

Engaging employers with higher education

HEFCE strategy to support links between higher education and employers on skills and lifelong learning

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Summary

1. We are currently developing our strategy to support higher education to engage more effectively with employers. Higher education (HE) has a vital role in making the country more competitive by promoting the knowledge-based aspects of our economy and, through improving skill levels, driving up productivity and growth. Although universities and colleges are already engaged with employers, the HE sector needs to work more effectively with them to maximise the benefits for learners, employers, employees, and the economy and society.
2. Our strategy aims to understand how we should support the HE sector in this, and to develop partnerships between HE, employers and individuals, which will deliver a holistic approach to the key challenges. We are therefore adopting a two-stage approach. During the first stage we are funding a range of pilot projects which will develop our understanding of current activity and test approaches to increasing demand from employers for HE. The second stage will draw on these findings to develop a shared strategy between HE and its partners.
3. The primary aim during the first stage our strategy will be to **help the HE sector to position itself to provide the higher level skills needed by employers, learners, the economy and society**. Key objectives will be to:
 - establish the current level of employer engagement by institutions
 - investigate the level of demand for employer-led and funded provision and stimulate employer and employee demand further
 - identify and remove the barriers that inhibit the ability of HE to meet employers' and employees' needs
 - promote flexible, responsive provision, in particular testing the development of the workplace as a site of learning.
4. As the first stage of our strategy will focus on pilot activity we are not issuing a formal consultation. However, we would be interested in hearing from employers, employees and learners – as well as partners in the HE sector – about how we should develop our strategy in the long term.
5. We particularly welcome responses to the questions listed in paragraph 56. Responses and any queries on our strategy should be sent to Sarbani Banerjee (s.banerjee@hefce.ac.uk).

Why does HE need to engage with employers?

6. In a rapidly-evolving society and globally competitive economy there is a pressing need to promote the high value-added, knowledge-based aspects of the economy. We also need to promote higher productivity and growth. HE contributes to all drivers of competitiveness, but particularly to innovation, enterprise and skills, and workforce

development. The Government's two White Papers on skills, as well as recent reviews on skills and productivity, have highlighted the importance of different aspects of HE's contribution. For example the Leitch Review interim report identifies the relatively high economic returns to HE level qualifications¹; the Department of Trade and Industry (DTI) underlines a strong link between skills and innovation² and the Treasury-commissioned Cox review of creativity in business promotes the role of interdisciplinary HE in improving creativity in business.³

7. More recently, the Secretary of State's grant letter to HEFCE in February 2006 provided a strong steer to the Council on developing employer engagement. It asks the Council to lead 'radical changes in the provision of HE' through a strategy of growth which will incentivise provision which is fully or partly funded and led by employers.⁴

8. In spite of this focus, to date the Government's skills strategies⁵ have not fully articulated the role that HE might play and have only latterly sought to embed HE in the regional and national skills infrastructure (for example in Regional Skills Partnerships). There have also been extensive changes in the further education (FE) and schools sectors as a result of the skills strategies, and of the Government's White Papers on 14-19 education and skills (2005)⁶ and further education (2006).⁷

9. Government strategy in these areas has sought to place the needs of employers and the economy at the core of policy, for example, through the establishment of employer-funded skills academies; the development of Specialised Diplomas for 14-19 year-olds which combine practical and theoretical education; the promotion of apprenticeships and work-based learning routes; and the review of qualifications through the Framework for Achievement programme. All these developments include a strong role for Sector Skills Councils.

10. We have outlined in our strategic plan for 2006-11 a commitment to strengthening the links between the HE sector and employers, as well as promoting opportunities for workplace, work-based and flexible routes which enable lifelong learning. In it we have set a target for the proportion of higher education institutions (HEIs) reporting high levels of employer engagement to increase to 80 per cent by 2009.⁸

11. Our Lifelong Learning Networks initiative seeks to promote effective links between HE and employers through vocational education. However, there is a risk that, without more imaginative sector-wide approaches to shared curriculum and programme development, HE at the boundary between Levels 3 and 4 could fail to respond to the prior learning and aspirations of prospective students.

12. More broadly, the HE sector also risks disconnection from the extensive private market for HE level provision, and opportunities to meet the needs for continuing professional development (CPD) driven by:

- an ageing population and fall in the number of young people as a proportion of the population, which will increase demand for training of the workforce as a route to meeting skills needs
- the requirement for more high value-added products and services

- the rise in enterprise and entrepreneurship, stimulating demand from people wanting to set up their own businesses
- the need for enhanced management training – to develop businesses’ overall capacity to deliver productivity
- the need to manage increased risk and regulation, for example in public services such as health.

13. Within the current funding constraints, public resources are unlikely to cover fully the type of lifelong learning and continual refreshing of skills which will be required by individuals within a dynamic economy. Employers too, where they benefit directly from the development of their workforce, should be expected to share the costs of the provision. New funding partnerships and different balances of contributions may be required between public and private sources (employer, the state and the learner) to develop provision that meets the needs of changing public and private sector organisations.

14. Although employer engagement has been given recent prominence in government policy on HE, HEFCE support for it predates this, through various funding streams, as does the sector’s extensive activity evidenced by responses to the annual surveys of links between HE and business and the community (the HE-BCI surveys).⁹ We have been developing our policies on flexible, lifelong and workplace learning since the publication of the Government’s first skills strategy¹⁰. We therefore see government policy as an invitation to focus and step up our work in this area, rather than as something totally new. We see employer engagement as part of a long-term and broadly based alignment between HE and the needs of the workplace.

What is the scope of our strategy?

15. We use the phrase ‘employer engagement’ to refer to a sub-set of the broad range of collaboration between HE and public and private sector organisations, which was explored and promoted by the Lambert report on business-university collaboration.¹¹

16. Our employer engagement strategy thus draws upon our existing support for an infrastructure for engaging with a wide range of business and social organisations funded through the Higher Education Innovation Fund (HEIF).¹² HEIF forms a part of our employer engagement strategy by:

- attracting users of knowledge who may also be employers
- encouraging knowledge exchange that may happen most effectively through the flow of people (particularly at highly qualified levels)
- contributing to the development of enterprise (which in turn contributes to market-led innovation) and continuing professional development.

17. A number of our major initiatives already contribute strongly to employer engagement. They include HEIF, support for the expansion of foundation degrees, Lifelong Learning Networks which promote progression to HE for vocational learners, and Centres for Excellence in Teaching and Learning, a large proportion of which are either work-related or sector-based. We have also been working with the Skills for Business

Network to enhance the Sector Skills Councils' (SSCs) strategic engagement with the HE sector, particularly through the Higher Education Academy and its subject centres. Our work to support strategic and vulnerable subjects includes Aimhigher projects that aim to increase student demand for subjects valued by employers such as science, engineering, technology and mathematics (STEM) subjects.

18. Employer engagement presents a broad range of opportunities for HE, which are reflected in our strategy. It can help the sector to:

- widen participation by offering coherent and connected learning routes from Level 3 to postgraduate, with appeal for a broader range of learners, particularly through enhancing links to the 14-19 Specialised Diplomas and progression for vocational and work-based learners into and through HE
- recognise and support the changing nature of 'graduateness' in HE and the needs of a varied student body (on part-time, short, work-based and professional courses)
- meet the changing needs of all learners who need to combine work and study in different ways (for lifelong learning and CPD), and who therefore have different needs in accessing administrative, academic and pastoral resources
- enhance the employability and satisfaction of graduates through clearer signals to prospective students about which courses are valued by employers, and by providing more relevant HE programmes
- improve employer links for the benefit of institutions' broader support for business and the community.

18. Although the focus of our employer engagement strategy is on learning and teaching, our approach will link to knowledge transfer and widening participation. A primary consideration is to meet the needs of learners as independent decision makers in their learning. We need to address their needs for lifelong career and personal development alongside the needs of employers. In supporting the agenda set out in the Government's two skills strategies to make educational provision more responsive to employers' skills needs, we place emphasis on employee development as an important factor in productivity, enterprise and social equity.

Current levels of HE-employer engagement: an initial assessment

19. Our initial review of existing data and research, which includes our recent national and regional study on workplace learning¹³ surfaces a complex picture, in which there is a diverse range of employer engagement in HE, but also potential barriers to further extension.

20. Employer engagement can involve provision that is employer-designed (such as foundation degrees), employer-funded (usually through support for student fees), and employer-delivered (in the workplace). In certain sectors – especially teaching, healthcare and social care, where the employer in question is a large public sector organisation – the employer's funding contributions to undergraduate programmes are obviously mainstream, as a major investment in workforce development. In other sectors, however, employer funding of HE is minor.

21. Data available from routine sources on different forms of employer engagement are not comprehensive, but we do have substantial evidence from the HE-BCI surveys, the staff and student records of the Higher Education Statistics Agency (HESA), and the learner records from the Learning and Skills Council (LSC). This shows that there is already a broad range of two-way engagement between HE and employers. We have evidence in three areas of explicit employer involvement¹⁴:

- student numbers on work-based courses
- income from employers (fees and other income)
- institutional infrastructure.

22. In terms of employer contributions to funding, fees for part-time undergraduate learners are sometimes paid by employers. The proportion paid is significant but not major. We are exploring the possible impact on part-time study of changes to the Government's fee and student support regime, and will address funding for part-time study within the broader review of our funding method for teaching.

23. Further detail on data about employer engagement is at Annex A.

24. In general, current data highlight that, while there is clearly a pressing impetus for change in some areas of HE activity, in other areas the HE sector has a successful track record in meeting the needs of employers. Professional bodies exert considerable influence over the content of HE programmes. The level of graduate salaries and employment rates attest to the continued value of the three year honours degree. A recent report from the Council for Industry and Higher Education confirms employers' views of the broad fitness of graduates for entry to employment.¹⁵

25. However it is clear that we currently do not have enough information – both quantitative and qualitative – to identify which large-scale interventions by HEFCE could add value to current activity and represent value for money. This is particularly important in view of our own need to be accountable in allocating public funding to enhance private sector activity. More research needs to be done to capture the extent of HE provision that involves employers (although in doing so we will minimise any administrative burdens on the sector).

26. We intend to monitor the effects of our strategy on disadvantaged groups, including minority ethnic groups, as part of a formal Race Impact Assessment.

27. We also propose to commission research to complement the practical tests of the pilot projects, to gauge potential for expansion of activity (for example, research into employer demand for accredited qualifications). There is a need to synthesise the findings of the extensive and complex literature on skills and the labour market being produced by a range of agencies, to inform policy development. We need to understand the factors, cultural and otherwise, that may make engaging with CPD a lower priority for HEIs, or why there is a lack of focus on higher-level skills in business support organisations. This is a complex area and it will be important for our policies to demonstrate added value.

28. Therefore, in finalising the aims for our strategy, identifying what types of change are needed and how ambitious we should be in delivering these, there is a need for greater clarity about the current 'baseline' for activity, what new data need to be collected, and how much capacity there is for increased quality and quantity of employer engagement.

Challenges and barriers

29. There are a number of broader factors that impact on our strategic role in supporting employer engagement. These have been highlighted in our recent workplace learning research.

30. In some cases the challenges are such that we can help HE to address them. These include:

- the role of HE in improving productivity is not sufficiently promoted in policy discussions, and poorly understood by employers and employees
- outside certain disciplines, the workplace is not yet widely valued as a place of HE level learning
- there is a lack of a shared language between employers and HE that could help to make clear the relationship between HE learning and skills and competence
- the HE sector lacks the capacity, and possibly the incentives, to engage in riskier markets linked to employer needs, when traditional young entrants continue to represent a safer investment
- we need to develop quality assurance systems that are sufficiently flexible to meet the special needs of workplace delivery of learning (there are lessons to be learned from the experience of foundation degrees).

31. In other cases, managing the challenges is outside our remit and capacity and we are dependent on other agencies in delivering the Government's overall aspirations. Such challenges include:

- the need to increase employer demand and employer funding for HE to meet the long term needs of the economy, underlined by the interim report of the Leitch Review of Skills. (Raising demand from employers for skills is primarily the responsibility of two agencies: the RDAs and the SSCs)
- weak alignment between employers' interest in competence rather than academic credit, and learners' needs for portable qualifications
- the complexity of the workings of the market for HE, involving employers and students as customers and stakeholders
- the difficulties for HE and for employers in identifying and articulating what skills and qualities are needed by the economy, in view of the diversity of employers, and of perspectives within employers. Some focus on competence (literacy and numeracy) of HE qualifiers rather than their ability to transform business in the long term
- the lack of consensus about whether the current analysis of skill deficiencies identified at Levels 2 and 3 can be applied to HE, and a burgeoning technical literature on the labour market which is complex to interpret.

32. We are aware that co-funding, which involves private sector income alongside core HEFCE public funding, raises a number of issues. We have sought legal advice, which confirms the complexity of those issues, so we will need to provide appropriate guidance and support to institutions and partners in taking forward our strategy.

33. The primary legal risk in supporting employer-funded provision is the potential to create an illegal state aid. It has been suggested that the more closely a course is aligned with the specific training needs of employees of one employer, the more likely it is to be an inappropriate state aid¹⁶. However, HEFCE has powers to exercise functions jointly with the LSC and we will seek to work with them to explore our funding options. Overall we believe that a two-stage approach, which includes pilot projects to explore joint funding, is the best way to minimise the risks of inappropriate use of public money.

Our proposed approach

34. It is clear that employer engagement represents an exciting challenge to develop our approach to funding and supporting flexible, work-related learning and teaching. In view of the limitations of current information and the challenges we face, we propose that our strategy adopts a two-stage approach. The first stage will be experimental market-testing and involve a range of research and pilot work. The second stage will draw on the findings to develop a shared strategy between HE and its partners. This is important because achieving the Government's aspirations for employer engagement will depend on the actions of other agencies who lead on areas outside our remit.

What are we trying to achieve?

35. We have identified aims and objectives which will guide the first stage of our strategy. Our primary aim is **to help the HE sector to position itself effectively to provide the higher level skills needed by employers, by learners and employees, and by the economy and society.**

36. The objectives of this first stage will be to:

- test the potential for increased demand for provision led and funded by employers and the development of the workplace as a site of learning
- assess potential for making a long-term impact, for example, to bring about cultural and behaviour change in institutions
- establish partnerships with HE delivery agencies, and secure buy-in to deliver more fundamental change
- establish a baseline for employer engagement and the capacity that exists for increased quality and quantity through a comprehensive programme of research.

37. In delivering our aims and objectives we will:

- work with our partners to identify and remove barriers that inhibit HE in meeting employers' and employees' needs

- work with our partners to address demand-side weaknesses, and stimulate employer and employee demand for HE
- enable institutions to develop effective intelligence on employer markets and to supply customised and flexible learning (including work-based learning)
- promote the interests of learners and ensure that HE provision which meets employers' needs is also high quality, portable and appropriately accredited
- explore how our various HEFCE funding streams (especially for teaching and learning, widening participation and knowledge transfer) can work together to strengthen the HE infrastructure for employer engagement and workplace learning.

38. Exploring co-funding is therefore only one strand of our overall strategy. Our approach, primarily through pilot funding and by working with partners, seeks to explore and support the feasibility of more fundamental change in the sector in other areas. These include responding better to employer and employee needs in order to increase demand for HE provision, and, linked to this, developing the workplace as a site of learning to enhance opportunities for flexible lifelong learning.

39. In general, we wish to encourage imaginative approaches to employer engagement, which may involve institutions working in partnership or developing niche markets suited to their individual missions.

40. We do not propose a prescriptive role concerning institutions' approaches. Nor do we recommend an approach that would, for example, require every institution to develop an employer engagement strategy.

41. We do not propose to establish a new infrastructure to support employer engagement. We expect that Lifelong Learning Networks will be a primary, although not exclusive, route for delivering elements of our strategy. Their contribution will be important in building on the links already forged with employers and the work to improve vocational pathways to HE. Lifelong Learning Networks will also have a key role in promoting HE delivered in further education colleges (FECs).

42. FECs are already contributing to employer engagement at FE level, through Centres of Vocational Excellence, foundation degrees, and Train to Gain – a brokerage scheme to help employers find the right training from the right provider. We believe FECs have major roles to play in supporting HE to deliver tailored packages of learning for individuals, which might include postgraduate, honours level and FE learning; as well as in brokering relationships between HE and employers and delivering responsive, locally accessible provision.

43. The initial pilot stage will represent our direct response to the Secretary of State's request to lead on a strategy of growth that encourages provision fully or partly funded and led by employers. It will also address the broader issues identified in our recent research on workplace learning, and will link closely to our strategic approaches to widening participation, learning and teaching, and enhancing the contribution of HE to the economy and society.

44. We will deliver this first stage primarily through sector-led projects and regional higher level skills projects. We will also address barriers to employer engagement which operate at a national level by asking our key related bodies to develop an action plan focusing on issues of quality enhancement and assessment, staff development, access to information and communications technology (ICT), and partnerships. Those related bodies are the Higher Education Academy, Foundation Degree Forward, the Quality Assurance Agency for HE, and the Leadership Foundation. We will also invite the Joint Information Systems Committee (JISC) to contribute to this activity.

45. We believe that in this first stage we should adopt an approach that is appropriate to the level of risk we have identified for the strategy and the limited resources available. We will also need to strike a balance between supporting new areas, particularly in relation to employee development, and ensuring that successful approaches continue to be supported.

46. We expect that our policy work and funded projects in the first stage will test various possibilities, for example:

- the development of the workplace as a site of learning (focusing on bringing existing provision, both formal and informal, within an HE framework)
- opportunities for HEIs to increase their share of the CPD currently delivered by private training providers, such as by accrediting employers' existing in-house training, supplying various services such as accreditation of prior learning (APEL), curriculum design and assessment. This could build on experience to date such as the UVAC consortium accreditation of development programmes for GlaxoSmithKline and BP
- support to enable HE to deliver customised and personalised learning as mainstream activity for employers and employees (developing new markets and new provision that is responsive to employer needs)
- support for large public sector employers such as the police force and children's services, to engage with HE to develop provision which meets their needs for CPD
- building on Lifelong Learning Networks to develop employer engagement
- work with UnionLearn, supporting workplace development, and management and leadership training for employers
- work with JISC and the Higher Education Academy to link our strategy appropriately to our e-learning strategy to ensure the sector's ICT capacity is fit for purpose in meeting employers' and learners' needs.

47. In some cases the aim will be to test the potential to increase demand from employers to invest in higher-level learning for their workforce where that does not currently exist (for example in small and medium sized companies). In others, the aim will be to test whether HE can gain a greater share of the existing CPD market. A common theme will be exploring the potential of employers to co-fund provision at HE level (and what incentives could attract that), and the potential of that provision to contribute to widening and increasing participation. We do not believe that it is HEFCE's primary responsibility to promote demand in employers: our responsibility is as a supply-side funder. But we do see a role for us working in partnership with those who have that primary responsibility (such as Sector Skills Councils).

48. The second stage will draw on the findings of the projects in the first stage, and develop an over-arching strategy articulating the contributions of HEFCE, the HE sector, key delivery agencies and other partners, deploying any resources obtained for the purpose through the Government's forthcoming spending review.

Success measures

49. We have identified the following high level success measures for our strategy, which we will refine during the first stage:

- that a broader range of employers increase their investment in higher level learning and indicate they are satisfied with their interaction with HE (measured by the HE-BCI survey, the National Employer Skills Survey and, if appropriate, HESA data)
- that a broad range of employers increase their involvement in HE curriculum design, delivery and review (as measured by the regional and national projects)
- that more employers understand how HE can meet their needs and know how to access provision; that learners in the workplace understand how HE can meet their needs and how they can access it (as measured by regional projects)
- that more learners in the workplace can access accredited learning at HE level, and HE learning which recognises the value of their work-based learning (as measured by the regional and national projects)
- that we do this in a cost-effective manner, without encroaching on institutions' autonomy or creating a disproportionate administrative burden on the sector.

Putting the strategy into practice

50. Annex B sets out the implementation plan for our employer engagement strategy. This plan reflects the aims and objectives of the strategy and outlines our proposed actions. It contains five strands, which each include sub-themes of quality, funding, infrastructure, and research. A summary of the proposed activities in each strand is given below.

Strand A: Flexible lifelong learning: developing responsive provision to meet employer and employee needs

Develop credit and qualification frameworks, and funding methods to promote flexible learning; promote the role of HE in FE; reward excellence in work-based learning; improve access to ICT to support workplace learning; flexible progression routes through Lifelong Learning Networks; promotion of better institutional links with their graduate alumni to support CPD; expansion of the HE sector's capacity to manage intelligence on skills issues (observatory functions).

Strand B: Employability: engaging employers in the HE curriculum

Review support for sandwich placements; promote joint curriculum development; support joint working between SSCs and HE; promote high quality learning through work placements; support for graduates traditionally disadvantaged in the labour market; develop entrepreneurship skills as part of the HE curriculum; evaluate employer satisfaction with graduate skills and qualities; improve employer understanding of HE.

Strand C: Co-funding partnerships: sharing the costs and benefits of HE

Test the potential for co-funded provision; develop a funding method which supports co-funded provision.

Strand D: Meeting demand for higher level skills: embedding higher education in the skills infrastructure

Enhance the contribution of HE to workforce development including through Train to Gain as part of the regional pathfinder projects on higher level skills; develop strategic relationship between Sector Skills Agreements and institutional and regional planning; promote more effective strategic dialogue on HE skills in the regions; enhance signals from employers to students through information, advice and guidance; promote student demand for subjects of high value to employers.

Strand E: Work-based learning: valuing learning undertaken in the workplace

Consider recommendations from workplace learning research, including development of appropriate quality assurance methods to support innovative and customised learning; staff development in workplaces and in HE; work with partners to raise demand for work-based learning; continued expansion of foundation degrees; support for expansion of accreditation of companies' in-house training; support for APEL as part of an HE programme.

51. In implementing our strategy, we will work with two broad groups of partners. As outlined in paragraph 44, in the first stage we will charge our key related bodies – HE Academy, QAA, FDF, JISC and the Leadership Foundation – with agreeing a joint action plan to support employer engagement.

52. We will also establish a separate advisory group to guide us in developing our strategy and developing the second stage. This second stage will secure a partnership between HEFCE, the HE sector and its wider partners – such as employers and their representative bodies, other government departments, RDAs, the LSC, and other members of the Skills Alliance – to agree and implement a wider shared strategy for employer engagement in HE learning.

Research programme

53. As indicated above, each strand will include specific research studies to help refine and inform our activities (for example, to understand current trends relating to sandwich provision). We also intend to establish a 'wrap around' strand of research will include:

- monitoring and evaluation for the projects
- support for the regional and national projects to draw out lessons about 'what works' and identifying how we can add value
- research to synthesise existing labour market information and studies on flexible, lifelong learning
- research to complement investigating 'what works' with conceptual analysis and testing of approaches.

Funding

54. We are funding the first stage of our strategy primarily through the Strategic Development Fund. Employer engagement has been identified as a priority area for the fund.

54. We have earmarked 1,000 additional student numbers for 2006-07 and 2007-08 to support employer engagement. These will be for the regional skills projects as part of Train to Gain, and for projects that we decide to support in response to our Circular Letter 06/2006, in which we particularly invited proposals co-funded by employers.

55. Further activity after 2008 will depend on the outcomes of the Government's 2007 Comprehensive Spending Review.

Questions for employers, employees, learners and HE partners

56. We would welcome responses to the following questions, as well as comments on any other aspects of our strategy. These should be sent to Sarbani Banerjee (e-mail s.banerjee@hefce.ac.uk).

- a. Have we identified the important aims, challenges and issues facing HEFCE and the HE sector as we develop and implement a strategy for employer engagement?
- b. What have we missed? How might we improve our strategy?
- c. Do you agree that HEFCE's strategic role should primarily be to support the HE sector's capacity to understand and address the challenges posed by employer engagement?
- d. Do you agree that employer engagement should be seen as part of a broader approach to promoting flexible lifelong learning?
- e. Do you agree with our specific focus on testing the demand and potential for more fundamental change in HE through:
 - development of the workplace as a site of learning
 - institutions responding to employer needs through customised and personalised learning.
- f. Do you agree that there is a need to support demand for HE from employers and employees, and that HEFCE should support the lead role played by other organisations in raising this demand?
- g. Which organisations or individuals do you believe HEFCE needs to engage with more effectively?
- h. Which organisations or individuals do you believe the HE sector needs to engage with more effectively?
- i. If HEFCE could do one thing to help you or your organisation improve engagement between HE and employers, what would that be? What would be the single most effective contribution that could be made by a) employers b) the HE sector?

References

- ¹ 'Skills in the UK: the long-term challenge', HMSO, 2005.
- ² Tether B, Mina A, Consoli D and Gagliardi D, 'A literature review on skills and innovation. how does successful innovation impact on the demand for skills and how do skills drive innovation?' DTI, 2005.
- ³ 'Cox review of creativity in business: building on the UK's strengths', HMSO 2005.
- ⁴ HEFCE Circular letter 06/2006, www.hefce.ac.uk under Publications/Circular letters.
- ⁵ '21st Century skills – realising our potential' HMSO 2003, Cm 5810; 'Getting on in business, getting on at work' HMSO 2006, Cm 6483-I.
- ⁶ '14-19 Education and Skills' HMSO 2005, Cm 6476.
- ⁷ 'Further education: raising skills, improving life chances' TSO 2006, Cm 6768.
- ⁸ HEFCE Strategic Plan 2006-11, reference HEFCE 2006/13, www.hefce.ac.uk under Publications/Circular letters.
- ⁹ 'Higher education-business and community interaction survey' HEFCE 2006/25, www.hefce.ac.uk under Publications.
- ¹⁰ '21st Century Skills', HMSO, 2003.
- ¹¹ 'Lambert Review of Business-University Collaboration' HMSO 2003.
- ¹² Further information is on the web at www.hefce.ac.uk/reachout/heif/
- ¹³ Brennan J, Little B, Ratcliffe N, 'Towards a strategy for workplace learning' HEFCE 2006; KSA Partnership, 'Workplace learning in the North East', HEFCE 2006. Both on the web at www.hefce.ac.uk under Publications/R&D reports.
- ¹⁴ Data on student numbers on work-based courses is derived from HESES, HESA and ILR records; income from employers (fees and other income) is derived from HESA records and the HE-BCI survey; data on institutional infrastructure is derived from the HE-BCI Survey.
- ¹⁵ 'International competitiveness: businesses working with UK universities', CIHE 2006.
- ¹⁶ In our current funding rules, students on 'closed courses' are non-fundable. These are 'courses that are restricted to certain groups of people and are not generally available to any suitably qualified candidate. For example, where a course is only available to employees of particular companies, that course is closed.' (HEFCE 2005/39, Annex G, paragraph 3g).

Annex A

Preliminary assessment of HE-employer engagement

1. The key issues arising from the data are summarised below.

A Employer-designed provision

- HE-BCI collects self-reported data from institutions on overall levels of employer engagement in curriculum design and review; most institutions report they engage at the highest levels; only 28 of 130 report at levels 1-3.¹
- We have no programme level information about employer involvement across all HE programmes.
- Foundation degrees involve employers in programme design but employer involvement varies considerably between different programmes.
- Work-based learning provision with high levels of employer involvement is common in some disciplines (health, social care, teacher training).
- Some work-based learning is learner-focused and employers have minimal involvement in the programmes of study.
- We do not collect data for HE accreditation of in-house training programmes.

B Employer-funded provision

- Generally the main route for employer income is through support for fees.
- However NHS and TDA funded programmes represent a significant proportion of programmes where employers are the major source of income.
- We have figures for income from accredited and non accredited 'continuing professional development' but there is no robust definition of continuing professional development, which may lead to under or over-reporting.
- We collect data on employer contribution to fees, and the major source of funding for the programme, but do not collect additional income generated by provision which might fall between these definitions (e.g. in kind contributions; contributions towards course costs).

C Employer-delivered provision

¹ Three benchmark levels are described in the HE-BCI survey guidance:

- level 1: 'no links with employers';
- level 3: 'some dialogue with employers about the nature of courses, but limited to specific vocational exercises or one-off activities';
- level 5: 'all departments regularly consult with employers and other partners on curriculum where relevant. Specialist subjects are kept up to date and relevant to the labour market. More generic skills developed in all courses as required.'

It should be noted that our strategic plan key performance target in relation to employer engagement relates to improvement in this self assessment from current levels to 80 per cent reporting high levels of employer involvement in the curriculum by 2009.

- We do not collect data on employer involvement in the delivery of provision (staff or resources), although the National Employer Skills Survey may collect information on this.
- There are a range of models of employer delivery which do not easily lend themselves to the development of typology necessary to evaluate development of this area.
- Work-based learning may have varying levels of employer delivery, including no involvement from an employer.

Student numbers

2. The data suggests the following numbers in relation to employer engagement.

A Sandwich placements

- The numbers of fundable sandwich placements (thick and thin) fell from 22,850 in 1999-2000 to 17,810 in 2004-05.² This is almost entirely attributable to a drop in students taking placements at former polytechnics. Sandwich degrees represent one of the most established and large-scale forms of employer engagement in undergraduate programmes: institutions report that it is proving harder to find placements with employers, and students prefer a shorter course for financial reasons.

B Foundation degrees

- Foundation degrees represent a major engagement with employers (8,260 new starters in HEIs and FECs in 2002-03; 15,250 in 2003-04; and 21,550 in 2004-05).
- In 2004-05 there were 10,370 full-time and 6,360 part-time foundation degree new entrants in HEIs.
- Part-time FDs represent just under 2 per cent of all part-time new entrants to HE including postgraduate qualifications.

C Programmes leading towards obtaining eligibility to register to practice in the medical, social care and dentistry professions

- In 2004-05, just over 7 per cent of full-time students were new entrants to undergraduate programmes.

D National Vocational Qualifications (2004-05) Level 4 and 5 (currently non-fundable by HEFCE)

- In 2004-05 there were 320 new entrants to NVQ level 4 and 5 (part-time) in HEIs.
 - 24,970 students in total are registered at Level 4 at FECs.
 - 680 students in total are registered at Level 4 at HEIs.

² Thick sandwich placements within a four year course are undertaken as a year long placement after year 2; thin placements within a four year course are undertaken as two shorter placements across academic years.

- 610 students in total are registered at Level 5 at FECs.
- 20 students in total are registered at Level 5 at HEIs.

Income from employers

3. Income from CPD courses for business (excluding those funded by the NHS and TDA) was identified as £200.8 million for 2004-05. This represents approximately 1.5% of the sector's total income.

A Major source of funding for programme

- Apart from major public employers, most employers contribute financially through student fee income, rather than through the funding of the programme of study itself.
- 64,970 of 620,680 new entrant UG students (10 per cent) are on programmes funded by NHS/DOH and social care (PT and FT).
- 3,830 of 199,260 new entrant PGT students (nearly 2 per cent) are on programmes funded by NHS/DOH and social care (PT and FT).

B Major source of tuition fees

For undergraduate students (new entrants):

- Nearly 14 per cent (36,880 headcounts) of part-time students have their fees paid by either their own employer or by UK industry.
- Just over 10 per cent (27,390 headcounts) of part-time students have their fees paid by Departments of Health/NHS/Social Care.
- Almost 1 per cent (2,880 headcounts) of full-time undergraduate students have their fees paid by either their own employer or by UK industry.
- More than 6 per cent (22,210 headcounts) of full-time students have their fees paid by Departments of Health/NHS/Social Care.

For postgraduate taught degrees (new entrants):

- Just over 21 per cent (18,750 headcounts) of part-time students have their fees paid by their employer or UK industry.
 - More than 4 per cent (3,790 headcounts) of part-time students have their fees paid by Departments of Health/NHS/Social Care.
 - Just under 2 per cent (2,090 headcounts) of full-time students have their fees paid by their employer or UK industry.
 - Just under 1 per cent (950 headcounts) of full-time students have their fees paid by Departments of Health/NHS/Social Care.

Infrastructure for employer engagement

4. Institutions reported as follows in the most recent HE-BCI survey (for 2005):

- 117 (out of 130) institutions reported they had a dedicated unit that provided an enquiry point for SMEs
- 105 report their unit provides assistance to SMEs in specifying their needs
- 109 institutions provide entrepreneurship training to spin off companies: 66 solely by the HEI; 35 worked in conjunction with a partner; and 8 did so through a partnership with an employer.

5. The following number of institutions offered different forms of employer-related learning

| | Distance learning for businesses | | Continuous work-based learning | | Short bespoke courses for business on campus | | Short bespoke courses at companies' premises | |
|---------|----------------------------------|------|--------------------------------|------|--|------|--|------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| England | 88 | 86 | 82 | 79 | 113 | 109 | 106 | 103 |

6. Concerning employer involvement and intelligence:

- 102 institutions reported that employers were actively involved in the development of content and regular reviewing of the curriculum at level 4 or 5 (ie, highest levels of a specified benchmark).
- 74 institutions reported at level 4 or 5 (ie, highest levels of a specified benchmark) that they monitor sectoral change and skills needs by taking into account Labour Market Information (LMI).³

³ The benchmark levels described in the HE-BCI survey are:

- Level 1: no monitoring of skills, general use of LMI, or collaboration with employers
- Level 3: moderate responsiveness – some changes in provision based on forecasting of demand using LMI, but little ongoing dialogue with employers and other bodies. LMI would typically be examined in central service units but not disseminated and used in departments.
- Level 5: Sophisticated monitoring systems at HEI level, with provision of appropriate data to individual departments. Evidence that information from LMI and employer suggestions are acted upon at central and departmental levels.

Annex B Implementation plan

| Strand A Flexible, lifelong learning: developing responsive provision to meet employer and learner needs - developing the capacity of the HE sector to deliver flexible, needs driven provision | | | | |
|--|---|------------------|---|---------------------------|
| | Objectives | Sub-theme | Actions | Timescale |
| 1.1 | Enable learners/employees to access accredited HE provision, delivered flexibly to meet their needs. | Infrastructure | <p>Support HE sector, through the Burgess Group, to develop appropriate credit and qualifications frameworks arrangements in HE. This will promote accreditation of short cycle provision and 'roll on; roll off' enrolment.</p> <p>Work with HE partners including the Europe Unit to support the HE sector to meet the requirements of the Framework for Qualifications of the European Higher Education Area (Bologna)</p> <p>Support Higher Levels forum on overarching credit principles across FE and HE:</p> <p>Continue to support the development of Lifelong Learning Networks.</p> | On-going till 2010 |
| 1.2 | Develop a teaching funding method which adequately reflects the needs of employer engagement and partnership. | Funding | Costing work to be taken forward as part of regional projects with the potential to inform future allocations as part of the funding method for teaching (e.g. to promote on-going need for innovation to meet employers needs; mitigate the risk in developing new markets). | On-going till 2010 |
| 1.3 | Develop a teaching funding method which promotes flexible delivery of learning. | Funding | Develop appropriate volume measures within the funding to method which will promote flexible learning. | On-going till 2010 |

| Strand A Flexible, lifelong learning: developing responsive provision to meet employer and learner needs - developing the capacity of the HE sector to deliver flexible, needs driven provision | | | | |
|--|--|------------------------|---|------------------------------------|
| 1.4 | Promote the contribution of HE in FE in employer engagement. | Funding/infrastructure | Develop a strategy for HE in FE which will: <ul style="list-style-type: none"> ▪ investigate how directly funded FECs may be able to deliver short-cycle provision ▪ Work with DfES and LSC to ensure that non-prescribed HE is effectively supported ▪ Support the establishment of Centres of Excellence linked to COVEs ▪ Promote new curriculum development involving employers which promotes progression. | Autumn 2006 – summer 2007 |
| 1.5 | Reward excellence and promote and encourage innovation in work-based, work-related and flexible learning. | Quality/infrastructure | Depending on CSR, HEFCE to explore a broad range of CETLs in vocational areas, many of which are linked to specific sectors. HE Academy in joint action plan to identify how good practice will be disseminated. | Summer 2007 |
| 1.6 | Support access to ICT which promotes flexible learning, including within the workplace. | Infrastructure | HEFCE to work with JISC to advise proposals for cross-institutional project funding on 'use of e-learning to support lifelong learners' (Calls for projects Sept 06 and April 2007). | Autumn 2006 and Spring 2007 |
| 1.7 | Support enhanced opportunities for flexible vocational learning through LLNs (including employer-led curriculum for progression) | Infrastructure | HEFCE to encourage Lifelong Learning Networks to be supported to develop links with employer bodies and develop support for the workplace, as part of the regional projects. | On-going |
| 1.8 | Promote stronger links with alumni to drive up employee demand for continuing professional development. | Infrastructure | Promote innovative ways to develop alumni links through regional skills pathfinders, potentially building on improvements in alumni data as part of responses to Destination of Leavers Survey. | Spring 2007 |

| Strand B Employability: engaging employers in the HE curriculum | | | | |
|--|--|------------------|---|--|
| | Objectives | Sub-theme | Actions | Timescale |
| 2.1 | Review And refresh support for sandwich placements including whether further support is needed to enable learners to access sandwich placements. | Research | <p>Commission research into sandwich placements and the fall in numbers in post-92 institutions to understand the drivers and student characteristics.</p> <p>Work with Government and Employer Organisations such as SSCs to promote the value of sandwich courses and other project and work placements, with a view to getting commitments from employers to increase the numbers of placements offered.</p> <p>Ask DfES to consider in its assessment of the impact of the new student support arrangements the needs of students on work placements.</p> | Spring 2007 |
| 2.2 | Promote joint employer-HE curriculum development at subject level. | Quality | HE Academy and SSCs links to ensure that curriculum meets the needs of employers | On-going |
| 2.3 | Support joint working between SSCs and HE. | infrastructure | <p>HEFCE brokering with SSCs on SSAs: mutual package – HEFCE SDF funding in return for master classes, placement opportunities; course materials/case studies; staff secondment opportunities etc (as with e-skills and Skillset).</p> <p>Regional higher skills projects including Train to Gain to establish mechanisms to develop strategic level links with SSCs, particularly those which are priority clusters.</p> | <p>On-going</p> <p>Autumn 2006</p> |

| Strand B Employability: engaging employers in the HE curriculum | | | | |
|--|---|----------------------|---|--------------------|
| 2.4 | Promote high quality placement learning for campus-based learners. | Quality | HE Academy tasked in joint action plan to identify how they will support work placement learning; personal development planning; accrediting part time work or ad hoc work experience. | Autumn 2006 |
| 2.5 | Encourage the sector to support the needs of employees and students traditionally disadvantaged in the labour market. | Research and Quality | Supporting the needs of disadvantaged students (HE Academy or SDF) | Autumn 2006 |
| 2.6 | Promote entrepreneurship skills development as part of HE curriculum. | Quality | HE Academy to be tasked in joint action plan to continue work to support entrepreneurship. | Autumn 2006 |
| 2.7 | Evaluate and promote employer satisfaction with and use of graduate skills and qualities | Research | Work with DfES to support and build on outcomes from analysis of National Employer Skills Survey, together with Destination of Leavers Survey and Labour Force Survey. | On-going |
| 2.8 | Promote employer understanding of HE. | Infrastructure | <p>Build on research study to look at use of Teaching Quality Information by employers to ensure TQI site takes into account employer needs.</p> <p>Regional projects to promote the role of HE in meeting skills needs.</p> <p>Publication jointly with HE sector to identify range and types of employer engagement in the sector.</p> <p>Publication jointly with Skills for Business Network about SSC-HE engagement.</p> | Autumn 2006 |

| Strand C Co-funding partnerships: sharing the costs and benefits of HE | | | | |
|---|---|--------------------------------------|---|---|
| | Objectives | Sub-theme | Actions | Timescale |
| 3.1 | Test potential for co-funded provision, including potential for growth in HE without additional costs for public funding. | Infrastructure Funding Quality | <p>Regional skills projects including Train to Gain (3 regions 2006 – 2009) to build capacity to respond to more 'hard to reach employers'</p> <p>Initiate projects supported by SDF including ASNs to enable large national public and private sector employers to engage with HE on a national basis.</p> <p>Support with partners such as UVAC projects with large organisation projects to accredit in house training</p> | <p>Autumn 2006</p> <p>Spring 2007</p> <p>Spring 2007</p> |
| 3.2 | Develop a funding method for teaching which supports co-funded provision. | Funding and infrastructure | <p>Develop clearer guidance as part of funding method for teaching on funding for 'closed courses'.</p> <p>Commission appropriate advice for publication on EU 'State Aids' and HE employer-led provision.</p> | Autumn 2006 - 2007 |

Strand D Meeting demand for higher level skills: embedding higher education in the skills infrastructure.

| | Objectives | Sub-theme | Actions | Timescale |
|-----|--|--|---|---------------------------------|
| 4.1 | Embed HE within regional economic and workforce development strategies; embed workforce development in HE provider strategies. | Infrastructure Funding Research Quality | Establish three pathfinder projects which will assess how HE can make a greater contribution to the regional skills agenda, in joining up existing brokerage with employers; supporting the workplace as a site of learning and developing tailored learning to meet employer and employee needs; investigating what should be funding responsibilities between state, employer and the individual. | September 2006 |
| 4.2 | Develop better links between SSCs and institutional planning | Infrastructure | Commission publications to involve SSC and HE partners to support links between SSCs and the HE sector. Regional and national projects to involve SSCs. Research panel to be commissioned to assess findings from Sector Skills Agreements . | Autumn 2006 and on-going |
| 4.3 | Promote stronger strategic level dialogue on HE level skills at regional level. | Infrastructure | Regional pathfinder projects to identify approach relevant to the region. | Autumn 2006 |
| 4.4 | Train to Gain extended to HE to include more coherent brokerage | Infrastructure | Pathfinder projects to work with LSC and other partners to ensure that Train to Gain includes HE offering; appropriate skills diagnostics and high quality tailored provision to meet employer needs. | Autumn 2006 |
| 4.5 | Improve market signals from employers to students through high quality IAG: | Infrastructure | HE sector working with SSCs and others to enhance info information for prospective students about graduate careers – not just on whether graduates secure a job, but which sectors graduates work in. Work to build on Graduate Prospects site | Spring 2007 |

| Strand D Meeting demand for higher level skills: embedding higher education in the skills infrastructure. | | | | |
|--|---|----------------|--|----------------|
| 4.6 | Promote student demand for subjects of high value to employers. | Infrastructure | Extend Aimhigher projects – as part of Strategically Important and Vulnerable subjects activity to a broader range of STEM subjects. | Ongoing |

| Strand E Work-based learning: valuing knowledge and skills developed in the workplace | | | | |
|--|---|--------------------------------------|---|--------------------|
| | Objectives | Sub-theme | Actions | Timescale |
| 5.1 | Consider the recommendations of the workplace learning studies by CHERI-KPMG and KSA Partnership. To be delivered through regional projects, large organisation projects and individual institution projects. | Quality Funding Infrastructure | Regional pathfinder project to develop capacity to develop the workplace as a site of learning and promote tailored learning for employees and employers which meets their needs for workforce development and flexible lifelong learning. Projects to be initiated with large national employers (public and private sector). | Autumn 2006 |
| 5.2 | Promote support for workplace learning to underpin knowledge exchange | Infrastructure | Build on existing good practices in supporting learning in enhancing knowledge transfer in the workplace. | Spring 2007 |

| Strand E Work-based learning: valuing knowledge and skills developed in the workplace | | | | |
|--|--|------------------|--|--------------------|
| | Objectives | Sub-theme | Actions | Timescale |
| 5.3 | Develop a quality assurance system which is appropriately supportive to innovative, customised and work-based provision. | Quality | <p>Task QAA to develop joint action plan with FDF, HE Academy, JISC and Leadership Foundation to include:</p> <ul style="list-style-type: none"> ▪ Development of a QAA audit method that is responsive to innovative, work-based provision but maintains appropriate quality standards. ▪ Encourage QAA to broaden Codes of practice for placement learning to include other forms of workplace learning. ▪ Develop QAA's 'Learning From" series and HE in FECs new review method to support work-based learning in a developmental and assessment capacity ▪ Work with SfB network to support employer involvement in assessment | Autumn 2006 |
| 5.4 | Enhance the capacity of a broad range of HE staff to support learners on work-based HE routes. | Quality | HE Academy to consider as part of its joint action plan support and staff development for academics support learning in the workplace more effectively, linked to programmes run by regional projects. | Autumn 2006 |

| Strand E Work-based learning: valuing knowledge and skills developed in the workplace | | | | |
|--|--|------------------|---|---------------------------|
| | Objectives | Sub-theme | Actions | Timescale |
| 5.5 | Support partners who are leading on raising demand for higher level skills from employees and employers. | Infrastructure | <p>Encourage SDF projects involving SSDA and TUC learning academy to work with HE to support access to HE in the workplace and to support workplaces to become employee-centred learning organisations.</p> <p>Regional pathfinder projects to establish stronger links between TUC learning academy, employer centred brokerage and HE (e.g. through training for Learning Representatives on HE opportunities; links to LLNs to promote better information, advice and guidance for employees on HE)</p> <p>To include work with employer bodies and TUC etc to develop the workplace and support employers to value, invest and participate in HE.</p> <p>As part of regional projects, promote the role of HE in providing leadership and management training to managers to support high performance working practices, including exploring how SMEs could be supported to access such training.</p> | Spring 2007 |
| 5.6 | Develop a funding method for teaching which adequately supports work-based learning. | Funding | Undertake costing work as part of regional projects to inform potential future allocations to support work-based learning. | Autumn 2006 - 2009 |

| Strand E Work-based learning: valuing knowledge and skills developed in the workplace | | | | |
|--|--|--------------------------------|--|----------------------------|
| | Objectives | Sub-theme | Actions | Timescale |
| 5.7 | Meet employers' needs for work-based learning through expansion of foundation degrees. | Funding | Further expansion of FDs towards 100,000 target by 2010 Support quality of FDs through future review arrangements, building on recent review programme. Expansion of FDF's role to include broader support for employer engagement. | Ongoing |
| 5.8 | Promote capacity of HE to accredit in-company schemes. | Infrastructure Research | Encourage accreditation to be promoted through three regional pathfinder projects. Work with large employers, and partners such as CIHE and UVAC to develop proposals with large national organisations. CIHE project to identify potential for growth in this area to contribute to HEFCE ASG analysis. | Spring 2007 onwards |
| 5.9 | Promote capacity of HE to support APEL as both an admissions route into higher education and as part of an HE programme. | Infrastructure Quality | HE Academy, QAA and FDF action group to be tasked to support within their joint action plan. Encourage APEL to be promoted through three regional pathfinder projects. | Autumn 2006 |

List of abbreviations

| | |
|--------|--|
| APEL | Accreditation of prior experiential learning |
| ASG | HEFCE Analytical Services Group |
| CETL | Centres for Excellence in Teaching and Learning |
| CIHE | Council for Industry and Higher Education |
| CPD | Continuing professional development |
| DfES | Department for Education and Skills |
| DTI | Department for Trade and Industry |
| FDF | Foundation Degree Forward |
| FE | Further education |
| FEC | Further education college |
| FT | Full time |
| HE | Higher education |
| HE-BCI | Higher Education-Business and Community Interaction Survey |
| HEFCE | Higher Education Funding Council for England |
| HEI | Higher education institution |
| HEIF | Higher Education Innovation Fund |
| HESA | Higher Education Statistics Agency |
| ICT | Information and communications technology |
| JISC | Joint Information Systems Committee |
| LLN | Lifelong Learning Network |
| LMI | Labour Market Information |
| LSC | Learning and Skills Council |
| NHS | National Health Service |
| NVQ | National Vocational Qualification |
| PG | Postgraduate |
| PT | Part time |
| QAA | Quality Assurance Agency for Higher Education |
| RDA | Regional Development Agency |
| SDF | HEFCE Strategic Development Fund |
| SME | Small and medium-sized enterprise |
| RSP | Regional Skills Partnership |
| SSC | Sector Skills Council |
| SSDA | Sector Skills Development Agency |
| STEM | Science, engineering, technology and mathematics |

| | |
|-----|---|
| TDA | Training and Development Agency for Schools |
| UG | Undergraduate |
| VLE | Virtual learning environment |
| WPL | Workplace learning |