together the range of options available in each of the areas. There will be some consistency in provision and basic framework.

2.46 For the OU, the project provides the opportunity for it to license courses, gain revenue from other services and act as an institution through which students who move in and out of the area can remain in contact with higher education.

2.47 HEIs, further education colleges providing HE and local representatives from each of the three counties discussed the proposals set out in this chapter at the workshop in Telford in December 2004. The broad proposals were accepted and each county group began to consider ways forward. Different suggestions were made for each county.

3 Understanding the economy in Herefordshire, Powys and Shropshire

Introduction

3.1 This chapter gives a synopsis of socio-economic data relating to the study area and examines the potential implications of the data. Further detail and analysis is available in Annex 1, 'Economic and social data for the three counties'.

Synopsis

Summary features

- the study area of Herefordshire, Powys and Shropshire is predominantly rural, with a total population of just over half a million. It is characterised by low population densities – equivalent to less than a seventh of the West Midlands average

- the population itself is growing in Herefordshire and Shropshire, significantly faster than the regional average, and is characterised by an ageing population with an under-representation of young people

- on average, across Herefordshire and Shropshire there are low levels of multiple deprivation, although levels of 'access deprivation' are notably high, particularly in South Shropshire

- the number of people in the highest socio-economic groups are lower than the national average across the study area.

Economic activity

- the study area has a working population of over 250,000 (equivalent to 10% of West Midlands' working population); employment figures are rising across the study area

- the area is characterised by above average economic activity amongst those of working age, compared with the national average and most comparable areas. The working population works longer average hours per week than the national average. The study area also shows low unemployment rates, and the proportion who have never worked and long-term unemployed are both below the national average

- however, there is a relatively high incidence of employment in nationally declining sectors, and an under-representation of services compared to the national level. Reflecting their rural nature, the agricultural workforce across the three counties is significantly higher than the national and West Midlands averages. But these figures underestimate the impact of agriculture on employment as they do not take into consideration the supply chain and allied industries. In Powys, up to 20% of all employment is directly or indirectly dependent on agriculture[5]

- the three counties have significantly higher than average levels of self-employment and ‘small employers’, most notably in Powys, with almost a quarter of the workforce being self-employed

- Herefordshire and Shropshire have seen a growth in numbers of registered businesses, with Powys showing a small decline. However, the overall ‘churn’ (rate of change in numbers) is lower than the national averages for Wales and Great Britain as a whole

- the study area provides relatively low average wages, particularly in Powys and Herefordshire.

Educational attainment

- the data on workforce qualifications offers a mixed message across the study area. As a whole the area has a reasonably well-qualified workforce: Shropshire is above the national average for people with the highest levels of qualification, but both Herefordshire and Powys are below the national average

- the proportion of the population in full-time education across the study area is lower than comparable areas elsewhere in the UK and between 66% and 70% of the relevant national averages.

Interpretation of the economic and social data

Access issues

3.2 The study area of Herefordshire, Powys and Shropshire is predominantly rural, with low population densities of less than one person per hectare across all three counties. These figures are notably low even in comparison with statistically similar rural areas such as Somerset and the East Riding of Yorkshire, and the neighbouring county of Worcestershire. (The comparator counties have been chosen because they are ‘statistical neighbours’ of the three counties in the study area. The concept of a statistical neighbour has been developed by Ofsted, and a fuller explanation of it is given in the next chapter.)

3.3 One clear implication of the low densities is that 44% of the wards in Herefordshire and Shropshire have been ranked amongst the 10% most deprived wards nationally in terms of

[5] Economic Development Statement, 2001-2, Powys Council.

geographical access to services. This issue is particularly acute in South Shropshire. Whilst Welsh counties are not ranked, Powys is likely to have similar levels of access deprivation.

3.4 One problem therefore, in relation to HE in the study area, is the capability of potential students to travel to a central place of study. Whilst the proportion of households without a car is relatively low, there is still a major issue related to accessibility. Transport links are important in determining whether study at a central location is a viable proposition for residents of a large proportion of the study area and consequently whether potential student numbers will reach a sufficient threshold for course provision. Transport links present less of a problem if the provision is online or virtual and if a number of sub-regional centres are set up.

Resident population issues

3.5 The age-structure of the population is skewed towards the older ages, and is consistent with a trend of migration amongst young people from rural to urban areas, with a simultaneous net in-migration of older age people and retirees, attracted by the high quality environmental assets and quality of life provided in the study area.

3.6 This relatively low cohort of younger people may reflect the lack of HE opportunities within the study area, and we examine this in greater detail in our demand studies. In particular, a relatively low proportion of the population is aged between 16 and 24, the traditional age bracket for further and higher education. Herefordshire and Powys have a lower proportion than Shropshire on this measure.

3.7 The workforce across the study area as a whole has a lower proportion of people with no qualifications than the national average. However, the proportions of those with a higher education qualification are similar to (although just below) the national average, and the proportion of the population aged 17-74 in full-time education is lower than the statistical neighbours and only about two-thirds of the national average. This indicates that there could be potential to increase the level of participation in HE amongst people in the study area.

3.8 Socio-economic data show that the study area – and in particular Powys and Herefordshire – has a relatively low proportion of the population in ‘higher-level’ occupations, potentially indicating a lower demand for HE-level qualifications.

A healthy economy: workforce-related issues

3.9 The economy of the study area as a whole is generally fairly healthy. The number of VAT registrations is a useful indicator of the level of entrepreneurship and the overall health of the business population[6], and both Herefordshire and Shropshire demonstrated a growth in

[6] This data only does not cover a few VAT-exempt sectors, and the smallest one-person businesses operating below the VAT registration threshold (£55,000 annual turnover in 2002).

numbers of registered businesses over the last available data period, although Powys showed a slight decline. The overall ‘churn’ of business in the area is lower than the averages for Wales and Great Britain as a whole.

3.10 The study area has a working population of over a quarter of a million (predominantly in Shropshire). The workforce is relatively well-qualified, particularly in Shropshire. Employment across the area has increased over recent years and there are relatively high economic activity rates and low unemployment.

3.11 Comparing similar statistics based on all people aged 16+ (i.e. including those aged over 59/64 as well as the ‘working age population’), the economic activity rates in the study area are all within 1% of the national and West Midlands region averages. Given the relatively older population structures however, this indicates that economic activity amongst older people is likely to be higher than average, as the age characteristics of the study area would be expected to produce a lower than average overall economic activity[7]. The inference for HE provision might be that provision should be targeted (to a greater degree than is normally the case) towards an older ‘student’ population.

3.12 Given the low levels of unemployment and relatively high economic activity rates, the emphasis for HE is less likely to be critically focused at a sub-regional level on raising employment levels as a goal, and more likely to focus on improving other measures such as productivity (Gross Value Added (GVA) per employee), developing skills in national growth sectors, and retaining a greater proportion of the young population. This is particularly relevant given the relatively low wages across the study area.

3.13 The data shows that people in the study area on average work longer hours than both the West Midlands and national average. A question arises therefore relating to perceptions about the time individuals may have available for education and developing their skills base. In relation to this study a relatively high rate of self-employment, coupled with longer than average hours worked, could mean a lower than average capacity (and hence demand) for study in general, including work-related Continuing Professional Development (CPD).

[7] In particular the agricultural sector demonstrates a relatively higher older age profile than other sectors (Edaw plc, ‘Herefordshire Economic Development Strategy Stage 1’ (Draft – March 2004)).

4 Student demand

Introduction

4.1 This chapter presents an analysis of the demand for HE from residents of the study area. It is based on two sorts of data:

- secondary sources on participation in HE, mainly through attendance at institutions outside the study area

- surveys of residents in the study area carried by TNS as part of the current study.

4.2 Each is reported separately below. More detailed information is presented in Annex 2.

Current participation in HE

4.3 There are two principal data sets for analysis of current participation rates:

- *HESA (*Higher Education Statistics Agency) data. This provides information on full-time equivalents (FTEs) entrants to HEIs directly funded by the funding councils. It is a rich data set with information on age, subject and place of study as well as domicile

- *POLAR* (**P**articipation **O**f **L**ocal **AR**eas) data, which shows participation rates for young people aged 18 or 19 at the start of the HE academic year. The POLAR data is the most robust and useful source of information on traditional, young, entrants to HE since the population from which entrants to HE is drawn is consistently, and meaningfully, measured across different areas.

4.4 The HESA data described above does not include those following HE courses at FE colleges. We have therefore also obtained data on HE students in FE colleges funded directly by HEFCE and students following HE courses funded by the LSCs. This data is analysed separately below.

4.5 Most analyses are presented separately for Herefordshire, Powys and Shropshire. We have also presented data on Telford and Wrekin and Worcestershire. The rationale is that these areas are so close to the study area that enhanced provision within the study area is likely to impact on them. As such, it is important to consider indicators of the current adequacy of provision in order to assess whether enhanced provision within the study area could divert demand from these neighbouring areas.

4.6 Finally, for most data sets we have made comparisons with a wide range of predominantly rural areas. Two of these, Somerset and East Riding, were included because they are defined by OFSTED as statistically ‘very close neighbours’, in terms of social, demographic and economic indicators, to the study area. As well as being statistically very close neighbours, the areas chosen cover a range of higher education provision. For example, Somerset is similar to Herefordshire, Shropshire and Powys in that until recently (due to boundary changes) it had no higher education institution (HEI) in the county. The East Riding of Yorkshire has one HEI (University of Hull) which abuts its boundary but is in a neighbouring local authority.

Young people participation rates: POLAR data

4.7 Table 4.1 shows POLAR young participation rates for the study area, the comparator areas and other randomly selected rural counties in England plus the West Midlands. The key points are:

- participation rates in the study area are significantly above the England and Wales averages
- Shropshire and Powys are also above the ‘very close neighbours’, and Herefordshire at about the same level
- participation rates are also above almost all the other areas with rural characteristics, the exception being Monmouthshire and Buckinghamshire which, we suspect, reflect special social characteristics
- Telford and Wrekin has a low participation rate, both in comparison with the study area and other counties. The Worcestershire participation rate is high compared with the rest of England, but lower than both Shropshire and Powys despite having an HEI within the area.

4.8 It may be the case that the high participation rates reflect above-average qualifications of 18 year olds in the study area. In order to test this we have compared GCSE and level 3 attainments with participation rates. Figure 4.1 shows the best fit line between participation and GCSE attainment. All three counties in the study area are close to the line of best fit, with Shropshire showing a slightly higher participation rate than might be expected on the basis of GCSEs alone. Figure 4.2 shows level 3 attainment and POLAR participation rates[8]. The picture is very similar to GCSEs; both counties are close to the best fit line, with Shropshire having higher participation rates than level 3 qualifications might suggest.

[8] Attainment levels for Welsh students are reported on a different scale and have not therefore been included.

Table 4.1: POLAR participation rates	
Geographical area	**POLAR participation rate (%)**
Shropshire	*36*
Herefordshire	*32*
Powys	*36*
Telford & Wrekin	*23*
Worcestershire	*32*
East Riding of Yorkshire	32
Somerset	31
Cambridgeshire	33
Norfolk	25
Suffolk	28
Lincolnshire	28
Cornwall	30
Cumbria	27
Derbyshire	27
Leicestershire	34
Northumberland	32
Buckinghamshire	42
Monmouthshire	46
West Midlands	28
England	**29**
Wales	**29**

Figure 4.1: POLAR participation rates and GCSE attainment[9]

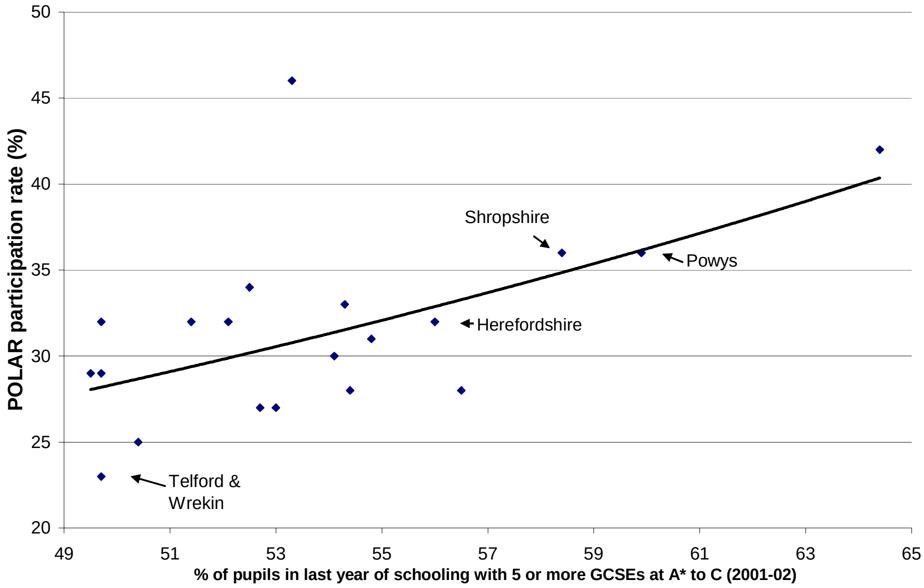
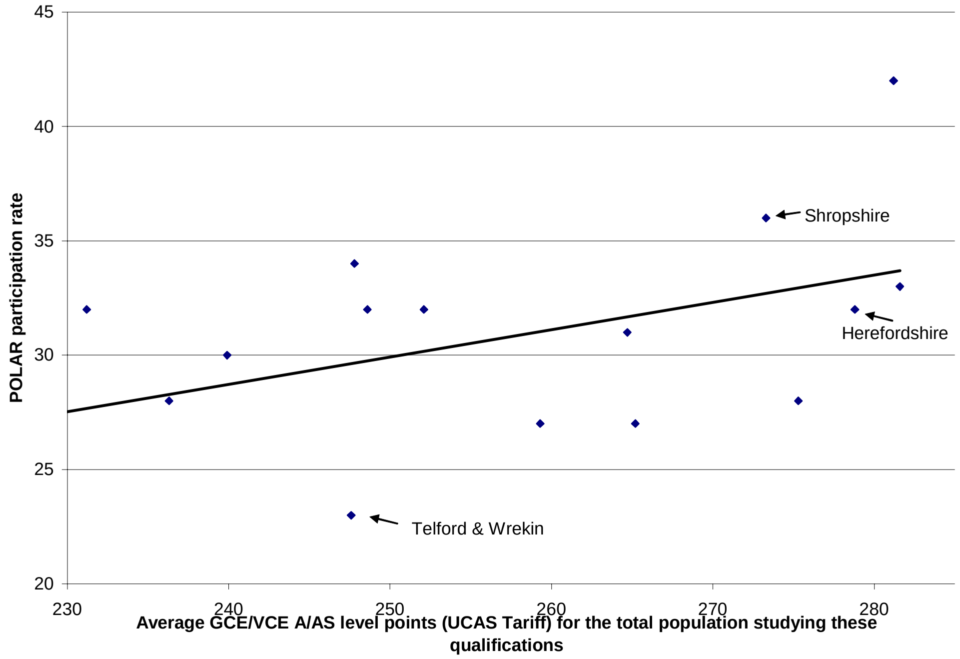


Figure 4.2: POLAR participation rates and level 3 attainment[10]



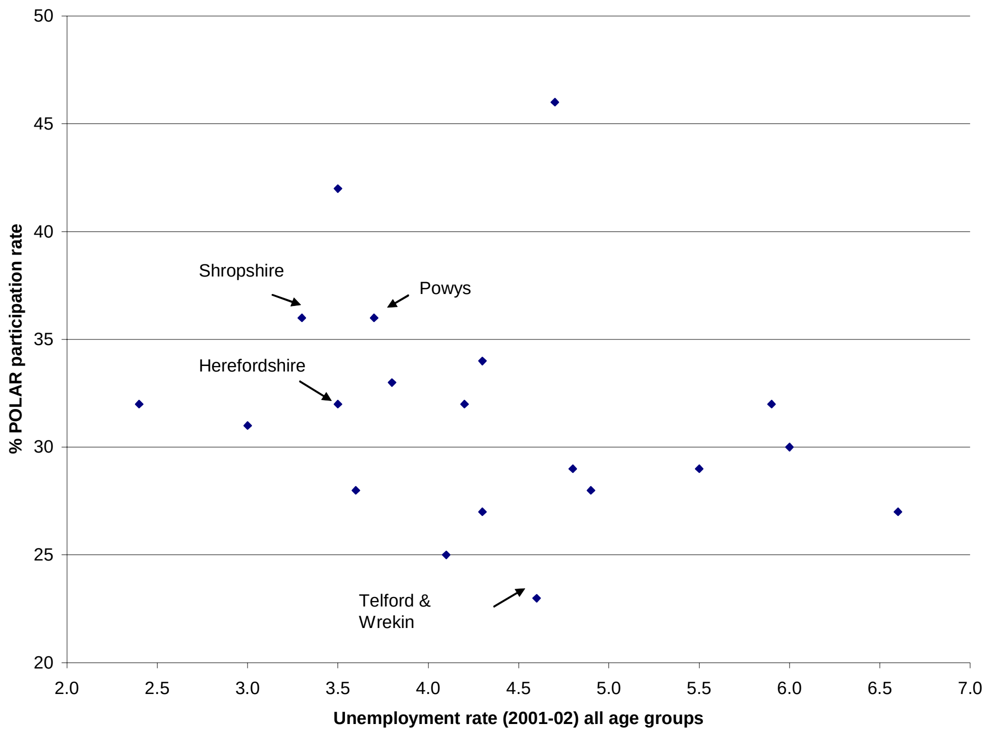
4.9 Another factor which might influence participation rates is employment opportunities. The data we have is relatively limited and the relationship between employment opportunities and

[9] The POLAR participation rates relate to students who had their final year of compulsory secondary education in 1994-1995, 1995-96 and 1996-97 and then went on to enter higher education three or four years later aged 18 or 19. For more information see www.hefce.ac.uk/widen/polar/guide. In order to provide separate information for the counties of Herefordshire and Worcestershire we have not used GCSE or post 16 educational data, which corresponds directly to the equivalent POLAR period, as at that time these two counties were a single LEA.

[10] The data is an approximation and relates to the average points score by students achieving GCE/VCE A/AS and key skills at level 3 qualifications. Due to differences in reporting of results, it was not possible to include similar data for Wales.

HE study is a complex one. There are likely to be a number of factors acting in different directions. Accepting these caveats, we sought to test the relationship by comparing participation rates with unemployment rates, and the results are presented in Figure 4.3. In practice there appears to be little systematic association between labour market demand and participation rates, at least for the relatively crude measure we have used and for these specific areas. However, Figure 4.3 does not indicate that the study area has abnormally high, nor low, unemployment rates in comparison with other areas with similar participation rates. That is to say, there is no evidence to suggest that low demand for labour is stimulating entry into HE.

Figure 4.3: POLAR participation rates and unemployment



Older participation rates: HESA data

4.10 Working out participation rates for older age groups is not straightforward[11]. They are difficult to measure reliably, particularly at local level. However, the issue of older participation is an interesting one and we have made an attempt at understanding the position of the three counties in the study area using the limited data available. Table 4.2 shows *full-time equivalent* (FTE) student numbers per head of population as a percentage for all ages over a three year period. These have been calculated using 2001 census data by dividing FTEs by population. The data does not, therefore, represent the actual proportions of the population in HE. It should at most be viewed as a rough indication of the relative position of

[11] HEFCE 2005/**03,** *Young participation in higher education*, Annex A and Annex D sets out the difficulties in using participation rates for young people. The issues are more significant for older learners.

counties. For almost all areas, this crude measure of participation rates is very stable over the period. The key finding from Table 4.2 is that participation rates in the study area are much closer to national averages and the comparator areas. Shropshire and Powys still do relatively well, although only marginally better than many other areas, but Herefordshire is below the main comparators and, indeed, the England average. Powys is also below the Wales average.

Table 4.2: FTEs per head of population (all ages) %

	2000-01	2001-02	2002-03
Shropshire	*2.3*	*2.3*	*2.3*
Herefordshire	*2.0*	*2.0*	*2.0*
Powys	*2.2*	*2.3*	*2.2*
Telford & Wrekin	*1.7*	*1.8*	*1.8*
Worcestershire	*2.1*	*2.2*	*2.2*
East Riding of Yorkshire	2.4	2.3	2.3
Somerset	1.9	1.9	2.0
Cambridgeshire	2.2	2.3	2.3
Norfolk	1.7	1.7	1.7
Suffolk	1.6	1.6	1.6
Lincolnshire	1.8	1.9	2.0
Cornwall	2.0	2.1	2.1
Cumbria	1.9	2.1	2.1
Derbyshire	1.9	1.9	1.9
Leicestershire	2.1	2.2	2.2
Northumberland	2.2	2.2	2.2
Buckinghamshire	2.6	2.8	2.8
Monmouthshire	3.3	3.1	5.9
England	**2.1**	**2.2**	**2.2**
Wales	**2.3**	**2.4**	**2.4**

4.11 Given the findings of the POLAR analysis this almost certainly reflects differences between age groups in relative participation rates, and this is confirmed by Table 4.3. The study area participation rates (especially Powys) for 20 and under are significantly higher than the England and Wales averages and compare well with Somerset and East Riding. Participation rates for the 21-24 year old age groups are also relatively high, but for the 25 and older group they are below the national averages.

Table 4.3: Participation rates by age group (% 2002-03)				
	20 & under	**21-24**	**25 & over**	**All ages**
Shropshire	*23.3*	*14.9*	*0.9*	*2.3*
Herefordshire	*24.9*	*16.0*	*0.7*	*2.0*
Powys	*28.2*	*16.1*	*0.9*	*2.3*
Telford & Wrekin	*17.4*	*8.4*	*0.9*	*1.9*
Worcestershire	*23.0*	*13.3*	*0.9*	*2.2*
East Riding of Yorkshire	29.1	14.8	1.1	2.3
Somerset	25.6	14.0	0.8	2.0
England	**19.8**	**11.5**	**1.1**	**2.2**
Wales	**20.6**	**12.4**	**1.2**	**2.4**

4.12 Table 4.4 shows a detailed breakdown of age participation rates. This indicates that Shropshire is close to the England average for all age groups but that Herefordshire and Powys are below the national averages for all age groups up to 49; participation rates converge thereafter. The relatively low participation rates in the study area for groups over 24 do not, therefore, reflect an above average retirement population. The numbers are, however, small. If participation rates for all age groups 25 and above mirrored the national averages this would imply, approximately, 1,900 FTEs from Shropshire, 1,100 from Herefordshire and 950 from Powys.

Table 4.4: Participation by detailed age groups					
	Shropshire	Herefordshire	Powys	England	Wales
20 and under	23.3	24.9	28.2	19.8	20.6
21-24	14.9	16.0	16.1	11.5	12.4
25-29	2.8	2.3	2.6	2.8	3.5
30-34	1.8	1.5	1.8	1.9	2.4
35-39	1.7	1.2	1.6	1.7	2.1
40-44	1.4	1.1	1.7	1.4	1.7
45-49	1.0	0.8	1.2	1.0	1.2
50-54	0.6	0.5	0.6	0.5	0.6
55-59	0.3	0.3	0.4	0.3	0.4
60-64	0.2	0.2	0.3	0.2	0.2
65 and over	0.1	0.1	0.1	0.1	0.1

Higher education courses in further education colleges

4.13 The HESA statistics only cover students in HEIs and students in further education colleges (FECs) taking HE courses franchised by an HEI. Table 4.5 shows the numbers of people taking HE courses in FECs that are funded by the Learning and Skills Councils and directly by HEFCE for FECs in the study and comparator areas. On the assumption that those studying HE courses in FECs come from the same county as the one in which the FEC is based, Table 4.5 shows revised participation rates. The participation rates for Herefordshire and Worcestershire have increased by nearly 20%. By contrast the participation rate for Shropshire only increases by 3%. Note, the data are for 2001-02 but the trends in total participation rates as determined using HESA data are the same as for 2002-03. Inclusion of students in FECs suggests that participation rates in the study area are very close to the national averages and the two comparator areas. In particular, Herefordshire, which showed a relatively low participation rate on the HESA data calculations, moves in line with Powys and Shropshire.

Table 4.5: Revised participation rates to include HE in FE

Geographical area	No. FTEs in HEIs (HESA 2001/02)	No. FTEs studying HE courses in FECs (LSC 2001/02)			Participation rates LSC and HESA 2001/02	
		LSC funded[12]	HEFCE direct funded	Total	Based on HESA data	Revised to include HE in FECs
Shropshire	6,594	153	13	166	2.3	2.4
Herefordshire	3,571	349	339	688	2.0	2.4
Powys	2,852	-	-	26	2.3	2.3
Telford and Wrekin	2,863	139	71	210	1.8	1.9
Worcestershire	11,644	763	891	1,654	2.2	2.5
East Riding of Yorkshire	7,316	194	153	347	2.3	2.4
Somerset	9,559	952	669	1,621	1.9	2.2
England	1,063,535	74,598	46,480	121,078	2.2	2.4
Wales	68,623	-	-	2,116	2.4	2.4

Courses of study

4.14 The most popular courses are remarkably similar within the study area and also to comparator areas. Nursing, Business Studies, Computer Science and Academic studies in education consistently appear in the top five subjects studied. These subjects account for roughly one fifth of all full time student courses in Shropshire, East Riding and Somerset and for one quarter in Worcestershire and Telford & Wrekin. In Herefordshire and Powys these four subjects account for 16% of all full time student numbers. For Shropshire, Herefordshire, Powys, East Riding of Yorkshire and Somerset, however, only one subject, Nursing, is

[12] 'Non-prescribed' HE is a term used to describe higher level vocational qualifications at level 4 and above in FE. It is funded by the LSC while 'prescribed' HE is funded by HEFCE. Of the 600 qualifications taken as 'non-prescribed' HE in FE, 30% are NVQs and many of the rest are professional bodies qualifications. Definition and statistics taken from the research report '*Non-prescribed higher education: where does it fit?*', Janet Clark, Learning and Skills Development Agency (LSDA), 2002.

noticeably more popular than others with the proportion of students studying the other subject areas being reasonably evenly distributed. For all local authorities, with the exception of East Riding of Yorkshire, the next most popular subject is Design Studies with subjects such as Psychology also being popular. All of these subjects have strong vocational links.

4.15 Table 4.3 showed a reduction in post-24 participation rates in the study area. There is a possibility that fewer post-24 year olds enter HE because the range of subjects available locally is limited. It is difficult to address this question directly, but we have analysed subject choice for the 25 and over age group. Overall there are strong similarities between the study area and national averages, and the correlation coefficients for all subjects are above 0.9. Nursing is consistently the most popular subject in all areas. Education related activities are relatively more important for residents of the study area and Business studies (slightly) less important. However, the general conclusion is that residents of the study, aged 25 and above, who enter HE pursue broadly similar subject areas as their counterparts elsewhere.

Conclusions

4.16 The main conclusion we draw from the analysis is that there is no evidence to suggest that there is unsatisfied demand for traditional HE courses in the study area. This conclusion is based mainly on a comparison of participation rates in the study area and other areas in England and Wales. It applies particularly to younger people entering HE immediately, or soon after leaving school or college. The participation rates for these groups are in fact relatively high. This group is relatively well qualified in terms of GCSEs and level 3 qualifications, but existing participation rates are not significantly above what might be expected in the basis of these qualifications. Participation rates for those aged 25-49 are slightly below national averages and some of the comparator areas.

4.17 These conclusions do not mean that young and other students would not be attracted to an HE facility in the study area in sufficient numbers to make it viable. However, they do suggest strongly that any such demand would chiefly represent a diversion from existing providers elsewhere.

Survey of 16-18 year olds in post-compulsory education

Sample characteristics

4.18 A questionnaire was distributed to students aged 16 to 18 in schools and colleges throughout the study area. The questionnaire was distributed by the schools and colleges and completed during September and October 2004. Six hundred and eighty six students responded to the questionnaire. Eighty-two (12%) of the respondents were from Herefordshire schools and colleges, 400 (58%) from Shropshire and 161 (23%) from Powys. The remainder did not state the school/college location.

4.19 The age profile of the respondents is given in Table 4.6[13]. Almost 70% were studying for A or AS levels, 15% for vocational A levels and 13% for NVQs.[14]

Table 4.6: Age profile of respondents		
Age	Number	%
16	301	44
17	264	38
18	67	10
19	11	2
20	3	0.4
21	1	0.1
Not stated	39	6
Total	**686**	**100**

Plans for HE study

4.20 60% were definitely intending to enter HE and the majority of these were studying AS or A2 15% were definitely not intending to enter HE and the majority of these were pursuing vocational qualifications of some form. The remainder, almost 25%, were undecided at the time of the survey. Three hundred and forty-seven (84%) of those intending to continue studying at HE level intended to do a degree, 95% on a full-time basis.

4.21 The subjects being considered were:

- Business/Management, Sports Science/PE (9%)
- Medicine/Healthcare, Biology/Zoology (8%)
- Law, English, Psychology (7%)
- Computing/IT, Engineering/Science/Mechanics (6%)
- History, Maths, Animal Science/Veterinary Science (5%).

4.22 For 50%, the main reason for entering HE was to acquire the skills for a particular career. A further 31% specified interest in a specific subject as the main motivation.

4.23 Those intending to study at HE level were asked a series of questions in which they were asked to rank the reason in terms of its importance in relation to their decision as to where to

[13] The intention was to restrict the survey to 16-18 year olds but some older students responded. These have been retained in the analysis.

[14] Some, included in these figures, were studying for a mixture of qualifications.

study. Table 4.7 shows that perceptions of the course and/or institutions were more important than location for the majority of students.

Table 4.7: Importance of reasons in respondent's decision as to where to study (% of those intending to continue with study at HE level)

	Very important	Fairly important	A bit important	Not important	Not stated
Has the course most want to study	75	16	3	2	5
Good standard of teaching	70	20	2	2	5
Good reputation	44	37	13	3	4
Academic facilities of a good standard	49	38	6	2	5
Can get necessary grades to get in	42	42	8	3	5
For the social life	21	37	24	13	5
Low living costs	13	41	28	13	5
Want to live away from home and be independent	9	21	26	40	5
Want or need to travel there and back every day	9	13	17	56	5
Don't want to move far from friends and family	9	20	33	34	5
Nearest to where they live	7	21	26	42	5
It offers flexible study, distance learning or part time	6	18	22	49	5

Students not intending to continue with HE-level study

4.24 The 102 respondents who were not intending to continue with their studies at HE level were asked a series of questions as to their reasons why they were not intending to go onto HE and responses are shown in Table 4.8. It appears that lack of, or perceived lack of, local HE provision is not considered by the majority of respondents as a reason for why they were not intending to continue with their studies at HE level. Financial considerations, including the wish to start a career, are however, a major consideration.

Table 4.8: Reasons why respondents decided not to study at HE level (% of respondents)				
	Main reason	Minor reason	Not a reason	Not stated
Course interested in is not available locally	6	7	73	15
Type of institution want to study at not available locally	3	9	73	16
Intend to pursue other forms of training	23	18	46	14
Would rather get a job/ start a career	21	23	41	16
Financial concerns about general living costs	21	23	41	16
Financial concerns about tuition fees	18	16	51	16
No further interest in studying	17	32	38	13
Would not improve job prospects	10	21	56	14
No specific reason	10	16	55	20
Don’t expect to get good enough grades	9	15	62	15
Family responsibilities make moving difficult	3	12	71	15
None of friends going on to study	3	6	75	16
Health	2	5	77	16

Local HE provision

4.25 All of the survey respondents were asked the question whether if an HE institution was available locally would it have an effect on their current intention to participate in study at HE level. For 397 respondents (56%) a locally available HE institution would have no effect on their current plans. 104 respondents (15%) would, however, definitely have considered it instead of what they are currently planning to do.

Table 4.9: Effect of locally available HE institution on current intentions to continue with study at HE level		
	Number	% of total respondents
Definitely consider it instead of what are currently planning	104	15
Possibly consider it instead of what are currently planning	185	27
Would not change what are currently planning	192	28
Don’t know/ would have to think about	173	25
Not stated	32	5
Total	**686**	**100**

4.26 Of those who would either definitely or possibly consider local HE study instead of their current plan, the main reasons given were:

- easier or not so far to travel/ easier to get to (28%)
- close/ near to family/friends (25%)
- cheaper living costs/ can live at home/with parents (23%)
- close/ near to home (19%).

4.27 Of the 289 respondents who definitely or possibly would consider local HE instead of their current plan, 78% would chose to study full time.

4.28 Our main interest is in those students who would enrol at a local institution, but would not otherwise enter HE. The survey addressed this through two sets of questions:

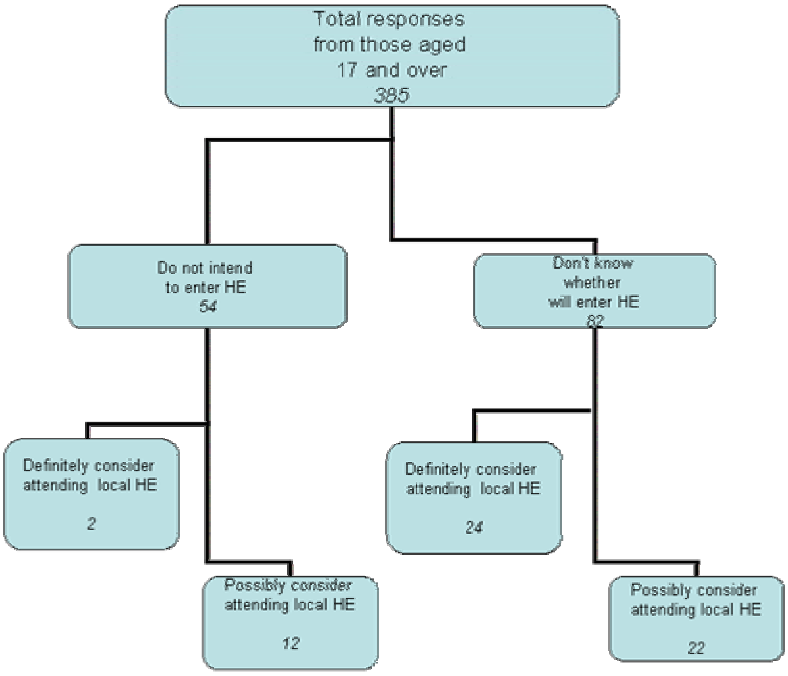
- do you intend to continue your studies at HE level? Yes, No and Don't know responses were permitted
- if there was an HEI within easy travelling distance would you consider entering it? Responses of 'definitely consider', 'possibly consider', 'no change to current plans' and 'don't know' were permitted.

4.29 Figure 4.4 shows the responses for those aged 17 or over. Responses have been restricted to this age group since it roughly approximates those who will be in their last year of post-compulsory education and therefore eligible to enter HE. The most restrictive assessment of impact would be count only those who stated originally they had no intention of entering HE but would definitely consider local provision. On this basis a local HEI would generate two extra students, only 0.5% of those not already intending to enter HE. The opposite extreme, would be to count all who responded definitely or possibly consider entering a local HEI. This is 60 students or 16% of those not intending to enter HE.

4.30 In order to put these figures in perspective we have estimated possible extra demand for each of the counties on a range of assumptions. They are based on the following assumptions:

- the numbers completing post-compulsory education, in each county, are half the total numbers in post-compulsory education. This is equivalent to assuming such education is completed in two years which will overestimate the number completing each year and therefore our demand estimates
- the proportion of the population who would enter HE in the absence of a local HEI is the same as in our sample.

Figure 4.4: Impact of a local HEI



4.31 The estimates are shown in Table 4.10. These should not be treated with any precision. They are based on crude assumptions and quite small sample sizes in some cases. Nevertheless, they suggest that any extra demand from 16 to 18 year olds generated by a local HEI will not be significant. In addition, a small proportion (12%) of those who responded positively were currently taking GCSEs and would therefore require further study before entering HE.

Table 4.10: Estimates of additional student demand with a local HEI

		Shropshire	Herefordshire	Powys	Total
No intention to enter HE	Definitely consider local HE	0	15	0	15
	Possible consider local HE	47	15	3	65
Do not know whether will enter HE	Definitely consider local HE	71	77	10	158
	Possible consider local HE	59	77	15	151
Total		**177**	**185**	**28**	**389**

Conclusions

4.32 The provision of a local HEI would lead to significantly more 16-18 year olds considering HE but there is no evidence to suggest that it would generate significant extra demand. In addition, many of those who did respond positively to such provision were influenced by the costs of study and would wish to study within travelling distance of the parental home. As such, any increased provision will need to reach a dispersed demand.

General population survey

4.33 The survey was administered by telephone during August and September 2004. It was restricted to residents aged 18 and over who were identified through random dialling of phone numbers in the study area[15].

Sample characteristics

4.34 Two hundred and seventy people aged over 18 were surveyed; 161 (60%) from Shropshire; 71 (26%) from Herefordshire; 38 (14%) from Powys. Responses were biased towards younger groups. 18-44 year olds made up just over 50% of the sample and 42% of the population, and these groups were likely to have higher participation rates. This was especially true of respondents from Powys. 32 % of the sample was aged 24-34 compared with 14% of the population. One hundred and thirty-seven respondents (51%) were working full time (FT), 49 (18%) part time (PT), and 84 (31%) were not working.

Intentions to enter HE

4.35 248 (92%) of the total survey respondents were not currently studying for an HE qualification, or about to begin studying. Of these:

- 69 (28%) were aged 18-34; 91 (37%) were aged 35-54 and 88 (35%) were aged 55+
- 80 (32%) had HE-level qualifications
- 130 (52%) were working full time; 42 (17%) part time; 76 (31%) were not working
- 81 (33%) had children in the household; 167 (67%) had no children in the household.

4.36 Respondents who were not currently undertaking HE-level study were asked whether they would consider undertaking study at HE level (FT, PT or by distance learning) in the next three years. The question was posed in terms of no change in existing local provision. Forty-eight (19%) of these 248 respondents definitely, probably or possibly would consider undertaking study at HE level in the next three years (Table 4.11). Significantly more respondents living in Powys expressed positive intentions (30% for Powys compared to 19% for Shropshire and 14% for Herefordshire).

[15] One of the first questions was age? If the respondent was under 18 the interview was terminated.

Table 4.11: Intention to participate in study at HE level in the next three years by those not currently involved in HE		
	Respondents not currently undertaking HE-level study	
	Number	%
Definitely will	3	1
Probably will	19	8
Possibly/ might do	26	10
Probably or definitely won't	198	80
Don't know/ depends	2	1
Total	**248**	**100**

4.37 Of those expressing positive intentions towards HE in the next three years:

- 50% were aged 18-34; 40% aged 35-54 and 10% aged 55+
- 82% had formal qualifications; 42% an HE-level qualification
- 58% were from social grade ABC1; 32% C2DE and 10% not classified
- 60% were working full time; 18% part time and 22% were not working
- 50% had children in the household.

4.38 Table 4.12 indicates the courses most likely to be studied by this group. With a significant proportion (18%) unsure what they would want to study. 18% had no formal qualifications, and for 22% GCSE/O Level/CSE was the highest level qualification.

Table 4.12: Courses most likely to be studied by those who were not currently studying at HE level but definitely, probably or possibly would study at HE level in the next three years		
Course	**Respondents who were not currently studying at HE level but who definitely, probably or possibly would in the next three years**	
	Number	% of
Short courses on specific topics	11	22
NVQ	10	20
Undergraduate degree	7	14
Postgraduate degree	7	14
HND	2	4
HNC	2	4
Diploma in HE	1	2
Foundation degree	1	2
Don't know	9	18
Total	**50**	**100**

Impact of enhanced local provision

4.39 Of all those who were not currently studying at HE level, 112 (45%) agreed either strongly or slightly with the statement that 'if the provision of HE was expanded in my local area it would increase the likelihood that I would study at HE level'. In addition, amongst those currently studying at HE level, 9 (41%) definitely would and 7 (32%) possibly would have considered studying locally if HE had been available closer to their residence than where they were currently studying.

4.40 Of those for whom enhanced local provision would increase the likelihood of study:

- 38% were aged 18-34; 41% aged 35-54; 21% aged 55+
- 69% had some formal qualifications
- 32% had HE-level qualifications.

4.41 Table 4.13 summarises the main reasons given as to why enhanced local HE provision would increase the likelihood of those not currently studying to take up HE study.

Table 4.13: Reasons why enhanced local HE provision would encourage those who agreed with the statement to study at HE level

Reason	**% of respondents who agreed enhanced local HE provision would increase the likelihood of them studying at HE level**[16]
Reduced travel time to place of study	29
Would not need to move away from home	18
Would not have to leave family and friends	8
Would help to get a better job/ improve career/ more prospects	8
Would be less expensive	7
Could study and still continue with their job	7
More/greater choice of courses	6
Easier to get to/ more convenient	5
Other	25
Don't know	6

4.42 60% of respondents who agreed that enhanced local HE provision would increase the likelihood of HE study preferred PT evening study and a further 19% PT day study. Distance learning with study centres was only preferred by 5%.[17]

[16] The total % is greater than 100 because respondents gave their own answers which may have fitted with more than one of these reasons.

Potential impact on local study at HE level

4.43 Ninety-one (81%) of those who agreed that enhanced local HE provision would increase the likelihood of them undertaking HE-level study also stated that they would definitely, possibly or probably begin studying locally in the next three years if local provision was enhanced. (Table 4.14). The question was posed on the basis that *provision met their needs in terms of location, subjects, levels and mode.*

Table 4.14: Likelihood of those who agreed enhanced local HE provision would make them more likely to undertake HE-level study undertaking this study locally in the next three years

	Total respondents who agreed with the statement that enhanced local HE provision would increase the likelihood of them studying at HE level	
	Number	%
Definitely would	19	17
Probably would	32	29
Possibly/ might	40	36
Probably or definitely won't	19	17
Don't know/ depends	2	2
Total	**112**	**100**

4.44 For this group:

- 37 (41%) were aged 18-34; 41 (45%) aged 35-54 and 13 (14%) aged 55+
- 67 (74%) had a formal qualification; 32 (35%) had an HE-level qualification
- 42 (46%) were social grade ABC1; 31 (34%) C2DE and 18 (20%) unclassified
- 58 (64%) were working full time; 14 (15%) part time and 19 (21%) were not working
- 39 (43%) had children in the household.

Level of study

4.45 The preferred level of study for this group is shown in Table 4.15. Again, degree level programmes were specified by less than a quarter of respondents.

[17] The survey interpreted distance learning narrowly. It may have been more positively viewed if set up as one part of a package of learning opportunities which also included face-to-face and other more conventional modes of learning, but we did not ask respondents for their views on different combinations of study methods.

Table 4.15: Course preferences for those who agreed enhanced local HE provision would increase their likelihood of studying and agreed that they would start studying locally in the next three years		
Course	**Total number of respondents who stated their preferred qualification at HE level course preference**	
	Number	%
Short courses on specific topics	20	22
NVQ	17	19
Undergraduate degree	12	13
Postgraduate degree	8	9
Diploma in HE	7	8
HND	4	4
HNC	4	4
Foundation degree	2	2
Other	2	2
Don't know	17	19
Total	**93**	**100**

Conclusions

4.46 A large proportion of respondents not currently studying in HE stated that enhanced local provision would increase the likelihood of them entering HE. 22% agreed strongly with this statement and 23% slightly. If translated into demands for study places this could represent a very substantial increase in demand. However, a number of important caveats should be borne in mind:

- most obviously, the statements are in terms of likelihood and many of those agreeing strongly with the statement would not in fact proceed to HE

- there is a strong preference for part-time mode, especially in the evenings, and also a preference for short courses. This suggests that even if numbers in HE increased the ‘volume’ of study would be proportionately low

- a significant proportion are not currently qualified to take HE courses and would therefore require some form of access provision

- perhaps most important, proximity to work and/or home is a major consideration for many and, given the dispersed nature of the population, conventional on-campus delivery would not be feasible; yet distance learning with study centres was the preferred option for comparatively few respondents.

Survey of 16-18 year olds not in full-time education

4.47 The questionnaire was administered by telephone during August and September 2004. Contact details for the sample were supplied by Connexions (Herefordshire and Shropshire) and Careers Wales (Powys). A key purpose was to explore whether local HE provision might encourage more to enter post-compulsory education and then move into HE. It was recognised that this is a difficult to topic to investigate through a short telephone interview and we consider the responses to be less robust than those from the other surveys in this study.

Sample characteristics

4.48 A total of 255 people aged 16-18 and not in education were surveyed: 159 (62%) from Shropshire; 67 (26%) from Herefordshire and 29 (11%) from Powys. Ninety-five (37%) were in work, 54 (21%) not in work or training and 106 (42%) involved in work-based learning[18]. For all counties, respondents are clustered around the 17 and 18 year old age groups. There were, however, 21 respondents from Herefordshire aged 19 (and one aged 20). Seventy-eight (31%) had no GCSEs with grades A-C and 95 (37%) had five or more. 5% of respondents had AS levels.

4.49 Thirty-nine (15%) respondents were studying part-time, of whom 64% were studying for a NVQ qualification. 76% of those studying for NVQs were studying only one. Of those not studying, 67 (31%) had begun study since leaving school, but stopped before the course had finished.

Major factors for stopping FT education

4.50 Respondents were asked a series of questions on their reasons for stopping full time education. The major reasons were:

- preferred to start a career/ get a job
- intended to undertake other forms of training
- no further interest in study
- financial concerns about tuition fees.

The impact of enhanced local provision

4.51 Respondents were asked what they might have done after school if there had been an HE institution locally, i.e. within easy daily travelling distance of home. Eighty-seven (34%)

[18] Mainly Modern Apprenticeships and National Traineeships.

would either definitely or possibly have considered continuing in full time study instead of what they are currently doing. Of these, 36 (41%) were currently employed; 23 (26%) were not in education or training and 28 (32%) were currently in work-based learning such as Modern Apprenticeship or National Traineeship.

4.52 Table 4.16 lists the reasons given by those who would or might have considered full time study instead of what they are currently doing if there had been an HE institution available locally. For all areas, reduced travel time to place of study was given as the most important reason. Reduced travel time to place of study, not needing to move away from home and nor having to leave family and friends were significantly more important to respondents from Powys than the other areas.

Table 4.16: Major reasons for continuing with full time study had an HE institution been available locally

Reason	% of those who would or might have considered continuing with FT study had an HE institution been available locally giving the reason[19]
Reduced travel time to place of study	33
Would not need to move away from home	23
Would be less expensive	10
Could study and still continue with their job	8
Would not have to leave family and friends	5
Other	31
Don't know	22

4.53 64% of respondents said that they would not have considered continuing with full time study even if there had been an HE institution available locally. The main reasons were no interest in study and the wish to start earning.

[19] Table totals sum to more than 100% as the respondents wrote their own answer which has then been assigned to the reasons listed in the table. Some answers related to more than one factor.

5 The business demand for HE in Herefordshire, Powys and Shropshire

Introduction

5.1 In this chapter we provide a more in-depth description and analysis of the current local business climate, in terms of perceived demand for HE provision arising from economic activity in the study area. The section provides a description of a fairly complex picture, drawing on a variety of information sources, described below. Where relevant we have analysed and presented the data by county and/or by firm size, to provide a more detailed picture.

5.2 We examine three core elements of the potential linkages between the business community and higher education providers:

- firstly, we look at *demand for graduates*; we examine aspects of the existing pattern of recruitment amongst businesses and the requirements for HE-level qualifications in recruitment, as well as business perceptions about the ease of recruiting HE-qualified staff
- secondly, we examine *business demand for Continuing Professional Development (CPD)*. We look at current patterns of staff training at HE level, for both existing graduates and for non-graduates, and the potential uptake if more were to be made available locally. We look at course format, in terms of potential demand for different modes of delivery. We also provide some feedback on the type of course content likely to be in most demand as well as sector-specific demand, based predominantly on our discussions with local businesses and business-facing organisations
- thirdly, we look at *demand for other HE services*; e.g. business participation in research, collaboration in training or seeking technical/business advice, and whether demand varies depending on proximity to the HE provider.

Information sources and methodology

5.3 We have used several sources of information: we have studied documentary and statistical evidence, carried out a survey of businesses and conducted a number of semi-structured in-depth interviews with business-facing organisations in the study area, as well as a sample of larger businesses representing a cross-section of business interests[20].

[20] A list of organisations interviewed is provided in Annex 3.

Business survey

5.4 For the survey base, a random sample of businesses in the study area with 10 or more employees was chosen. The decision to limit the sample to firms of this size was taken in order to avoid having the data dominated by, for example, small shops and services which have no interest in training of the kind relevant to this project. The resources available for the survey restricted us to a total sample of around 300 companies. We know from UK-wide evidence that smaller firms undertake less training; in the context of a project studying training at HE level, it was important to reach those most likely to require HE-level training. This decision will inevitably have excluded a small number of firms with fewer than ten employees who wish to engage in HE-level training and the results must be interpreted in that light. However as the results reported upon below show, the likely impact of those exclusions to the overall picture is insignificant. The small business sector is of particular prominence in the study area, with 86% of businesses in Herefordshire and Powys, and 84% of businesses in Shropshire having between 1-10 employees[21]. However, the proportion of the workforce working in businesses with 1-10 employees is significantly lower, ranging from 27% in Shropshire to 31% in Powys[22]. In excluding businesses with fewer than 10 employees from the survey, we intend to provide a more accurate reflection of the level of demand for HE provision arising from businesses in the study area. The survey is supported by qualitative data from interviews with business-facing organisations, which includes specific comment on the perceived needs of the small and micro-business sector.

5.5 Prior to carrying out the business survey, we identified a sampling frame of 2,539 businesses in Herefordshire, Shropshire and Powys with 10 or more employees, using database information held by Dun & Bradstreet. This is likely to be an underestimation of the total number of firms in the study area. According to the latest available data (ABI, 2002) there were 3,649 workplaces with over 10 employees in the study area. However, the ABI definition of 'workplace'[23] means this larger figure is likely to be an over-estimation of the number of firms in the study area.

5.6 We approached over 300 companies and achieved 278 useable results. The survey therefore represents a sample size of around 10% of businesses with 10 or more employees in the study area, and covers a cross-section of sectors. The ratio of businesses in the sample very closely approximates the ratio of businesses in each county, with 51% of firms in the sample from

[21] This compares to a national average of 83% for England and Wales (Source: Annual Business Inquiry, 2002).

[22] This compares to a national average of 21% for England and Wales (Source: ABI, 2002).

[23] NB: Data units do not readily correspond to the commonly used terms 'firms', 'companies' or 'businesses' by which employers are sometimes identified. They are roughly equivalent to workplaces but because of the way the data is collected two or more units can be present in the same workplace. For example, a bank may have several branches and offices in a city, each one of these would be counted as a separate data unit. A single workplace can be counted as two data units where there are two distinct business activities at the same site. With size analyses, the size bands refer to the number of employees at each data unit, not to the size of the parent company (ABI, 2002).

Shropshire (49% of total workplaces; ABI, 2002), 30% from Herefordshire (29% of total) and 18% from Powys (22%).

5.7 Where applicable, we have sought to give an idea of actual likely demand from businesses of this size, extrapolated from the survey data. We have used a relatively cautious figure for total number of firms in the study area, but one that we believe to be realistic, of 3,000. Where helpful we have presented a range of data reflecting a confidence level of 95%.

Key findings

Demand for graduates

- most firms across the study area have a low proportion of HE qualified staff; 82% of firms surveyed for example, had less than one-quarter of staff with an undergraduate degree. Only 4% of firms had more than 75% of staff with undergraduate degrees

- only 10% of firms in the study area have specific graduate recruitment schemes, although this rises to over a third of firms with 250+ employees. Student placements, however, are more common, and are offered by 43% of firms surveyed (71% of firms with 250+ employees)

- there are mixed perceptions about the ease of recruiting HE qualified staff, with around half stating that it is very/fairly easy, and half that it is not very/not at all easy. There is a preference to recruit HE qualified staff from nearby (there is a perceived difficulty related to relocation), and 72% of firms stated that the availability of local training and professional development was very, or fairly, important for recruitment

- overall, the situation appears to be complex. Whilst well-qualified young people appear to have a preference to move out of the study area, this is tempered by a high level of staff retention. Geographical location and accessibility does, however, lead to difficulties in recruitment 'across the board'. Difficulties may exist, in particular, in recruitment for more specialised (e.g. engineering/manufacturing) areas of work.

Demand for CPD

- around a third of firms surveyed currently provide HE-level training for staff – 27% for those who already have an HE qualification, and 35% to upgrade skill levels in order to reach an HE-level qualification. This was similar across the counties, but there was a markedly higher demand from larger businesses, with around 70% of the largest firms (250+ employees) providing such training

- the largest proportion of HE-level training for staff is carried out by local HE colleges. 48% of businesses in the study area which carry out HE-level training use a local HE college for most of their training needs; 17% use a university, 20% use a private company and 11% carry out in-house training

- there is a clear preference for locally-provided courses – with 70% of firms using course providers within 20 miles of their premises. However, distance appears not to be the limiting factor on numbers of employees attending such courses for most businesses. Two-thirds (67%) said that they would not change the training offered if more were to be made available locally

- if more training was to be made available locally, 17% of businesses said that this would encourage them to undertake more training overall. This translates to 500 firms across the study area (+/- 120 firms at a 95% confidence interval) – predominantly of small to medium size, i.e. firms with 26-100 employees. Overall, within these companies, numbers are likely to remain small, mostly in the order of one or two extra per year

- potential constraints on increased levels of demand in the study area include: geographical access, willingness to travel, a relatively high proportion of small businesses and small business employees, and difficulties in identifying workforce needs for HE training

- a range of options for future HE course delivery were explored in the survey. 57% of firms currently use, or would consider using, work-based learning and 45% distance learning. There was no significant difference in demand (for either format) between the counties. Unmet demand for distance learning was greatest amongst small to medium sized companies

- whilst only 9% of firms currently use e-learning, a further 40% would consider using it, most notably in the larger (250+) companies. Nearly 80% of those firms interested would have the computing capacity, and 80% have at least some staff with the necessary e-skills

- sectors with high demand for flexible HE learning (work-based, distance and/or electronic) include: manufacturing and engineering, computing and related services, health and social care, social enterprise, medical technology and education. Those with relatively low apparent levels of demand include: agriculture and food, creative industries, construction/building and transport

- the business-facing organisations believe that courses likely to attract the highest levels of demand for the small business sector are ‘short courses’ in higher level, organisational, managerial and strategic management skills, offered in small group, face-to-face format. In addition, a specific feature of businesses in the study area is the high predominance of ‘older’ owner-managers. Related to this there is likely to be a high potential demand for succession planning

- the public sector is likely to provide some of the highest levels of local demand for HE, whilst the tourism and leisure sector may generate some demand for HE courses, particularly relating to management of small businesses

- we are unable to judge whether, or in what areas, there is sufficient demand for 'specialist' HE provision in the study area because the nature of such provision is by its nature specific. Interview and documentary evidence suggest there may be potential for 'specialist' HE provision in environmental technologies and/or the craft industry however, since these are recognised by the counties' economic strategies as key growth sectors for the economy and there is potential to build on opportunities for work placements as well as offering good prospects for post-qualification job offers.

Demand for other HE services

- the potential demand for other HE services, such as training, consultancy and collaboration, appears to be low, particularly amongst smaller businesses. Less than 20% of businesses currently interact with the HE sector in these ways. However, only 23% of firms with over 50 employees stated that they had *no* direct interaction with HE institutions

- the most common type of interaction with the HE sector (excluding student placements) was obtaining technical advice (21% of business surveyed), e.g advice on technical processes, new methods or opportunities

- student placements already occur in 43% of businesses in the study area (60% of businesses with 50-249 employees and 75% of those with 250-500 employees), and this is an area which is perceived to offer more opportunities for partnerships to be developed

- where demand exists for HE collaboration, linkages tend to have already been made, although it is difficult to predict the impact of the arrival of a new HE institution locally. Overall, 17% of businesses in the survey stated that they 'would only deal with an institution which was based relatively close to us'. A further 17% 'would prefer to deal with local institutions, but they would consider dealing with one further afield if there was a good reason', whilst 21% of businesses 'would select an institution for other reasons – such as reputation or an existing relationship'. In terms of aggregate demand, this would suggest that around 518 (+/- 120 at a 95% confidence interval) businesses in the study area who deal with HE institutions for reasons other than training, would deal only with a locally-based organisation. For a greater number, around 615 businesses (+/- 150), the proximity of HE institution is not a significant factor in forming a working relationship.

Demand for graduates

Current levels of HE qualified staff

5.8 Most firms across the study area have a low proportion of HE qualified staff (Table 5.1; Figure 5.1). Table 5.1 shows the number and % of firms with fewer than 25% of staff with specified HE qualifications. This is a crude summary. It shows, for example, 82% of firms surveyed had less than a quarter of staff with an undergraduate degree, 92% of firms had less than 25% of staff with a postgraduate degree. Very few firms therefore have a high proportion of graduate staff. Only 4% of organisations surveyed have more than 75% of staff with undergraduate degrees.

Table 5.1: Numbers and % of businesses with fewer than 25% staff with different HE-level qualifications

Fewer than 25% of staff with:	**Undergraduate degree**		**Postgraduate degree**		**HNC/ HND**		**Other HE qualification**	
	No.	%	No.	%	No.	%	No.	%
County								
Herefordshire	65	76	76	88	68	80	67	79
Shropshire	118	83	131	92	117	82	114	80
Powys	45	90	45	90	41	82	38	76
Number of staff								
10-25	130	84	144	93	135	87	128	82
26-50	55	83	60	91	52	79	51	77
51-100	23	82	25	89	21	75	22	79
100-250	13	87	13	87	12	80	11	73
250+	7	50	10	71	6	43	7	50
Total	**228**	**82**	**252**	**91**	**226**	**81**	**219**	**79**

5.9 Other than amongst the very largest firms, business size also appeared to have little impact on the demand for HE qualifications (see Figure 5.2). In the largest category (250+ staff) a relatively high proportion did not know the proportion of staff with HE qualifications. This may account for some or all of the apparent difference.

5.10 Our consultations suggested that the demand for graduates was tempered by high levels of staff retention in most cases[24], meaning that any short-term difficulties in recruitment for higher level qualifications is perceived as 'not all that critical'[25]. The majority of our consultees stated that the reasons for high levels of staff retention relate in large part to the high quality of life. Whilst average pay remains lower than the national average across the

[24] 79% of businesses surveyed who recruit staff with HE qualifications say that they find it 'very easy' or 'fairly easy' to retain these staff.

[25] Quote from a Shropshire-based business consultee.

study area (see Annex 1), the area remains attractive for employees who appreciate a good 'work-life balance' and 'want to get out of the rat race'[26].

Figure 5.1: % of organisations with less than 25% of staff holding an HE-level qualification, by county

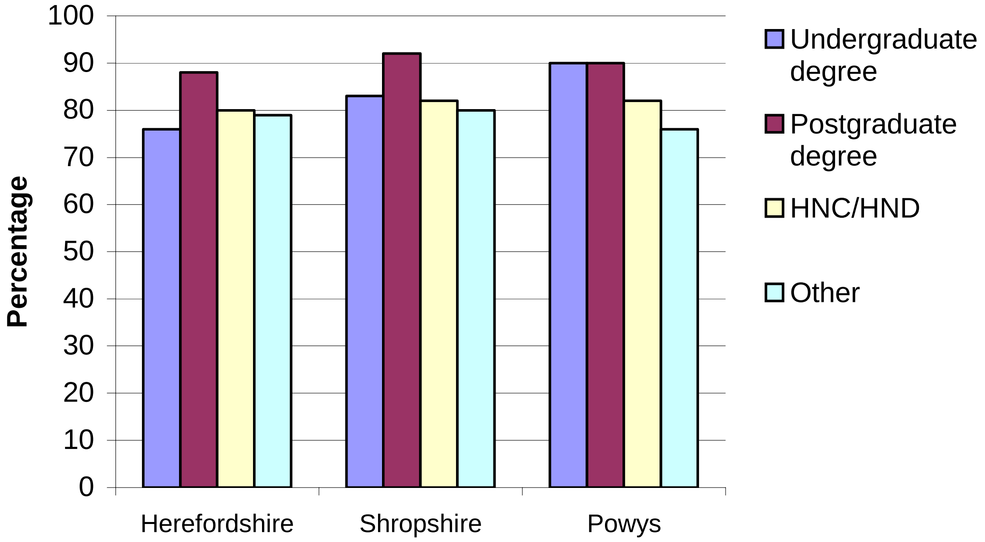
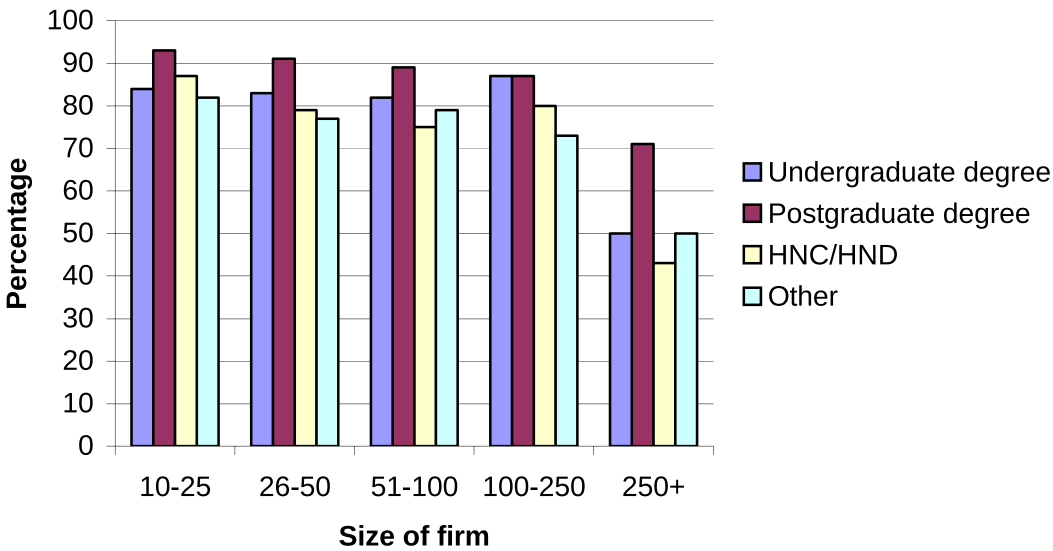


Figure 5.2: % of organisations with less than 25% of staff holding an HE-level qualification, by organisation size



5.11 Information from the consultation interviews suggests however that demand for recruiting graduates differs by business sector. Of those businesses interviewed in the manufacturing, assembly, food production and retail fields (representing the largest sectors in terms of workforce, see Annex 1), a very small proportion of staff positions required a graduate

[26] Quote from a Powys-based business consultee.

qualification. In none of the companies interviewed in these fields was the demand for HE-qualified staff over 10% of the workforce. In many cases, these were support, supply-chain and technical staff (with, for example, qualifications in engineering, textile technology, chemistry). Amongst the 'emergent industries', e.g. consultancy/services businesses, and to a lesser extent computing businesses, the majority of staff were graduates, but there was no specific prerequisite for an HE qualification for most staff.

Graduate recruitment schemes and student placements

5.12 An indication of the level of business demand for HE-qualified staff can also be obtained from numbers of firms with graduate recruitment schemes and student placements. The survey showed that only 10% of businesses in the study area overall have graduate recruitment schemes, although this is significantly higher amongst larger firms (36% of firms with 250+ employees). Our in-depth interviews suggest some change of tactics amongst local firms; two companies stated that they used to do the 'milk round' at universities for graduates, but no longer do so, preferring instead to recruit directly for specific jobs as vacancies arise.

5.13 Student placements are more common, particularly amongst the larger firms – 43% of local businesses surveyed offer student placements (71% of firms with 250+ employees, compared with 38% of those with 10-25 employees). Students may come a substantial distance for their placement; one Powys-based company, for example, had a graduate sponsorship programme providing holiday work-experience for university students from Newcastle and Bristol. This evidence suggests that there may remain capacity to increase the numbers of student placements in local business through providing higher numbers of students locally.

Ease of recruiting HE-qualified staff

5.14 Amongst businesses in the study area there is a mixed perception as to how easy or difficult it is to recruit new staff with the necessary HE qualifications. Almost exactly half of businesses who recruit staff with HE qualifications state that they find it very or fairly easy[27], whilst half find it not very, or not at all, easy. This appears to vary hardly at all by county, and only slightly by firm size (with larger firms finding it somewhat easier).

5.15 There appears to be a strong bias amongst businesses to recruit HE-qualified staff from close by. 68% of all companies surveyed stated that they have previously recruited staff with HE qualifications from within the immediate area (i.e. within easy, daily travelling distance of their premises). Similarly, 72% (with no notable difference between counties or businesses of different sizes) stated that the availability of local training and professional development is very, or fairly, important for recruitment. Only 35% stated that they had recruited from elsewhere within the respective county, 30% from other parts of the region and 22% from

[27] One consultee said that there were 'a surprising amount of graduates about', but that it was more difficult to find people who 'fit the mould', so they had to be choosy.

other parts of the UK. This suggests that businesses have not necessarily been forced to look outside the local area for HE-qualified staff and that there is arguably – at an aggregate level at least – a good 'supply' of graduates locally.

5.16 This finding is supported by data from the Labour Force Survey. The study area as a whole has a level of higher qualifications which compares well with the national average. Although Herefordshire and Powys are below the national average in terms of workforce qualifications at NVQ4+ (or equivalent) level, they are both within one percentage point of the average. Shropshire has almost 2% more working people than the national average with this high level of qualification.

5.17 Business-facing organisations were less optimistic in relation to the supply of graduates. They argue that the 'lack of supply of graduates' (in particular young graduates) in the study area was an issue of concern, and the related 'out-flow of talented young people' (Herefordshire Economic Development Strategy) is also highlighted in both Shropshire's and Herefordshire's economic strategy as a key issue. The high levels of educational achievement at school age (see Annex 1) do not translate to a steady supply of new graduates, which is perceived to be due, at least in part, to the need for young people to move out of the study area for HE courses and the subsequent lack of 'pull' factors for them to return to the study area on completion.

5.18 Overall, the situation is complex. Despite a fairly positive view provided by the businesses we interviewed, there are two aspects causing concern: the movement of academically bright young people out from the study area for HE courses, and a background of difficulties in recruitment 'across the board' (i.e. not just for HE qualified staff), mostly related to geographical location and accessibility. Our consultations also highlighted specific perceived difficulties in graduate recruitment for a small number of posts in specialised manufacturing (e.g. textile technology; electrical electronics), which had to be recruited for specifically from a wider geographical area (e.g. Manchester, Nottingham, Bristol, Newcastle), suggesting that difficulties in recruitment may lie in small, specialised areas of work.

Drivers for potential future demand for HE-qualified staff

5.19 National research on rural economies by the Countryside Agency[28] indicates that a high proportion of new businesses are started by people moving into the area (attracted for example by the higher quality of life). One interviewee suggested that this significant group of small employers may feature a higher level of demand for taking on staff at graduate level, and that this group of people could also have a greater level of interest in upskilling.

[28] 'Rural Economics: Stepping Stones' project, Countryside Agency.

5.20 Business-facing organisations believe there is a growing realisation amongst local small businesses across the sectors of the importance of recruiting graduates, and there was a belief by some that a higher number and consistency of supply of employees with higher levels of qualification would, in itself, create a stronger realisation of their 'true worth' and thereby further stimulate the market demand for them.

Demand for Continuing Professional Development (CPD)

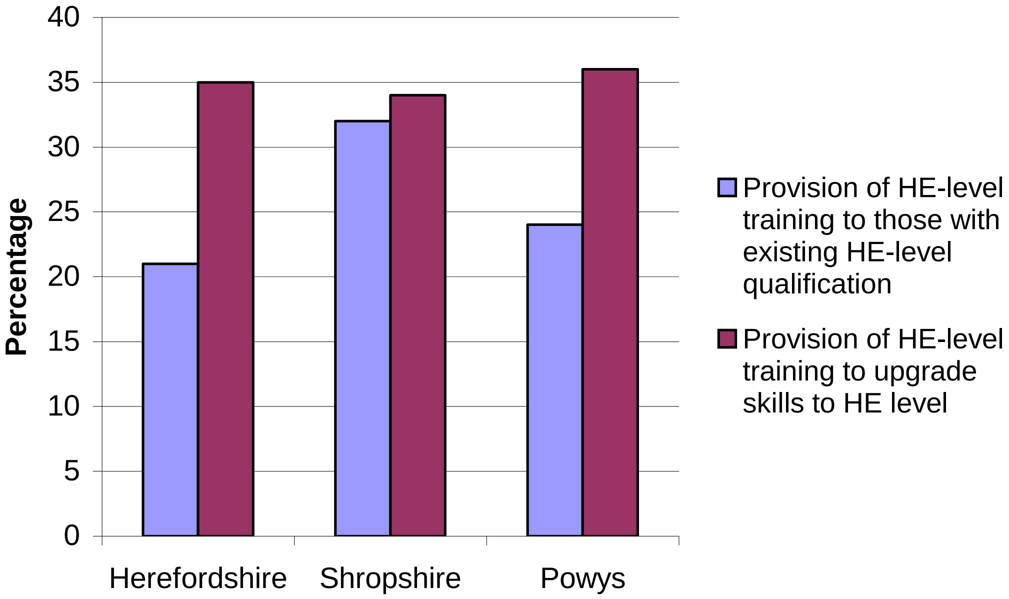
5.21 Based on our consultations and review of documentary evidence, there appears to be a recognition of the need for high-level skills development within business. A 2001 Employers survey by Herefordshire County Council, the Learning and Skills Council and Business Link, found that most businesses recognise some need for such skills: 69% recognised the need to improve 'Organisational skills' as amongst the 'most-needed' skills, 65% cited 'Business planning and strategic management skills' and 56% cited 'People management skills' (Economic Assessment 2002-4). In the following sub-section, we report the findings of our survey and interviews in trying to ascertain the demand for CPD amongst businesses.

Current extent of HE-level training

5.22 The majority of organisations questioned in the business survey do not provide HE-level training for staff (Table 5.2). 27% of businesses provided HE-level training to staff who already have an HE qualification – i.e. either refreshing or acquiring new skills. 35% of businesses provided 'upgrading' training to staff in order to reach an HE-level qualification, with no discernible difference across the study area.

Table 5.2: Provision of HE[29]-level training to staff				
	Provide HE-level training to staff who already have an HE qualification		**Provide training to staff to upgrade particular skill levels to reach an HE-level qualification**	
	No.	%	No.	%
County				
Herefordshire	18	21	30	35
Shropshire	46	32	48	34
Powys	12	24	18	36
Number of staff				
10-25	24	15	42	27
26-50	21	32	20	30
51-100	14	50	16	57
100-250	7	47	9	60
250+	10	71	9	64
Total	**76**	**27**	**96**	**35**

Figure 5.3: Business provision of HE training, by county

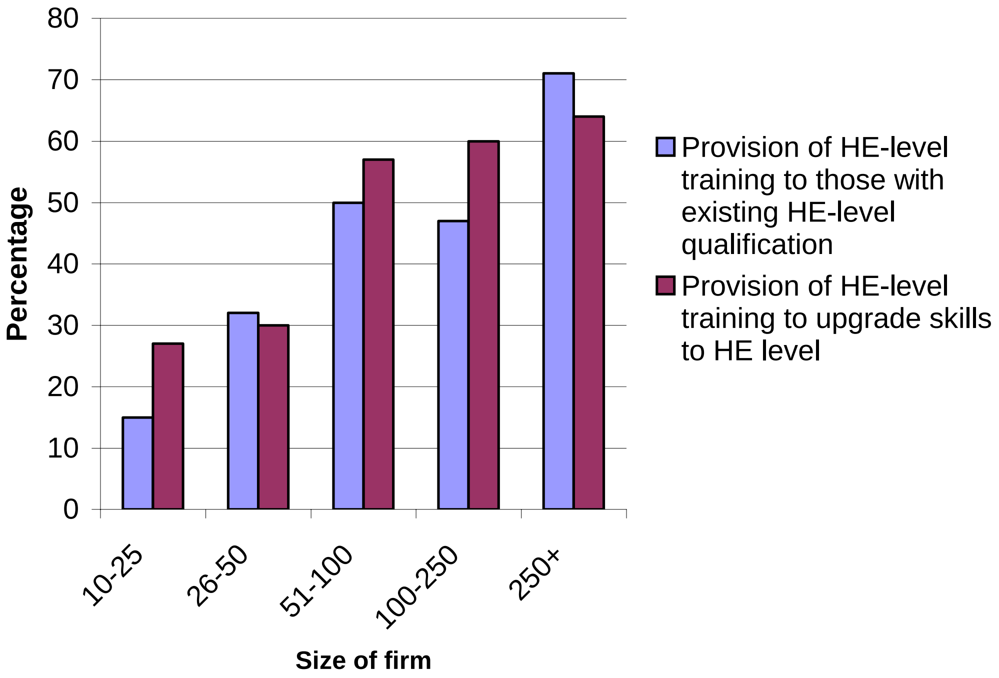


5.23 However, firm size had a significant effect (see Figure 5.4): 71% of firms with over 250 employees provided HE training to those already with an HE qualification, and 64% to ‘upgrade’ the skills level of employees to an HE-level qualification. In businesses with fewer than 25 employees, the equivalent figures were 15% and 27%. As the difference in demand for staff with HE qualifications (in terms of recruitment) was marginal across firms of

[29] HE was referred to as training for qualifications at the higher education level which are the equivalent of undergraduate degrees, such as: BA or BSc; postgraduate degrees such as MSc or PhD; and HNC, HND and foundation degree level qualifications. It included the training at HE level that organisations offer to employees who already have a higher education qualification but did not include training at other levels.

different size, this implies that smaller businesses have significantly less capacity to access HE courses.

Figure 5.4: Business provision of HE training, by firm size



Information on HE course provision

5.24 The majority of firms preferred to access advice about HE training provision directly through the institutions themselves, rather than locally. 51% of all businesses in the survey (notably increasing with size) accessed advice on HE-training provision directly from colleges or universities. The survey showed that only 23% of businesses obtained advice from private training agencies, and 29% from Business Link (or similar advice-providing organisations).

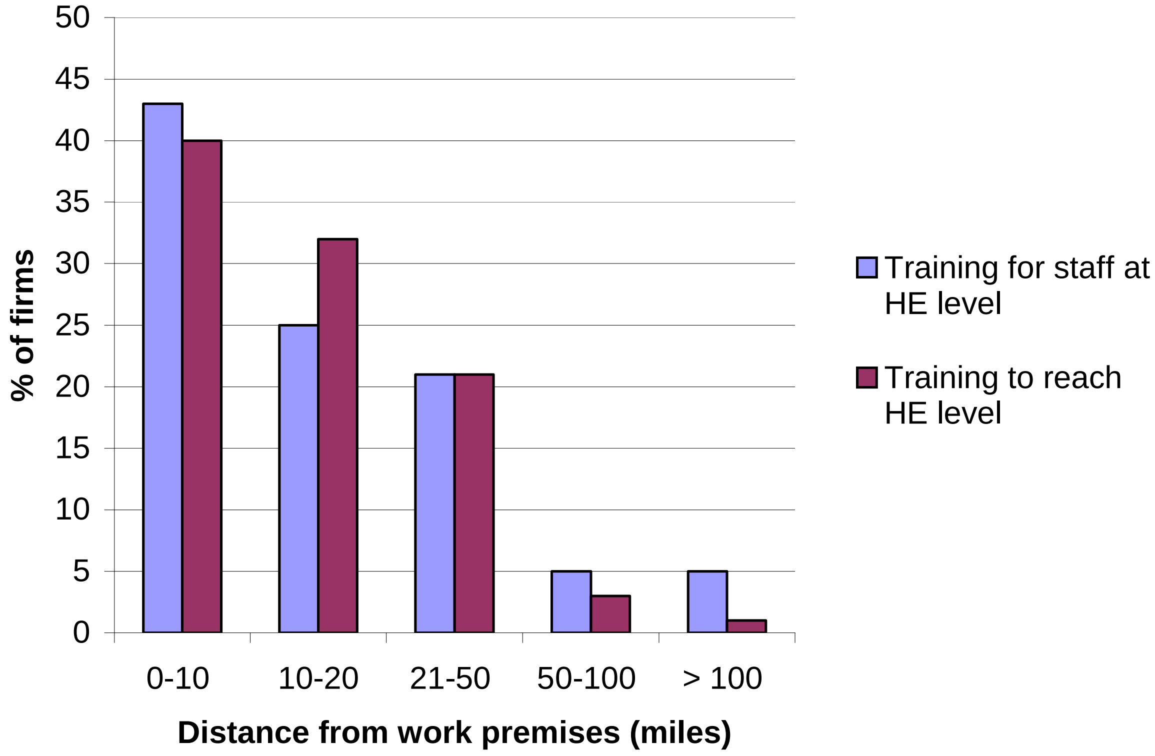
5.25 Overall, 20% of businesses use a private company as the main provider of HE-level training, whilst 11% carry out the training in-house. However, the majority of HE training is undertaken in HE institutions: 48% of businesses in the survey stated that training needs are mainly provided by a local HE college and 17% by a university.

Location of course provider

5.26 Around 70% of firms providing HE-level training use course providers within 20 miles of their premises, and around 41% use course providers within 10 miles[30] (see Figure 5.5). There is a clear preference therefore for using HE-level course providers which are close to the place of work where possible.

[30] There is no significant difference in distance from providers for those already HE-qualified and those who are 'upgrading' to HE level.

Figure 5.5: Location of HE-level training for businesses in the study area



Level of potential future demand

5.27 Of those firms in the survey who currently undertake HE-level training for staff, 17% said that they have training requirements that are not currently met, compared with 29% who said they had no training requirements that are not currently met. The remainder stated that they did not know. In aggregate terms this suggests a figure of around 216 firms (+/- 90) across the study area who currently provide HE-level training but feel that there are training requirements that are not currently met.

5.28 Despite the preference for locally-based HE-level provision, interview and survey data suggests that distance from course providers tends not to be a limiting factor on the numbers of employees attending such courses in the majority of businesses. This is especially true of more specialist courses[31].

5.29 67% of businesses said that they would not change the training currently offered if there was more training available locally. In terms of generating extra demand, only 17% said that more local provision would encourage them to undertake more training overall. 13% stated that they would be more likely to change the type of training, e.g. from distance learning to face-to-face.

[31] One example was given in our in-depth interviews of a high level CISCO computing qualification, which is provided in San Francisco through specialist providers.

5.30 Overall the survey suggests that around 17% (+/- 4%) of businesses in the study area would undertake more training overall if more was available locally. This demand appears to be highest in Powys (22%) and in small to medium-sized firms (25-27% of firms with 26-100 employees). Amongst the larger firms however, only 7% of those with 100-250 employees (and none with over 250 employees) stated that they would be likely to undertake more training if it was available locally. In total, this would imply that only 496 (+/- 120) – or a maximum of 616 companies in the most positive interpretation (predominantly small to medium-sized) – would increase training if more local provision was available.

5.31 We note here that it is hard to test fully the demand for HE courses prior to courses being delivered, as course availability in itself would be likely to generate more interest about the feasibility of registering for a course and about the content of the courses themselves. For example, the Business Services Unit (BSU) at Coleg Powys offers short (non-HE) courses, as well as alerting business to HE courses available to them locally. Demand for the college's courses is often not employer-driven but comes mostly from pro-active marketing by the college with employers, specifically to increase awareness of, and demand for, such courses. Through being located at three sites in Powys, Coleg Powys has a 'very good idea' of local business needs. It is clear that when a college is aware of business needs in the local area and it is pro-active in marketing, there is potential to stimulate a stronger demand for HE.

Potential demand constraints

5.32 There are several potential demand constraints on access to HE provision specific to the study area, which can be summarised into the following categories:

- *Geographical access*. The study area includes some of the most remote locations in the country, and transport links are often not sufficient to enable ready access to potential locations for HE provision. The expense of travel can be a further disincentive to participation. However, this should be considered in the context of how far residents and employees are accustomed to travelling. For example school children in the study area often have to travel a long way to reach school[32]. People are also likely to be willing to travel further if the frequency of study is lower

- *Predominance of small businesses*. The potential impact on a business is likely to be much larger when a member of staff accesses training if the business has only a small number of staff. Further, small businesses need extra assurance that trained staff will continue to be employees after qualification, rather than being attracted to competitors

[32] For example, children living around Brecon in Powys commonly travel up to an hour to school.

- *Perception of need.* Many businesses struggle to identify workforce needs[33]. Issues were also raised with us about the lack of a 'learning culture'

- *Willingness to travel*. This depends to a large extent on personal circumstances. Support facilities, e.g. childcare, are limited in some places.

5.33 Further limits to participation at the individual level could include:

- Access to a car, particularly for women if they are not the primary earner in a family (although a relatively low proportion of households in the area have no car[34])

- The expense of travel.

Course format preferences

5.34 Local businesses are currently supporting a variety of forms of provision, ranging from distance-learning and correspondence courses (e.g. MBAs, Open University degrees, CIMA) to intensive, block-release courses (e.g. CIMA). The survey examined the potential demand for work-based, distance and e-learning.

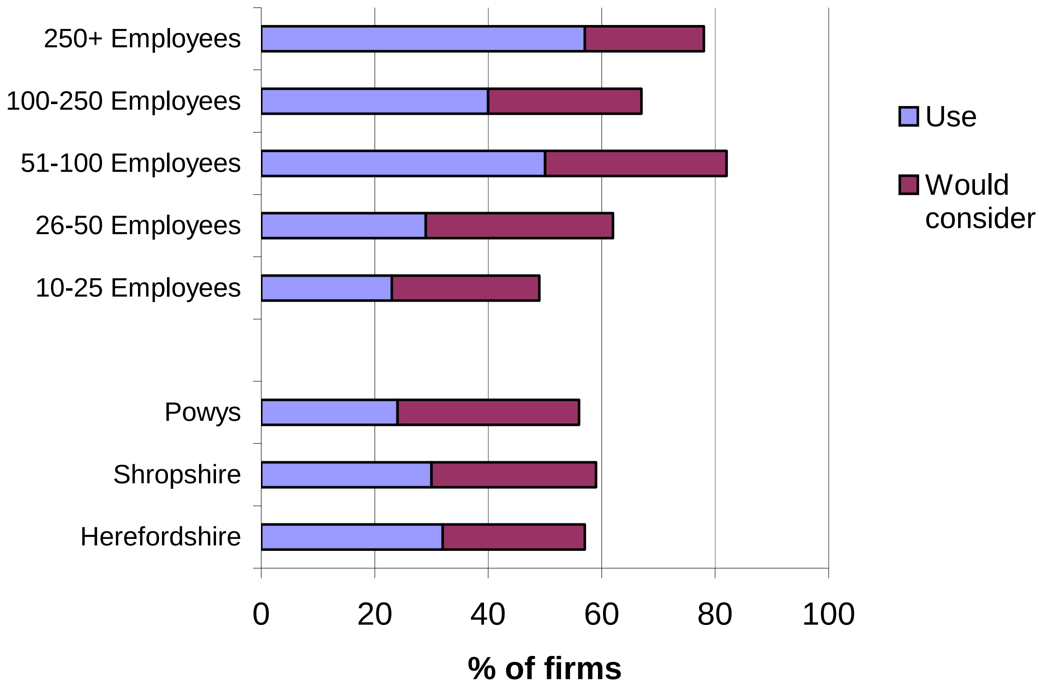
5.35 **Work-based learning.** 29% of businesses surveyed currently use work-based learning for HE-level training, and a further 28% stated that they would consider it in the future (Table 5.3). Proportions were similar across all three counties (see Figure 5.6). Work-based learning is clearly favoured amongst larger organisations; in total, 78% of businesses with over 250 employees were either using, or would consider using, work-based learning, compared with 48% of smaller businesses (10-25 employees).

[33] Herefordshire Economic Development and Business Support Strategy (1999-2011).

[34] See Annex 1.

Table 5.3: Organisations using, or considering using, work-based learning for HE-level training								
	Using work-based learning for HE-level training		**Not using work-based learning for HE-level training but would consider using it in the future**		**Not using work-based learning for HE-level training and would not consider using it in the future**		**Don't know**	
	No.	%	No.	%	No.	%	No.	%
County								
Herefordshire	27	32	21	25	36	42	1	1
Shropshire	43	30	41	29	58	40	1	1
Powys	12	24	16	32	20	40	2	4
Number of staff								
10-25	35	23	40	26	79	51	1	1
26-50	19	29	22	33	22	33	3	5
51-100	14	50	9	32	5	18	0	0
100-250	6	40	4	27	5	33	0	0
250+	8	57	3	21	3	21	0	0
Total	**82**	**29**	**78**	**28**	**114**	**41**	**4**	**1**

Figure 5.6: Work-based learning, by county and firm size

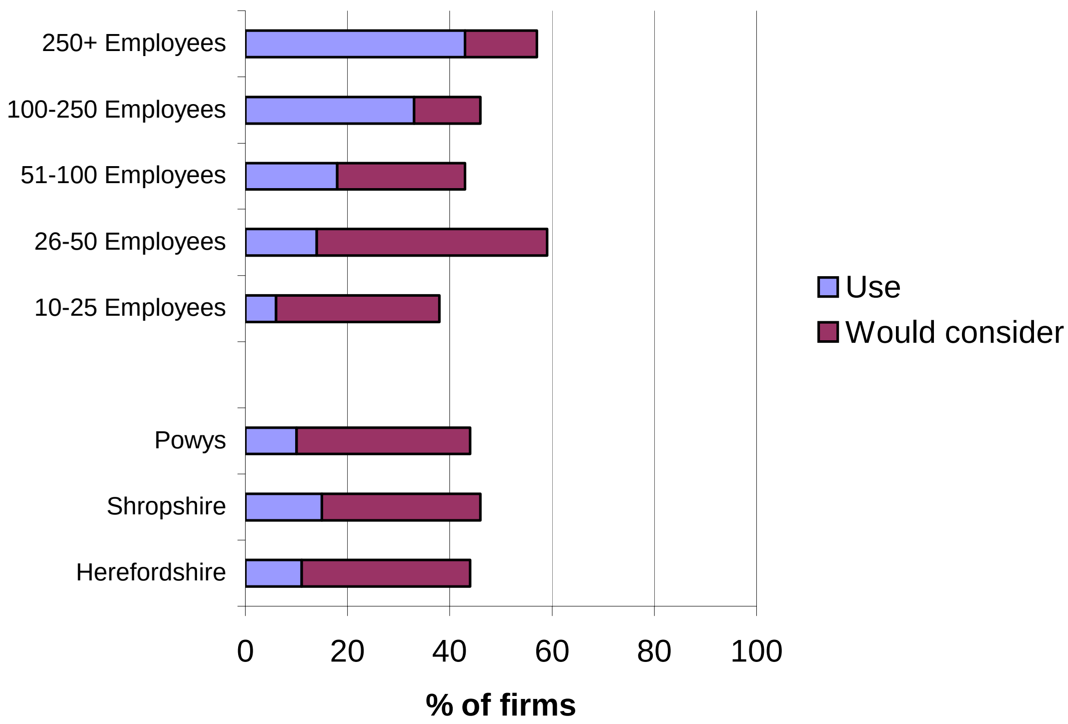


5.36 **Distance learning.** 13% of businesses surveyed currently use distance-learning for HE-level training, and a further 32% stated that they would consider it in the future (Table 5.4). Proportions were very similar across all three counties (see Figure 5.7). Distance learning is favoured particularly by medium-sized organisations, with 59% of businesses with 26-50 employees stating they use, or would consider using, distance learning. The equivalent figure for businesses with over 250 employees was 57%, whilst for those with 10-25 employees the figure was 38%.

Table 5.4: Organisations using, or considering using, distance learning for HE-level training

	Using distance learning for HE-level training		Not using distance learning for HE-level training but would consider using it in the future		Not using distance learning for HE-level training and would not consider using it in the future		Don't know	
	No.	%	No.	%	No.	%	No.	%
County								
Herefordshire	9	11	28	33	48	56	0	0
Shropshire	21	15	45	31	73	51	4	3
Powys	5	10	17	34	27	54	1	2
Number of staff								
10-25	10	6	49	32	92	59	4	3
26-50	9	14	30	45	26	39	1	2
51-100	5	18	7	25	16	57	0	0
100-250	5	33	2	13	8	54	0	0
250+	6	43	2	14	6	43	0	0
Total	**35**	**13**	**90**	**32**	**148**	**53**	**5**	**2**

Figure 5.7: Distance learning, by county and firm size

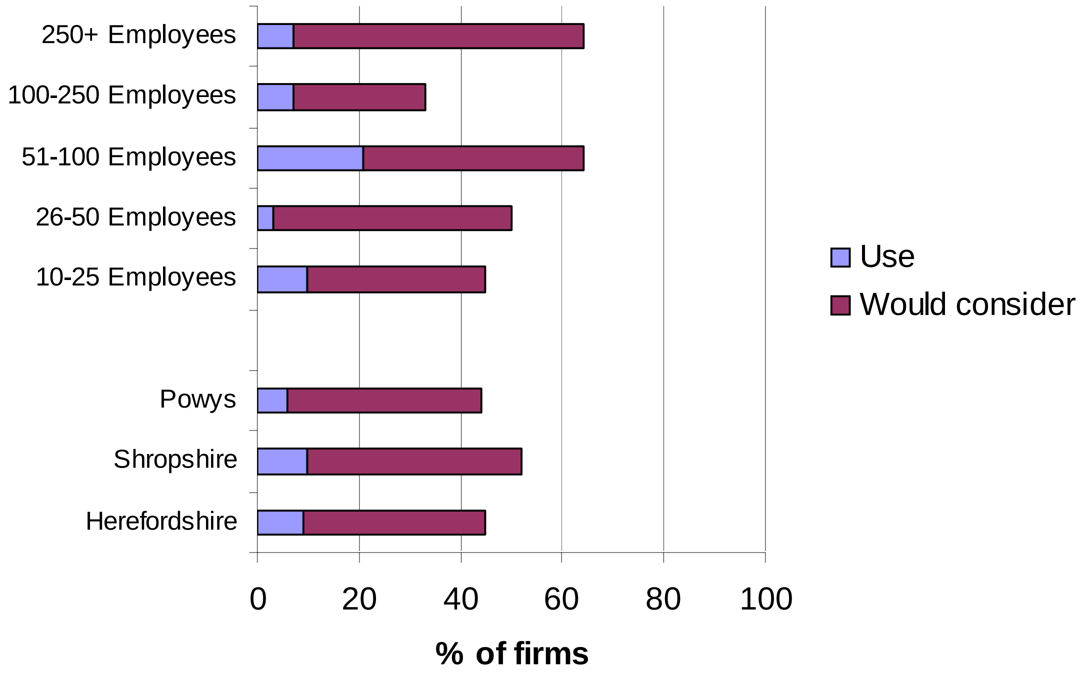


5.37 **E-learning.** Overall, only 9% of businesses surveyed currently use e-learning for HE-level training, and a further 40% stated that they would consider it in the future. (Table 5.5). Proportions were broadly similar across all three counties (Figure 5.8). There is some variation between the size of firms using e-learning, with the two largest existing users being those with between 51-100 staff (21%) and 250-500 staff (25%). The largest potential demand seems to be amongst the largest companies: seven out of ten very large companies (over 500 employees) said that they use, or would consider using, e-learning.

Table 5.5: Organisations using, or considering using, e-learning for HE-level training

	Using e-learning for HE-level training		**Not using e-learning for HE-level training but would consider using it in the future**		**Not using e-learning for HE-level training and would not consider using it in the future**		**Don't know**	
	N	%	N	%	N	%	N	%
County								
Herefordshire	8	9	31	37	46	54	0	0
Shropshire	14	10	60	42	65	45	4	3
Powys	3	6	19	38	28	56	0	0
Number of staff								
10-25	15	10	55	35	82	53	3	2
26-50	2	3	31	47	33	50	0	0
51-100	6	21	12	43	10	36	0	0
100-250	1	7	4	26	9	60	1	7
250+	1	7	8	57	5	36	0	0
Total	**25**	**9**	**110**	**40**	**139**	**50**	**4**	**1**

Figure 5.8: E-learning, by county and firm size



5.38 Of those firms with potential demand for e-learning, 42% stated that all or most of the staff already have the necessary e-skills for e-learning. A further 38% stated that some staff have the necessary skills, but some would need training. 78% of firms with potential demand for e-learning stated that they already have the computing capacity to undertake e-learning.

Figure 5.9: % of firms not currently using differing modes of training but who would consider using them in the future, by county

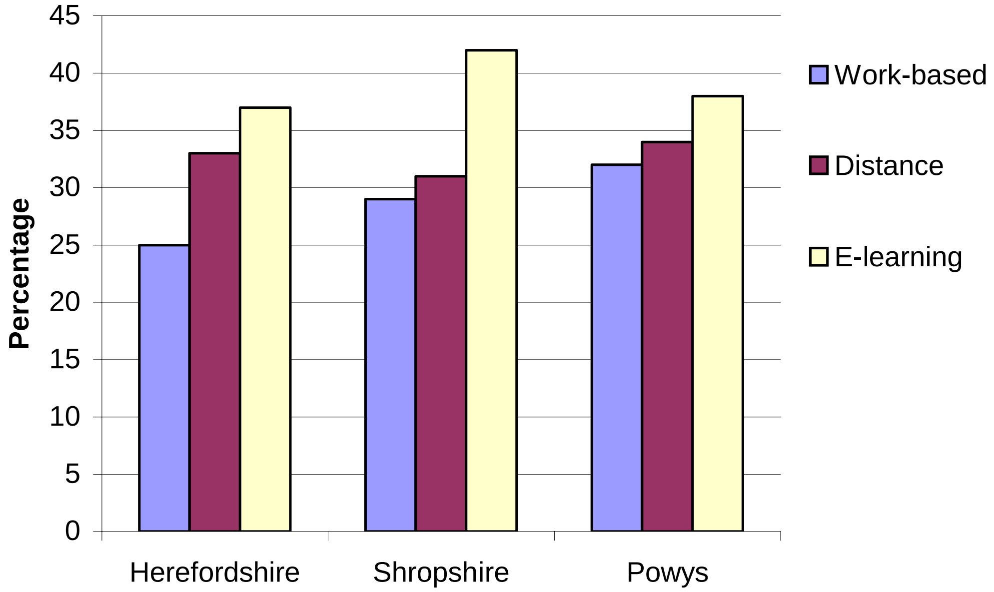
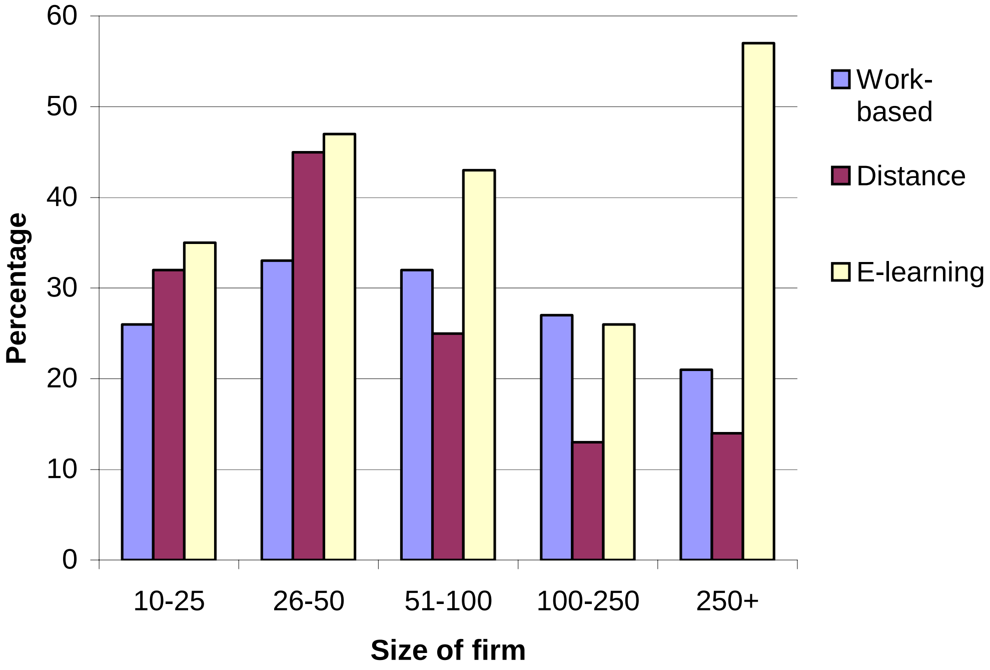


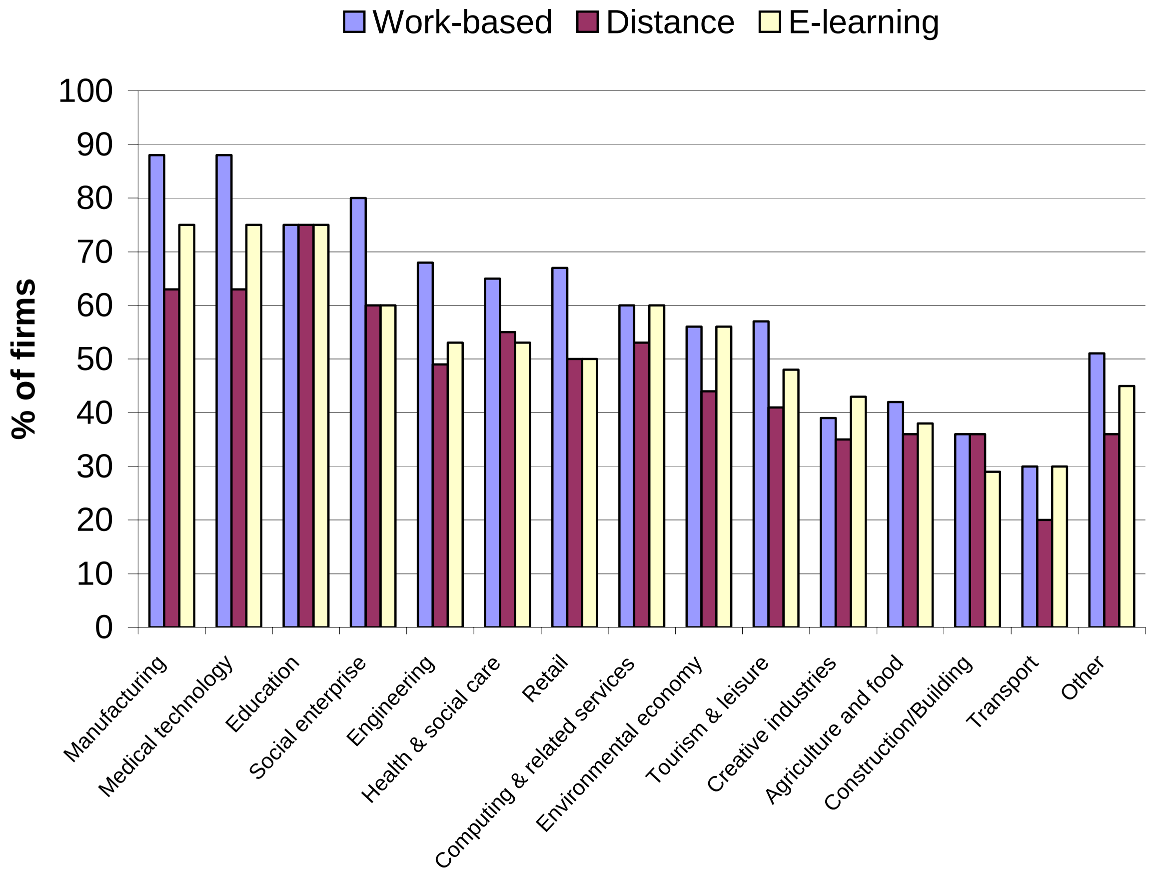
Figure 5.10: % of firms not currently using differing modes of training but who would consider using them in the future, by firm size



5.39 Across all three types of learning format, sectoral trends began to emerge (see Figure 5.11). Businesses surveyed in the manufacturing sector had the highest level of demand (either current use or would consider future use) for all three types of learning, with 88% saying that they use/would consider work-based learning, 62% for distance learning, and 75% for e-learning. Other high levels of demand were demonstrated in the following sectors: Computing and related services (60% for work-based learning, 53% for distance learning, 60% for e-learning); Health and social care (65%, 55%, 53%); and Engineering (68%, 49%, 53%). Those sectors with a smaller representation in the survey, but nonetheless with high levels of demand, include: Social Enterprise (80%, 60%, 60%), Medical technology (88%, 63%, 75%) and Education (three out of four interviewed for each type).

5.40 Sectors which demonstrated relatively low levels of demand, include: Agriculture and Food (42%, 36%, 38%); Creative Industries (39%, 35%, 44%); Construction/Building (36%, 36%, 29%); and Transport (30%, 20%, 30%).

Figure 5.11: Potential demand for different course formats, by sector



Course content preferences

5.41 We were unable to obtain enough information from firms to know what specific courses would be in high demand. Overall, however, absolute numbers within each company are small, even amongst the larger companies[35]. For example, one of the larger employers in Shropshire (650 staff) puts one to two graduates a year through CIMA and has no specific structure or in-house policy for supporting HE-level training.

5.42 There is a general belief that managerial skills are at a relatively low level across the study area, and that enhancing these skills would lead to a rise in productivity. However, according to several business-facing organisations in the study area, small businesses have little obvious demand for HE courses for their employees. This observation supports the trend shown in Figures 5.6 to 5.8. Our surveys suggested that small business employers tend to be less interested in qualifications than in the more immediate enhancement of a (potentially broad) range of specific skills. There may be a higher demand for short courses in higher level, managerial skills.

[35] The one exception in our interviews was the electrical engineering firm which has up to 10% of its staff (i.e. approx 50 staff) at any one time on HE and FE training, predominantly for HNC and HND qualifications, as well as ‘bridge courses’ from HNC to degree level.

5.43 Succession planning is also believed by business-facing organisations to be of key importance in the study area. A specific characteristic in the sub-region is that a high proportion of businesses are owned and managed by people over the age of 50. In many cases these potential success stories end up closing and/or losing money owing to the lack of identification of a successor.

Sector-specific demand

5.44 We were unable to derive sector-specific demand from the business survey; however, we would make the following comments based on interviews with firms and business-facing organisations:

- the public sector is the biggest single set of employers in the study area, and is traditionally considered to be more willing (and able) to provide training and staff-development opportunities for its employees. With increasing pressure within the public sector to be more accountable and to meet stricter targets, managers need to be leaner and more business-minded as funding streams become tighter and/or removed

- the business survey reflects the relative importance of agriculture in the economy of the study area, with an average of 16% of all businesses surveyed in the agriculture and food sector[36]. HE provision of courses for this sector has changed substantially over the past few decades. Contemporary provision of courses generally reflects the need to be more business oriented and to create the ability to profit from diversification of rural activities, e.g. degrees in 'rural economy' or 'agriculture business management'. The general perception from our in-depth interviews however, was that demand for training in agricultural skills was largely satisfied by the agricultural colleges throughout study area

- tourism and leisure is a significant sector. There is potentially demand for management-related courses and courses on how to run a small business

- one of the key sectors identified in several studies within the study area (e.g. Shropshire Futures, Herefordshire Economic Strategy) is environmental consultancy. According to the business-facing organisations interviewed, there could be potential for a national specialist centre of expertise in studies relating to environmental consultancy and technologies, or environmental building practices

- other skills needs identified within the study area include craft skills and, within the craft industries, the need for enhancing business skills. In particular, there is a lack of supply of skilled people to grow businesses and a specific problem of succession. Whilst this sector was considered less likely to present an obvious opportunity for

[36] This figure does not include the smaller farming operations of less than 10 employees.

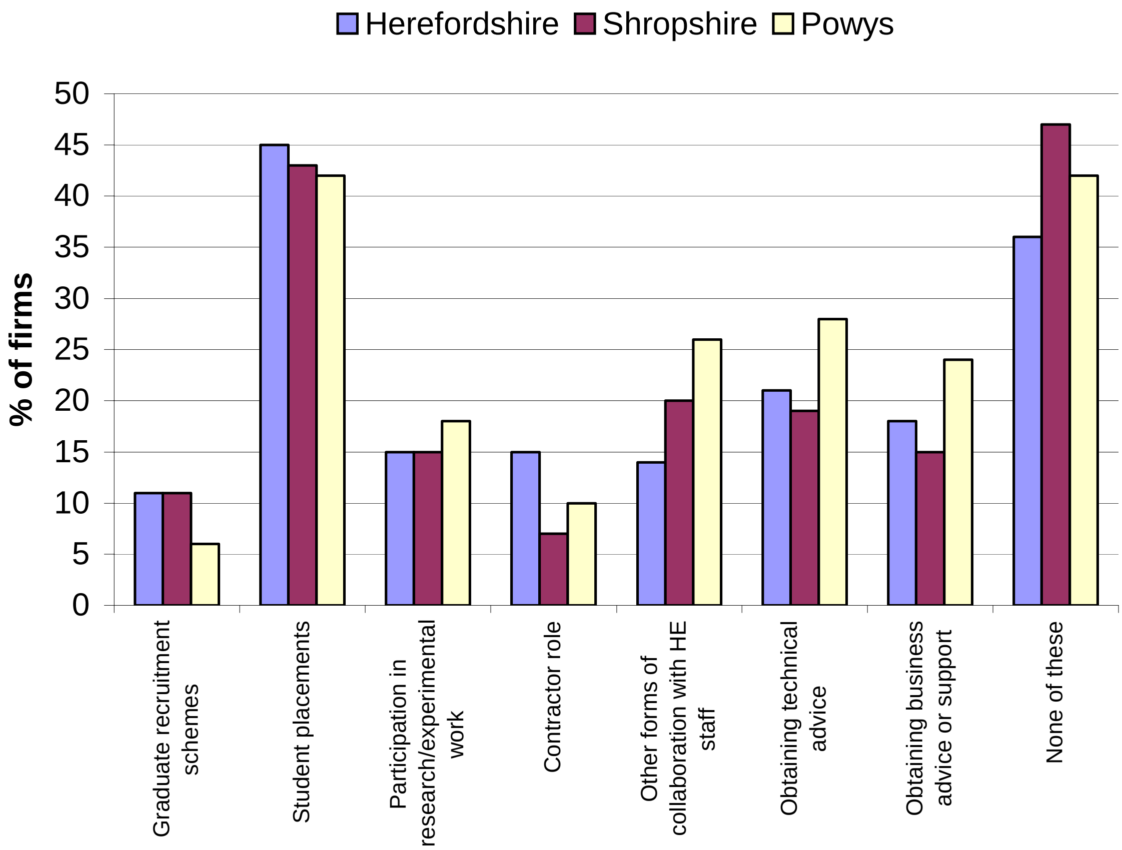
provision at HE level, design & technology and creative industry subjects are popular at degree level and there are courses offered which mix art and business studies.

Demand for other HE services

5.45 The level of demand for other HE services such as participation in research, in a contractor role, collaboration in training or seeking technical/business advice, appears to be low amongst the businesses interviewed. Where demands exist for such roles they are either covered in-house, or a collaboration is already set up with other institutions nationally, as the need has arisen.

5.46 With the exception of the contractor role, the levels of demand for the types of interaction listed above were highest in Powys, most notably in working in other forms of collaboration with HE staff[37] (26%) and obtaining technical advice from HE institutions (28%). Student placements were equally common across the counties, and other factors measured under this heading were not statistically significant between the three counties.

Figure 5.12: (non-training) Interaction with HE sector, by county

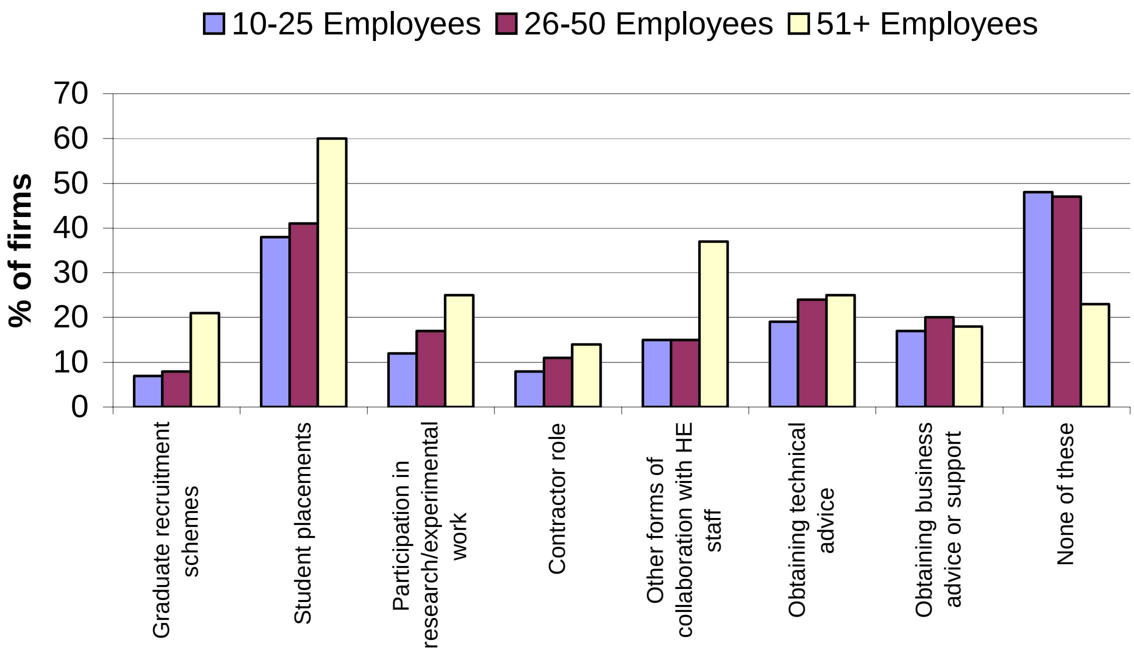


[37] For example, using network of HE staff and institution, seminars/workshops using 'local industry links', collaboration in training and sharing experience.

5.47 The most common type of interaction with the HE sector (excluding student placements) was obtaining technical advice (21% of business surveyed), e.g. advice on technical processes, new methods or opportunities.

5.48 The survey results indicate that the size of business also impacts on interaction with HE institutions (see Figure 5.13). In most cases, businesses with over 50 employees had significantly higher levels of interaction with HE. For example, 37% work in 'other forms of collaboration' with HE, compared with 15% of firms with fewer than 50 employees. Only 23% of firms with over 50 employees stated that they had no interaction directly with HE institutions, compared with 47% of firms with 26-50 employees and 48% of those with 10-25 employees.

Figure 5.13: (non-training) Interaction with HE sector, by firm size



5.49 Student placements already occur in 43% of businesses in the study area (60% of businesses with over 50 employees and 75% of those with 250-500 employees), and this is an area which is perceived to offer more opportunities for partnerships to be developed.

5.50 Overall, 17% of businesses in the survey stated that they 'would only deal with an institution which was based relatively close to us'[38]. A further 17% 'would prefer to deal with local institutions, but would consider dealing with one further afield if there was a good reason', whilst 21% of businesses 'would select an institution for other reasons – such as reputation or an existing relationship'. The figure relating to other reasons was notably higher (30%) for large businesses with over 500 employees. In terms of aggregate demand, this would suggest

[38] This percentage includes those firms who do not deal with HE institutions; the figure is 31% of those firms who deal with HE institutions.

that around 518 businesses[39] in the study area, who deal with HE institutions for reasons other than training, would only deal with a locally-based organisation. For a greater number (around 615 businesses[40]), the proximity of HE institution is not a significant factor in forming a working relationship.

[39] Between 398 and 638 businesses, at a 95% confidence level.

[40] Between 465 and 765 businesses, at a 95% confidence level.