Employability
Incentivising improvement

June 2010

Expert advice from the UK Commission for Employment and Skills
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Executive summary

Introduction

The UK’s route to growth and economic recovery depends on creating more businesses in high skill, high value added industries and having a workforce with the skills to support business ambition. Both the economy and society benefit from having more people in work and more people in productive work. And just as businesses need people who have the skills for today’s jobs and the capacity to adapt as needs change, individuals’ chances of surviving and thriving in a competitive and fast changing labour market are improved if they have the right skillset. The right skillset means a combination of technical and transferable skills usually referred to as ‘employability skills’. These cover a broad range of skills and attributes – from the fundamental skills of literacy, numeracy and ICT, to personal skills including self-management and communication – to having a positive attitude and the desire to succeed.

Given the importance of transferable skills to individuals and business, the UK Commission has challenged universities, colleges, schools and private providers to put employability at the heart of their core business and policy makers to create the conditions to make this possible. Our 2009 report The Employability Challenge, offers providers good practice approaches to delivering employability skills and identifies three areas for further investigation; these formed the basis for our work this year.

This report investigates how we incentivise the effective delivery of employability skills by using some of the key levers at our disposal: practitioner training, assessment and funding. To help build an evidence base we commissioned Deloitte to carry out background research on each of the three areas. Their work, along with the UK Commission’s own research and consultation with stakeholders and providers, has informed this report.

Employability – where we are

Last year the UK Commission developed the definition of employability skills shown in the framework below. This was drawn from a range of the most commonly used definitions.

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In our work this year we’ve found evidence across the UK of heightened awareness of the centrality of employability skills to learners and employers. Policy intent in all nations is promising and there has been real investment across all sectors in resources to support institutions and practitioners. Employability is becoming more visible in many European policy initiatives too. However, the latest surveys suggest that a significant number of employers are still finding it difficult to recruit people with the right skills.

The picture varies across different types of employer and for people leaving school, further education, higher education and welfare to work provision. For example, the vast majority of employers feel that graduates are well or very well prepared for work, although both employers and students agree that it would be beneficial for universities to offer more work placements and work-related learning opportunities. In the case of school leavers, a significant minority of employers report concerns about employability skills. Some concerns are unsurprising – for example lack of work/life experience – but lack of motivation and poor attitude to work feature strongly. Interestingly, the majority of school leavers and graduates feel they have the right skills for work although both would welcome more opportunities for work experience.

In exploring the extent of the employability problem in the UK we found a nuanced picture:

- Smaller employers are more likely to report difficulties in finding staff with sufficient employability skills and private sector organisations are more likely than public sector organisations.

- Employers report that 16 year olds are less prepared for work than either 17/18 year olds recruited straight from education or graduates. The level of satisfaction increases the longer people stay in education.

- A lack of employability skills, particularly numeracy and lack of motivation, is a barrier for long-term unemployed people finding work.

- There is evidence that people already in employment also lack some employability skills including problem-solving skills, communication skills and team working. This is particularly the case in lower skilled occupations.
So although progress has been made and plenty of good practice exists, there is still room for improvement. If we are to ensure that our employment and skills systems consistently develop the transferable skills vital to both businesses and individuals our analysis suggests that there are still a number of challenges to be addressed:

- Pedagogy is central to improving employability and teaching employability skills well is at least as challenging as teaching specific knowledge and technical skills. Many of the skills required are the same as those needed to teach well generally, but it does require some distinctive skills and attributes, including an understanding of how people learn to develop personal employability skills and the ability to contextualise employability-related teaching within vocational programmes. We cannot assume that all practitioners have these skills and attributes.

- Assessment of employability skills was felt to be an important area for investigation because of the influence it is perceived to have on teaching and learning. There is broad agreement that individuals benefit from having their employability skills recognised where the assessment process supports them in developing these skills and applying them in different contexts. Ideally, employability skills are best delivered and assessed as in the context of broader vocational programmes. For the fundamental skills of literacy, numeracy and ICT assessment is relatively straightforward in the sense that teachers and trainers are comfortable with the objective methods commonly used to test those skills. However, personal employability skills, particularly attitudes and behaviours, are developmental in nature and are not as easily measured against a defined level of competence. In addition, these skills call for more flexible and tutor-driven approaches to assessment and many practitioners seemed less confident about using these approaches.

- Funding is perceived to be a key driver of provider behaviour and one that can incentivise policy goals. In fact, funding and the way it is allocated is only one of many drivers in the system. Just as important are strategies, policies, targets, inspection outcomes and the mission and leadership of individual providers.

- Policy intent across the UK shows positive commitment to the employability agenda but much of the associated implementation activity is at very early stages. It is important therefore that going forward we measure the impact of policy on practice. Focusing on the outcomes of provision in terms of its impact on individuals, the community and the economy may well be a more powerful and effective way of driving improvement in employability than top-down target-driven approaches.
In developing proposals to address the challenges above we took account of a number of influencing factors.

The scope of this report is wide. It covers the whole of the UK and a range of settings – 14-19, further education, higher education and provision to move people from welfare into work. These settings are diverse, both in the relationship between providers and their funders and policy makers and in relation to the needs of individuals. A ‘one size fits all’ approach is not appropriate.

In the current financial environment it is unlikely that additional money will be made available. We looked therefore for existing levers that could be creatively deployed rather than expensive new initiatives.

There is not one single change that will lead to dramatic improvements in employability skills; a range of actions are needed if we are to see systemic improvements.

In the spirit of delivering best value, high quality services it is important that proposals do not entail additional bureaucracy for providers or add extra cost to the system.

Where we want to be

The prize for securing real improvements in the delivery of employability skills is that we develop more individuals with the skills necessary to get a job that is fulfilling and offers a real platform for progression in work. In turn this will ensure that businesses striving to innovate and grow have the kind of employees they need to both to lead and support their ambition. For this we need an employment and skills system where:

- initial training and continuing professional development helps practitioners to develop the skills to support their students to develop employability skills. Here employability is not an ‘add on’ but an integrated part of training and development.

- providers engage meaningfully with employers at an institution-wide level and practitioners understand the skills employers need and how learners develop these skills.

- practitioners are confident and skilled in choosing and using appropriate assessment methods to assess employability skills including personal skills.

- employability skills are routinely embedded within vocational qualifications and there is less of an emphasis on delivering discrete employability qualifications, particularly at higher levels.

- Government strategies and policies support development of personal employability skills as well as the fundamental skills of literacy, numeracy and ICT.
mechanisms and sources of support exist for providers to be able to share good practice about how to deliver employability provision and these are well used.

individuals are empowered to drive up the quality and performance of the system through access to better and more consistent publicly available information to make decisions about which programmes and providers best meet their needs.

the impact of improvements in employability skills can be identified and reported to assess whether individuals are being supported to enter and progress through employment.

Our proposals for change

Our recommendations are grouped under the three main lines of our inquiry: practitioner training, assessment, and funding and other drivers. These are not intended to be viewed in isolation, but rather as a complementary set of proposals.

Practitioner training

Initial teaching qualifications need to better develop the skills, knowledge and understanding required by practitioners to develop personal employability skills in learners. Responsible organisations should explore how this might best be done.

Lifelong Learning UK (LLUK) has developed guidance for practitioners in the further education (FE) sector in England on how to apply professional standards through the integration of employability skills in vocational areas and as delivered through discrete provision. This will be a useful tool for teachers and is a resource that could be potentially adapted to provide guidance for practitioners in other nations and settings. LLUK should consult on the development of appropriate accredited professional development opportunities based on this guidance.

Active engagement between employers and education and training institutions contributes significantly to the effective teaching and learning of employability skills. Providers and employers should make use of the many resources available to support and improve mutual engagement.

Assessment

Awarding organisations should continue to support and promote appropriate assessment methodologies for personal employability skills through qualifications specifications, guidance and by providing exemplars.
Providers should ensure that training in the **appropriate selection and deployment of assessment methodologies** is included in continuing professional development opportunities for staff.

The **role of Asset Skills as the employability champion** for the Sector Skills Council (SSC) network should continue with a focus on supporting SSCs to embed employability in standards. As part of this work Asset Skills should carry out a **review of a sample of existing vocational qualifications** to check the extent to which employability skills are being reflected in qualifications.

**Funding and other drivers**

Employment and skills policy should specifically highlight the need to develop personal as well as fundamental employability skills and ensure that all related incentives, including funding, targets and measures are aligned and consistent.

The Higher Education Academy (HEA) through its work to support evidence-informed practice in higher education (HE) should continue to **coordinate the sharing of good practice in teaching, learning and assessment of employability** across the four nations in order to embed this across the sector. Universities should seek to **offer work experience and other work-related learning opportunities** to a wider range of students.

DWP should evaluate the impact of recent funding models they have trialled to **check whether these incentivise providers to help those furthest from the labour market** as well as those who are more ‘job ready’. The lessons learnt from this should be considered in developing future models for outcome-based funding for application in other sectors.

Finally, this report set out to explore how top-down levers might be used to further incentivise improvements in employability. Our view is that outcome-based measures of impact may not only be an effective way of driving improvement in this area, they will also allow providers freedom to deliver a range of approaches tailored to suit a variety of learners in different learning contexts. We believe that an outcome-based approach, coupled with a move to provide better information to individuals and employers about courses, thereby empowering them to make informed choices, could positively influence provider behaviour and support real systemic change in this area. We recommend therefore that:

- the work underway to explore the development of models for outcome-based measures should consider how to include employability. Moves in the HE and FE sectors in England to provide **better public information on courses** should also consider how to include information about employability skills and destinations.
1. Introduction

Overview

People need a range of skills to be proficient in their job. Some of these are technical skills such as the ability to use a piece of machinery, to cook a particular dish or to speak a foreign language. However to be effective at work people also need the transferable skills that are usually referred to as ‘employability skills’. These cover a broad range of skills and attributes – from fundamental skills like literacy and numeracy, to team work and a positive attitude. Poor employability skills impact negatively both on employers and employees, making it more challenging for companies to achieve productivity goals and individuals to secure and progress in rewarding jobs.

Given the centrality of employability skills for both individuals and businesses the UK Commission launched a campaign. The campaign challenges schools, colleges, universities and private providers to put employability at the heart of what they do and policy makers, (funding bodies, awarding organisations and other key stakeholders) to create the conditions to make this possible. Our first report on this subject The Employability Challenge,¹ was published in February 2009. This report identifies practical approaches that providers can take to deliver employability skills.

The Employability Challenge also identifies three areas for further investigation: funding, training for practitioners, and assessment. These three areas formed the central strands of our work in 2009-10 and are the focus of this report. To help build an evidence base we commissioned Deloitte to carry out three projects, one to support each of the three strands. Deloitte’s reports have informed our findings along with further evidence gathered from our own research and regular engagement with employers, learners and those in the education and training community.

This report examines how we incentivise the effective development of employability skills by using some of the key levers at our disposal and outlines the UK Commission’s recommendations for what needs to change. It is wide in scope; employability skills themselves cover a broad range of skills and attributes and our investigation covers England, Northern Ireland, Scotland and Wales. It also considers a range of settings – further education, higher education, 14-19 and provision to support people from welfare into work. The breadth of the scope means that we have focused on high level principles and on recommendations that can be applied in a variety of circumstances rather than providing detailed proposals for each nation and each particular setting.

Our starting point was not that everything needs to be changed in relation to employability. We recognise that there is much good practice across different types of providers and different nations. In formulating our recommendations we are also aware of the need to deliver better services with less public funding. The work therefore explores the available levers within the system and how these might be used to bring about change.

Employability – Incentivising Improvement

In addition to outlining recommendations we start to segment the messages about employability. Blanket statements are often made, in the press and elsewhere, about the employability skills of particular groups. Our research shows a more nuanced picture which helps to signal priorities for action and investment.

The report also begins to look at how we can measure improvements in employability in the publicly funded employment and skills system. If it is widely agreed that this is important for businesses and individuals and a priority for action, we will want to understand the impact of any changes made. Our aim is not to add bureaucracy or create something new but to identify a range of existing tools that might be applied. This work will continue in 2010-11.

What are employability skills?

There are lots of definitions of what employability skills are and different people have strong feelings about which definition is most acceptable. The first report contains the outcomes of a mapping exercise which examines the definitions that are most commonly used. This shows that while there are differences there is more commonality between the definitions, which supports the view that most people have a similar understanding of what we mean by ‘employability skills’.

The first report developed the framework below which resonates with most people we have worked with.

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Positive approach

The foundation of employability skills is a positive approach (i.e. being ready to participate, make suggestions, accept new ideas and constructive criticism, and take responsibility for outcomes).

This foundation supports three fundamental skills of using numbers effectively, using language effectively (speaking and listening as well as writing) and using IT effectively. We recognise that the use of the term ‘fundamental skills’ is not unproblematic. The phrase ‘functional skills’ is used in the first report but as this is the name of a specific programme in England we have opted in this report for the generic term ‘fundamental skills’, which captures the importance of these skills in getting and retaining a job.
The fundamental skills are exercised in the context of the four personal skills at the top of the diagram.

- **Self-management** – punctuality and time management, fitting dress and behaviour to context, overcoming challenges and asking for help when necessary.

- **Thinking and solving problems** – creativity, reflecting on and learning from own actions, prioritising, analysing situations, and developing solutions.

- **Working together and communication** – co-operating, being assertive, persuading, being responsible to others, speaking clearly to individuals and groups and listening for a response.

- **Understanding the business** – understanding how the individual job fits into the organisation as a whole; recognising the needs of stakeholders (customers and service users for example); judging risks, innovating, and contributing to the whole organisation.

### How do providers teach employability skills?

The first report is a good practice guide. It looks at evidence from around 200 providers, including 20 in-depth case studies, to determine principles for providers to follow in order to embed employability right across what they do.

The six key principles are:

1. **Based on real workplace practice** – with real employer involvement, and people outside the learning environment.
2. **Experiential** – putting principles into practice, learning from mistakes and observation of self and peers.
3. **Personal** – with active engagement with learners, challenging inappropriate behaviour and supporting self-improvement.
4. **Reflective** – offering frequent opportunities to observe progress and challenges, and learn from them.
5. **A structured and integrated process** – personal development planning, advice and guidance, recorded.
6. **Strong institutional leadership and resources** – ideally through a whole institutional review.

The Employability Wheel from *The Employability Challenge* is reproduced at Appendix A. Following on from the key principles above, this diagram shows the key features of good employability provision and the impact that these features have.
2. Progress on employability

Since we published *The Employability Challenge* a lot of work has taken place to improve employability skills. In all four nations progress has been made – at the level of both policy and practice, employability is becoming more visible in many European policy initiatives. Here we have highlighted some examples.

First, the UK Commission has carried out some additional work on employability. This research and policy briefing paper\(^2\) forms a key part of the evidence base for this report. The briefing provides a review of recent research on the theme of employability skills. It is not a comprehensive literature review but brings together and synthesises key findings. The briefing looks at what we mean by employability skills, addresses the question of why development of these skills is important, looks at the extent of the problem in the UK, at what works in employability skills policy and the key challenges and barriers in supporting people to develop these skills.

Policy

At the level of national policy there have been some important developments in the last 12 months which highlight the increasing importance that the governments of all four nations are placing on improving employability skills.

In England, the Department for Business, Innovation and Skills (BIS) published their latest skills strategy\(^3\). The strategy has a clear focus on development of the skills that are required for ‘the modern workplace’. Whilst the strategy recognises the progress that has been made in supporting people to develop basic skills up to level 2, it also recognises that work needs to continue to encourage adults to participate in learning through the introduction of personal learning accounts, high quality information, advice and guidance and better public information about particular courses and providers. Publication of the *Skills Investment Strategy*\(^4\) followed which outlined how Government investment for 2010-11 will support FE and skills training for post-19 learners.

Publication of *Skills for Growth* was also followed in December by a publication from the Department for Children, Schools and Families (DCSF)\(^5\) and the Department for Work and Pensions (DWP) White Paper\(^6\). These papers set out the strategies to drive up participation in education and training and maximise employment for young people, which includes strategies to improve skill levels. As employment policy is only devolved in Northern Ireland, the DWP White Paper also has relevance for Scotland and Wales as well as England.

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BIS also published *Higher Ambitions*, the strategy for the HE Sector in 2009. In relation to employability there are two areas of particular interest. The first is that all higher education institutions will be expected to describe how they enhance students’ employability and to publish a statement on this. The second is that universities will publish a standard set of information for prospective students about what they can expect from their programme – including details of what jobs people progress to.

In the devolved nations there have also been relevant strategies developed for HE in the last year. In Wales the Assembly Government published *For Our Future: The 21st Century Higher Education Strategy and Plan for Wales*. This strategy makes explicit reference to the role of higher education in developing personal employability skills.

In Wales, the Welsh Employment and Skills Board have very recently published their annual report. The report recommends a wide range of measures designed to stimulate enterprise, raise the performance of businesses, boost skills at all levels and strengthen partnerships between education and industry. One of the volumes in this report is about employability. This focuses on the themes that are particularly relevant to Wales and makes a range of recommendations.

In Scotland, the Scottish Funding Council (SFC) published a document *Learning to Work Two consultation: developing the Council’s employability strategy*, in 2009. The actions outlined for universities include:

- developing work-related learning and work placements via Horizon Fund projects.
- action to develop workforce engagement.
- monitoring and evaluation of employability.

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Helping to ensure people’s employability is at the heart of many European policy initiatives. The main ones include:

**Key competences for lifelong learning**: the Council of the European Union and the European Parliament recommended that Member States enable learners to acquire key competences that will help them adapt to changing labour market demands and contribute actively to society.

**Vocational education and training (VET)**: in 2002 the Copenhagen Declaration triggered a number of innovations with a direct or indirect effect on improving employability such as: common principles to increase transparency of qualifications, quality assurance in VET, lifelong guidance and validation of non-formal and informal learning.

Then the **Helsinki communiqué** in 2006 set out that initial and continuing VET should provide a broad knowledge and skills base relevant to labour market requirements, to improve employability.

**Higher education**: the **Bologna process** aims to create a European HE area by 2010 in which students can choose from a wide and transparent range of high quality courses and benefit from smooth recognition procedures.

**Adult learning**: conclusions of the European Council on adult learning (2008) stress the importance both for employability and social inclusion that adults continue to learn and adapt to change: ongoing up-skilling, re-skilling and further development of competences being essential prerequisites for active participation in society.

Improving monitoring and **forecasting skill demand and supply** in Europe is part of the Council’s resolution on New Skills for New Jobs. It recommends the development of an EU capacity to anticipate and match labour market and skills needs.

The concept of **flexicurity** strikes a balance between flexibility and security in the labour market and helps both employees and employers maximise the opportunities of globalisation. The common principles of flexicurity are: comprehensive lifelong learning strategies; effective active labour market policies; eased upward mobility and transition between unemployment and work, and continuous upgrading of skills. Employability skills are important in this, particularly in relation to transition between unemployment and work.

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11 Information about these is included in the Cedefop document *Study visits programme for education and vocational training specialists 2010/11*. Available from: [http://studyvisits.cedefop.eu.int/assets/upload/supervisors/Calls_since_2010/ThemesCompiled2010_11_EN_FINAL.pdf](http://studyvisits.cedefop.eu.int/assets/upload/supervisors/Calls_since_2010/ThemesCompiled2010_11_EN_FINAL.pdf)
Practice

At the level of practice, in response to the publication of The Employability Challenge, BIS welcomed the report and commissioned two projects on the back of it relating to support for practitioners.

The first is an employability resource for teachers in England that is part of the Excellence Gateway, an online service providing resources and advice for people that work in the post-16 learning and skills sector. The Learning and Skills Improvement Service (LSIS) developed this resource which identifies and organises existing materials to support teachers to deliver employability effectively. This is organised around the definition of employability skills developed by the UK Commission and provides a simple search methodology to enable staff and learners to access generic employability teaching and assessment materials. It enables search by theme, sector or by LSIS programme12.

The second project commissioned by BIS is an Application Guide for teaching employability13. This is guidance on how the professional standards for teachers, tutors and trainers in the lifelong learning sector in England can be applied in relation to delivery of employability provision. It is relevant both for embedding employability skills in vocational provision as well as for delivering discrete employability qualifications. Production of the guide is not meant to imply that an entirely different set of teaching skills is needed to embed employability – the chapter on teacher training later in this report shows that this is not the case. The majority of skills needed to teach employability skills effectively are the same skills that all practitioners need to teach well, but they need to be supplemented by knowledge of the world of work and how to meet the needs of employers. Deloitte were commissioned by LLUK to develop this guide which meant that the opportunities for synergy between this and the UK Commission’s work could be maximised.

Also in England, the Learning and Skills Council (LSC) commissioned the development of an employability toolkit which can be used by practitioners with people who are out of work to assess the level of their employability skills and as a teaching tool. The resource is based on rating four possible outcomes in relation to given work-related ‘scenarios’. Individuals look at each outcome and then rate them on a scale from ‘like the most’ to ‘like the least’. The toolkit analyses the responses and provides feedback to both learner and tutor. It is planned to pilot the toolkit and to distribute a CD to relevant providers later in the year14.

12 www.excellencegateway.org.uk/employability
13 http://www.lluk.org/employability.htm
14 This is separate from the Sector Employability Toolkits which were developed by each SSC. These toolkits are a useful resource in highlighting the skills needed in each sector.
In August 2009, Northern Ireland launched ICT as the third Essential Skill along with literacy and numeracy. Essential Skills qualifications can be achieved at a range of different levels, from complete beginners to achievement at Level 2, which is comparable to GCSE standard. This development is important as it signals the equal weight importance that is placed on ICT along with the other two subjects.

In response to the publication of The Employability Challenge, the Scottish Qualifications Authority (SQA) updated their website to include a section on Employability, Enterprise and Entrepreneurship. This page includes a statement from the SQA welcoming publication of The Employability Challenge and details about the SQA’s own work on employability which falls under the following five broad strands:

- Working with employers and SSCs.
- Employability enterprise and entrepreneurship.
- New qualifications.
- Vocational qualifications.
- Core skills.

The CBI and Universities UK produced a report in 2009 which draws on surveys of employers, students and institutions; details about the findings are highlighted in the next section. The report also provides a series of case studies and highlights key lessons for employers, universities, students, prospective students and Government.

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15 http://www.sqa.org.uk/sqa/36304.html
3. What is the extent of the employability skills problem?

There are frequently reports in the press that focus on a gap between the skills that employers need and the skills that people have. This is often presented in blanket terms, particularly in relation to young people, as a problem that is widespread and getting worse. The purpose of this section is to look in more detail at what surveys of employers are telling us about employability skills in order to gain a more accurate picture. Here we refer to recent UK Commission research which draws on evidence from major employer surveys\(^\text{17}\) and other significant reports as well as other relevant evidence.

Data from the *National Employers Skills Survey 2009*\(^\text{18}\) for England shows that employers describe 16 per cent of vacancies as ‘hard-to-fill’ due to applicants not having necessary skills, qualifications or experience. A further nine per cent of vacancies were described as ‘hard-to-fill’ because applicants had ‘a poor attitude, lack motivation or have an unsuitable personality’ which is a good measure of employability.

There is evidence that employers of different sizes experience different issues. The UK Commission’s 2008 *Employer Perspectives Survey*\(^\text{19}\) shows that while a third of large employers experience skills based recruitment issues, over half (54 per cent) of employers with two to four employees have the same issues. This survey also shows that more private sector employers were more likely to agree they have problems recruiting staff due to skills issues than public sector employers – 54 per cent compared to 40 per cent.

**School and College leavers**

In the case of school leavers the surveys show that employers do have concerns about skills in general and employability skills in particular. The UK Commission’s *Employer Perspectives Survey* of 2008 reports that half of employers think the education system doesn’t supply sufficient people with the skills they need on job entry. It should be noted, however, that these findings relate to all skills that employers feel are lacking, they are not specifically about employability skills.

\(^{17}\) Whilst employability skills are not measured specifically in employer surveys, the data on recruitment issues do provide an insight as to the extent of the problem with employability skills.

\(^{18}\) *The National Employers Skills Survey for England* is a survey of 79,000 employers. The latest survey was carried out in 2009 and the key findings are available from the UK Commission’s website from: http://www.ukces.org.uk/tags/report/national-employer-skills-survey-for-england-2009-key-findings-report

\(^{19}\) *The Employer Perspectives Survey* is a survey of 13,500 employers across the UK. The latest survey report *Skills for the Workplace: Employer Perspectives*, is published on the UK Commission’s website from: http://www.ukces.org.uk/skills-for-the-workplace-employer-perspectives-evidence-report-1
Findings from the *English National Employer Skills Survey* show that a significant minority of 29 per cent of employers who had recruited a 16 year old in the last 12 months found them to be either poorly or very poorly prepared for work. The main problems cited by employers were a lack of work/life experience, a poor attitude or personality and a lack of motivation, suggesting that the skills lacking are employability skills rather than technical or practical skills. The proportion of employers dissatisfied with the preparedness for work of 17 and 18 year olds recruited straight from education is lower, with 21 per cent of employers finding them poorly or very poorly prepared for work. This may indicate that time spent in education supports people to become more work-ready as well as a higher level of maturity and employability skills gained through part-time work.

There is a similar picture in Scotland with the *Scottish Employers Skills Survey 2008* showing that a third of employers who had recruited a 17 year old considered them poorly prepared for work. A report by Futureskills Scotland showed that where young people did not meet the expectations of employers the causes most often identified were a poor attitude and motivation to work.

A survey by the Learning and Skills Network, outlines a more negative picture, with just over half of the 1,137 employers surveyed reporting that they had tried to recruit a school or college leaver in the last 12 months but only 14 per cent being successful in recruiting a young person with the right skills. The skills and behaviour identified as lacking were literacy, numeracy, motivation and work ethic. It should be noted however, that the vast majority of employers do not recruit 16 year olds. The *National Employer Skills Survey 2009* in England shows that only six per cent of employers had recruited a 16 year old in the last 12 months and only 11 per cent a 17 or 18 year old.

The CBI *Education and Skills Survey 2010* also shows a negative picture in relation to the employability skills of school leavers, with 68 per cent of employers surveyed stating that they were not satisfied with the business and customer awareness skills of school/college leavers and 57 per cent unhappy with their time management skills. Seventy per cent of employers want to see the new government make improving the employability skills of young people its top education priority.

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There are, however, differences of opinion between employers and young people. A qualitative study carried out by Johnson and Burden in 2003, *Young People, Employability and the Induction Process*[^24], found most young people are confident that they can demonstrate the necessary employability skills. Employers in the same survey, though, were less positive and indicated a perception that schools are too academically focused which has a negative impact on development of employability skills.

The Youth Commission established by the Edge Learner Forum recently carried out a survey of over 7,000 young people in England and asked their views on what skills they needed to get a job and what changes are needed to the system to enable them to develop these skills. The survey took the UK Commission’s definition as a starting point and consulted the UK Commission about the questions used. The survey found that 72 per cent of young people surveyed feel they are equipped with the right skills for employment and 76 per cent believe they can explain the relevant skills they have for the workplace. This appears to be the opposite of the views expressed by employers. Interestingly, confidence in their skills declines with age – 85 per cent of young people under 17 were confident about their skills compared to 53 per cent over 17 which may indicate that young people become less confident as they engage with the job market[^25].

### University leavers

In general the picture is more positive in relation to graduates and this picture is similar across the UK. The *National Employer Skills Survey* in England shows that the vast majority (84 per cent) of employers that had recruited a graduate in the last 12 months felt they were well or very well prepared for work. There is a similar picture in Scotland with the *Futureskills Scotland Employer Survey* reporting 81 per cent of employers who had recruited graduates were satisfied with how well they were prepared for work. Similarly in Northern Ireland, the *Skills Monitoring Survey*[^26] showed that 82 per cent of employers were satisfied.

In Scotland follow up work was done with some employers. This reports that the biggest concerns employers have about graduates are poor communication skills and poor attitudes. A more positive finding from this work, however, was that employers generally considered universities to be contributing effectively to development of employability skills.

A study of graduate employability in Wales[^27] reports that employers that had recruited graduates were positive about potential benefits to their organisation.

[^25]: The Edge Foundation (2010). *Youth Voices on Employability* available from: http://www.edge.co.uk/research/youth-voices-on-employability
Employability – Incentivising Improvement

The (then) Department for Innovation Universities and Skills published a report, *Higher Education at Work High Skills: High Value* which also shows a positive picture in relation to employer satisfaction with the graduates they recruit. This document does however highlight that the ‘business awareness’ of graduates still needs to improve.

The evidence submitted by the Institute of Directors to the Browne Review of Higher Education Funding and Student Finance includes information from a survey of members. Forty per cent of members surveyed felt that young people (both graduates and non-graduates) were unprepared for work. A majority of members (89 per cent) believe that it is important for universities to cultivate the wider employability skills of learners, with 61 per cent indicating that employability skills of graduates are more important than the specific knowledge associated with their degree programme.

Three surveys (one each of universities, employers and students) support the CBI and Universities UK report *Future fit. Preparing graduates for the world of work*. The surveys underline the importance that employers place on the employability skills of graduates with ‘Employability skills (e.g. team working, problem solving etc)’ coming out on top when employers were asked to rank the most important factors they consider when recruiting graduates. The survey of universities highlighted the importance that universities place on development of employability skills with almost all the universities surveyed agreeing or strongly agreeing that that it is important for their graduates to develop employability skills and the majority (67 per cent) of universities stating that they had a clear idea about what will help make their graduates employable. The survey of students supported the findings from the Youth Commission survey highlighted above with three-quarters (78 per cent) of students feeling confident that they know the skills an employer is looking for when recruiting. The surveys underline the importance that work placements play in supporting students to develop employability skills.

The *Annual Report of the National Student Forum* contains a chapter on employability which underlines the importance that students place on employability skills and the role of universities in supporting them to develop these. This states that the critical factors in improving employability are an effective university-wide employability strategy, high profile careers services and high quality work placements.

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Unemployed people

The UK Commission’s Employability Briefing finds that there has been little primary research about the employability skills of unemployed people and the reasons why people ‘cycle’ between benefits and work. However, a recent literature review commissioned by the Committee of Public Accounts\(^29\), found that problems with employability skills, particularly numeracy and lack of motivation, increase the risk that someone will leave work.

This reinforces the importance of employability skills in helping people to get into and stay in work and the potential for development of employability skills to reduce the amount of out of work benefits that need to be paid. The Joseph Rowntree Foundation\(^30\) has also recently published work that shows that having only low level qualifications made people more likely to lose their job and that skills attitude and motivation, along with other personal circumstances, impact on the ability of people to stop moving between low paid work and unemployment.

The existing workforce

To an extent people in the workforce must have some employability skills. However, the national skills surveys carried out across the UK show that employers identify skills gaps within their workforces. The *National Employers Skills Survey* in England reports that 19 per cent of employers regarded staff as *not fully proficient*. The figure is similar in Wales as reported in the *2005 Future Skills Wales Survey*\(^31\) at 18 per cent. This same figure was reported for Scotland in Futureskills Scotland. It should be noted, however, that the reasons for some skills gaps are that people are new in post.

In the *National Skills Employer Survey 2009* in England, 69 per cent of employers report that they expect that they will need to up-skill their workforce. This is far higher than the percentage of employers that identify skills gaps and so may point to latent employability skills gaps as well as to fast-paced changes in the demands on the workforce.

The most recent employer survey carried out in Scotland shows the main skills gaps were in planning and organising, customer-handling skills, problem-solving skills, and team working skills. The latest national employer survey in Wales provides a similar picture, with the skills identified by employers as lacking being problem-solving skills, customer-handling skills, communication skills and team-working skills. Employers in Northern Ireland also identified that problem-solving skills, customer-handling skills, oral communication skills and team-working skills were most commonly lacking.


The surveys show that the proportion of employees with higher level skills being trained is higher than the proportion of people with lower level skills. However, the surveys also show that skills gaps disproportionately affect occupations which tend to require lower levels of skills and qualifications.

**Summary**

To summarise:

- Smaller employers are more likely to report difficulties in finding staff with sufficient employability skills and private sector organisations are more likely than public sector organisations.

- Employers report that 16 year olds are less prepared for work than either 17/18 year olds recruited straight from education or graduates. The level of satisfaction increases the longer people stay in education.

- A lack of employability skills, particularly numeracy and lack of motivation, is a barrier for long-term unemployed people finding work.

- There is evidence that people already in employment also lack some employability skills including problem-solving skills, communication skills and team working. This is particularly the case in lower skilled occupations.
We commissioned Deloitte to carry out three projects – one to support each of the three strands of funding, training and assessment. The findings and proposals that they developed form part of the evidence base for this report. This report builds on their findings and develops these further.

The work that Deloitte carried out had a number of aspects:

- Desk research of publicly available literature. This was not a comprehensive literature review but rather, background work to identify the key strategies and policies for each nation and sector.

- A series of interviews with a range of providers, policy makers and funders across the different sectors and nations.

- Two expert seminars to test interim findings. The seminars were held in Manchester and London in November 2009 and around 30 people attended each one. Attendees came from a range of organisations including awarding organisations, providers, funding organisations and quality support organisations.

- An online survey of providers to test various propositions across the three strands. The response to the survey was lower than hoped for however, so Deloitte have used the results cautiously. Deloitte sent the questionnaire to over 1,400 training providers across the UK and across different sectors. There were 234 respondents overall and of these respondents 131 commented on the practitioner training strand, 147 on the assessment strand and 66 on funding.

The methodology was similar across the three projects enabling Deloitte to maximise the potential for synergies across the strands.

In addition to the work that Deloitte carried out, UK Commission staff undertook a series of stakeholder interviews with a wide range of providers and other stakeholders. We also reviewed the relevant literature on an ongoing basis and drew upon findings from other research and analysis across the UK Commission.

We convened an Advisory Panel to provide guidance to this work which provided invaluable insight and information. Advisory Panel members were drawn from the four UK governments, funding organisations and inspectorates – the organisations that control the key levers for providers. A list of Advisory Panel members is included at Appendix B.
5. Practitioner training

Introduction

This report looks at the system and works out what needs to change in order to better support the development of the skills that are so essential for people to get into and get on in work. Providing the very best teaching and learning opportunities is central to this. Even if we get the funding and assessment right, if practitioners do not have the right skills, individuals will struggle to develop employability skills.

The Commission’s report *The Employability Challenge* states that developing the employability skills of individuals is at least as challenging as teaching specific knowledge and technical skills.

‘Developing employability skills presents unique professional challenges. It is a specialist discipline and requires distinctive personal characteristics.’

(The Employability Challenge p.32)

The distinctive personal characteristics practitioners require include an awareness of their own employability skills and the importance of updating and developing them. As the LLUK Employability Application Guide outlines:

‘While at work teachers manage themselves; they think and solve problems, work and communicate with others, reflect on their own performance and aim to improve their skills. They have to understand the business side of education and training and also current workplace practices...By having this awareness they can usefully inform their practice when supporting others.’

(LLUK Employability Application Guide p.5)

In this section we consider the skills and experience practitioners require to develop the employability skills of learners. We also consider how practitioners can be best supported to develop the skills and gain the experience they need and investigate whether current opportunities to do this are sufficient.

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32 In this section the word ‘practitioners’ is used to refer to people who teach. It includes teachers, tutors, trainers and lecturers. It does not include people who provide wider support to individuals, for example, people who provide information, advice and guidance.
The skills needed

Deloitte’s research showed, perhaps unsurprisingly, that the majority of the skills needed to deliver employability skills effectively were the same as those needed to teach well generally. Deloitte developed the following list of generic teaching skills and qualities from the specifications for the Edexcel BTEC Professional Award for Teaching Employability Skills and Vocational Learning and tested this with practitioners and stakeholders.

1. Ability to discern and address the needs of individual learners
2. Ability to plan teaching, learning and assessment activities
3. Ability to give and understand the importance of clear, concise and challenging feedback
4. Ability to communicate effectively
5. Ability to be sensitive and supportive where appropriate
6. A passion for motivating and inspiring others to achieve their potential
7. Excellent presentation skills
8. Use of innovative teaching techniques
9. Commitment to personal development
10. Understanding of how people learn to develop literacy, numeracy and ICT skills.
11. Understanding of how people learn to develop personal employability skills
12. Ability to develop vocational programmes of study for employability related teaching (contextualising employability skills)
13. Knowledge and understanding of employers’ expectation and requirements
14. Up-to-date experience of business and industry
15. Ability to develop strategies for delivering employability skills

Deloitte identified, through consultation, that skills 1 to 10 were the skills needed to teach well in all subjects and skills 11 to 15 were identified as being necessary for developing the employability skills of individuals as part of a wider qualification or as a stand-alone qualification.

Acquiring the skills needed

There are primarily two ways in which practitioners develop the skills they need, firstly through initial training and secondly through continuing professional development.
Initial teaching qualifications

Distinct initial teaching qualifications are offered within each nation and setting across the UK. Although there are a wide range of teacher training programmes available varying in structure content and delivery, they have the common purpose of training people to be effective practitioners. They also differ in the balance between theoretical and practical content. Qualifications of the same type also vary depending on the provider that develops and delivers them. The extent to which a teacher training programme is mandatory is different across settings, for example, to teach in schools a teaching qualification is required but the requirements for other settings are different. The requirements are tailored to meet the needs of the different settings and nations.

Deloitte did some detailed work to map a range of significant initial teaching training qualifications against the skills in the list above and this showed that the majority of teacher training qualifications cover the skills 1-10 but do not explicitly support people to develop the skills 11-15 that are specific to employability. However, responses to the electronic survey carried out by Deloitte, indicated that one in four respondents thought that teacher training programmes were very effective in preparing teacher trainees to develop the employability skills of their learners.

There are some examples of specific employability qualifications for teachers already in post as part of continuing professional development rather than initial training. As we conclude later in this section, the skills developed on these specific programmes could be embedded in more generic teaching training qualifications.

Continuing professional development

Continuing professional development is rightly tailored to the needs of individual practitioners within individual providers and so it is difficult to present a comprehensive picture. Deloitte's research, however, found that there is a wide range of continuing professional development opportunities and resources relating to employability. The following list provides an overview:

- **Bespoke provision** – there is a wide range of provision delivered depending on the provider and the particular need. This includes curriculum development days, mentoring schemes, bespoke programmes delivered by individual providers including enterprise and employability models and formative classroom observations.

- **Local activity provided by employers** – there is a wide range of opportunities for practitioners offered by employers. Some opportunities are offered by a local employer to their local provider and others are nationally coordinated, for example, the science, technology, engineering and mathematics (STEM) directories which aim to provide clear, easily accessible information for schools and colleges across the UK about the support available for STEM education33.

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HE – a wide range of provision is available in individual institutions and is shared with other providers via the work of the HEA. The HEA have developed the UK Professional Standards Framework for continuing professional development for institutions to apply to their professional development programmes and activities and demonstrate that professional standards for teaching and supporting learning are being met34.

Skills for Life Support Programme (England) – provides training (both initial and to qualified practitioners), development grants and fully subsidised consultancy to allow providers to develop their approach to embedding literacy and numeracy.

BTEC Professional Award for Teaching Employability Skills and Vocational Learning (available across the UK) – aimed at people already teaching in the FE, HE and work-based learning sectors. There are six units which involves 10 hours of training followed by application in the workplace.

LLUK Business Interchange (UK wide) – supports providers wishing to offer work placement opportunities to staff as part of their professional development.

Lecturers into industry (Northern Ireland) – has been run by the Learning and Skills Development Agency (LSDA) since 1999. It offers placements from between six and 12 weeks and this includes time for reflection and completion of a project.

Excellence in Education through Business Links (Scotland) – short placements in businesses for teachers in primary and secondary schools to support enterprise in education.

Diploma support programme (England) – includes resources to help providers maintain their industry knowledge and engage with employers.

Functional Skills Support Programme (England) – aimed at preparing practitioners in post 16 providers and schools to deliver Functional Skills (ICT, literacy and numeracy).

World Class Skills (England) – offers FE providers in England guidance and support to enable them to successfully meet their goals in relation to employer-responsive provision. Employer-responsive provision in this context includes provision to support people into work.

LSIS employability resource – an employability resource for teachers in England that is part of the Excellence Gateway, an online service providing resources and advice for people that work in the post-16 learning and skills sector.

LLUK Employability Application Guide – guidance on how the professional standards for teachers, tutors and trainers in the lifelong learning sector in England can be applied in relation to delivery of employability provision.

The above is not a comprehensive list but it provides examples of where providers can access continuing professional development related to employability.

34 http://www.heacademy.ac.uk/ourwork/supportingindividuals/professionalrecognition
6. Conclusions and recommendations

As described above, there are important differences between the sectors in relation to how practitioners are trained and supported. This relates to the requirements in some sectors for every practitioner to gain a teaching qualification and to the content, length and nature of delivery. Our findings and recommendations take account of this.

Initial teaching qualifications

From the mapping exercise carried out by Deloitte, it is clear that the skills required to teach personal employability skills (skills 11-15 in the list on page 25) are not a focus in the majority of initial teacher training programmes. This is not the case, however, for literacy, numeracy and ICT. Deloitte found that helping practitioners to support individuals to develop these skills is, in general, a part of teacher training programmes. These findings are also backed up by the interviews that Deloitte carried out.

The solution lies in creating a stronger focus and ‘weaving’ employability through existing qualifications and highlighting the aspects of this that are already there – rather than ‘bolting on’ separate skills and creating new qualifications for new or existing staff.

For FE this can potentially be done through inclusion of employability within professional standards for teachers developed by LLUK. There is not one set of standards that apply to all settings across the UK – the picture is more complex than this. Each nation has a set of standards and LLUK have developed the National Occupational Standards for Learning Delivery to express the content of all four sets of professional standards – not to replace what already exists, but to sit above the standards for each nation. The National Occupational Standards for Learning Delivery should be viewed as ‘meta-standards’.

The standards describe, in generic terms, the skills, knowledge and attributes required of those who perform the wide variety of teaching and training roles undertaken within the sector. LLUK has identified specifications drawn from the overarching standards for the types of teaching role performed and teacher training qualifications are developed from these standards.

In proposing this as a potential way forward we take note of the concern about ‘overloading’ professional standards. This concern is two-fold: firstly that ‘cramming’ employability into a standard will mean that other aspects are not then included, and secondly that changes to the standards may not have the desired impact – that there is already a lot contained in the standards and so ‘lip service’ could be paid to development of these skills. However, supporting individuals to develop employability skills, particularly coming out of a recession, is crucial and there is a need to consider carefully how best to embed employability into the standards and qualifications for practitioners when these are reviewed in each nation for each context.
Recommendation

Initial teacher training programmes need to better develop the skills, knowledge and understanding required by practitioners to develop personal employability skills in learners. Responsible organisations should explore how this might best be achieved.

As noted in the section on Progress on employability, LLUK has developed support for teachers. The LLUK Application Guide provides guidance for practitioners in the FE sector in England as to how the professional standards in England can be applied through the integration of employability skills in vocational areas and as delivered through discrete provision. This will be a useful tool for teachers and is a resource that could be potentially adapted to provide guidance for practitioners in other nations and settings.

Recommendation

LLUK should consult on the development of appropriate accredited professional development opportunities based on the Application Guide for the continuing professional development of FE teachers in England.

Although teaching qualifications are not mandatory in the HE sector there is a requirement for staff to be educated to degree level and many institutions require staff to undertake some form of teacher training either as modules towards a recognised qualification or through in-house training programmes. HE institutions are also motivated to improve the employability skills of individuals because graduate destinations are increasingly used by students to make decisions about courses and institutions. This is discussed further in the section below on Measuring improvements in employability.

As with HE there is no requirement for a teaching qualification with DWP-funded provision. However, the intended outcome of the majority of these programmes is that people secure and sustain work and the funding is structured to reward this. Therefore, the focus of staff is on making sure that individuals have the necessary employability skills to do this.

Continuing professional development

It is difficult to quantify the exact nature and scale of continuing professional development activities across all nations and sectors as continuing professional development responds to the training needs of individual practitioners. However, it is clear that there is a wide range of activities going on across all settings and in all nations. All sectors take the development of staff seriously and put considerable time and effort into this.
One conclusion that came out very clearly from the interviews that Deloitte carried out is the importance of industrial placements for vocational teachers. Many participants felt very strongly that this was a key way that practitioners can stay up to date with developments in business. To have an impact this needs to be a meaningful experience which supports them to develop the curriculum in response to findings.

This underpins a wider point about the importance of employer engagement in ensuring that employability is at the heart of teaching and learning. This starts with effective employer engagement in standards and qualifications development but also includes the involvement of employers with individual providers or groups of providers in a variety of ways, including:

- providing work placements and work experience. This is considered to be very effective in supporting people to understand the world of work. Work placements are most effective where there are clearly defined objectives agreed with the employer, and learners are supported to reflect on the skills they have developed.

- influencing the design of the curriculum – both for vocational programmes and the support delivered outside of specific subject teaching to develop employability.

- providing direct input to the curriculum through either guest lectures/talks or employers running seminars or seminar-type activity.

- being involved in assessment of projects.

- providing industrial placement opportunities for staff.

Effective employer engagement is not always straightforward. There are numerous studies and surveys to suggest that employers find engaging with the education system difficult due to the complexity and the different focus of education providers – this often described as ‘talking a different language’ but refers more widely to different cultures and priorities. The UK Commission’s first report on simplification of the system\textsuperscript{35}, clearly outlines the problems employers experience.

These difficulties are widely recognised and changes have been made recently which have made a positive difference as reported in the UK Commission’s document \textit{Simplification: Hiding the Wiring} (2009)\textsuperscript{36}.


\textsuperscript{36} http://www.ukces.org.uk/publications-and-resources/browse-by-title/simplification-hiding-the-wiring
There is a wealth of information in the public domain to support providers in engaging with employers more effectively including materials on the Excellence Gateway in England for providers in England\(^{37}\), The HE EvidenceNet\(^{38}\) for HE providers across the UK and the HEA Education Employability network in Scotland\(^{39}\) and the resources provided by the LSDA Northern Ireland\(^{40}\).

Support for employers is provided by business support organisations in each nation\(^ {41}\). Talentmap also provides a simple framework for employers to access information about the skills and education system\(^{42}\). It is important that employers are active in engaging with education providers – best practice is mutual engagement where employers take an active role.

There is also a number of organisations working to improve engagement for both learners and employers. One example is the Education and Employers Taskforce that was set up in July 2009 and brings together education and industry to increase education and employer partnerships and give more young people the opportunity to gain skills and experience for the workplace. Another is The Institute for Education Business Excellence (IEBE) which is a professional body which brings together brokers, educationalists and employers. For HE, the National Council for Work Experience aims to promote, support and develop quality work experience for degree students.

It is important to recognise that the skills needed to engage with employers effectively are not necessarily the same skills that teachers need for their general teaching role. To support improvement in this area, LLUK have recently developed National Occupational Standards for engaging employers which articulate the skills, knowledge and understanding staff in the lifelong learning sector require to engage employers.

The examples provided above are a small number of the very wide range of resources and organisations that are available for both employers and education providers to use for mutual engagement.

**Recommendation**

Active engagement between employers and education and training institutions contributes significantly to the effective teaching and learning of employability skills. Providers and employers should make use of the many resources available to support and improve mutual engagement.

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38. [http://www.heacademy.ac.uk/evidencenet](http://www.heacademy.ac.uk/evidencenet)
39. [http://www.heacademy.ac.uk/scotland/ourwork/institutional/sheen](http://www.heacademy.ac.uk/scotland/ourwork/institutional/sheen)
40. This is part of The Learning and Skills Network. Resources can be found on the Teaching and Learning Communities Website: [http://www.thetlc.org.uk/](http://www.thetlc.org.uk/)
41. Links to the websites for all four nations are accessible from [http://www.businesslink.gov.uk](http://www.businesslink.gov.uk)
42. [http://www.talentmap.ukces.org.uk](http://www.talentmap.ukces.org.uk)
7. Assessment of individuals

Introduction

Engagement with stakeholders while working on The Employability Challenge suggested that the assessment of employability skills was an area that required further investigation. This is largely because of the influence assessment is felt to have on the content of learning programmes and on pedagogy, particularly where it leads to a qualification.

There are a number of issues to consider here. Some people question whether we should attempt to use formal assessment or qualifications to measure personal qualities, attitudes and dispositions because of a fear that by raising the stakes in this way, teachers might be discouraged from adopting the creative approaches to delivery and assessment that lend themselves to effective development of employability skills. In addition, there is general acceptance that personal employability skills are developmental in nature and do not easily lend themselves to being measured against a fixed notion of competence. The developmental nature of these skills and attitudes also presents the challenge of finding appropriate methods to capture achievement. The Learning and Skills Network43 recognise this in the report Employability Skills Examined (2008) – ‘any requirement to testify that an individual has (personal) attributes through any form of assessment is more challenging than teaching and assessing knowledge and technical and ‘hard’ skills’.

If it is felt that recognition of employability skills is important, are these best delivered and formally assessed within a wider learning programme, embedded in a qualification, or through discrete employability units or awards that can stand alone or be added in or onto other qualifications? Or should we seek to recognise the personal employability skills by less formal means, through, for example, testimonials and references or described within a record of wider achievement? And given that employers place such importance in employability skills, what is their role in supporting their development and assessment?

In examining some of these issues our conclusions were informed by Deloitte’s consultations with providers from a range of sectors in all four nations, awarding organisations, national agencies and inspectorates and our own research with these stakeholders and employers.

To assess or not to assess

There is broad consensus that employability skills can be learned, albeit a concern that traditional assessment systems might frustrate the development of personal skills. The latter are not always technical competencies already represented in qualifications; they can be personal qualities and attitudes such as willingness, positive outlook and resilience. Assessment, like delivery, is not as straightforward when skills extend to the more subjective and qualitative aspects of employability.

Most agree that the fundamental skills of literacy, numeracy and IT should be assessed and that, taking into account the debate about whether or not these should be ‘embedded’, individuals should know that they have developed these skills. Deloitte found that the fundamental skills were felt by practitioners to lend themselves to assessment by traditional methods like tests and assignments. However, as the debates in relation to the introduction of functional skills in England illustrate, it is important that such assessment measures learners’ ability to apply these skills in realistic contexts, therefore assessment instruments need to be varied enough to suit different learning contexts and a variety of learners, and be available within an appropriate timeframe.

Deloitte found, through their primary and secondary research, that there was also support for ‘recognition’ of personal employability skills, although no consensus on whether those should all be formally assessed through qualifications. There is of course extensive experience already of the delivery and assessment of some of the personal skills: through wider key skills for example in apprenticeship frameworks in England, Wales and Northern Ireland and the five core skills in Scotland which are embedded or signposted in all Scottish qualifications.

Awarding organisations vary in opinion as to how attitudes and behaviours that underpin personal employability skills should best be recognised. But it was generally felt that if learners are to be able to reflect on the personal skills they have developed and apply them in different settings, then recognition in some form is probably desirable, although this could take a variety of forms depending on the learning context. It is important to note the active role of the learner in this – practitioners need to support learners to assess themselves when their behaviour and attitude changes for the better. The notion of the active reflective learner is central to this.

There was broad agreement that assessment of personal skills was appropriate only when it added value, through for example enhancing learners’ own performance and enabling them to understand and articulate their own skills. There was general consensus too across sectors that measurement should recognise ‘distance travelled’ by learners in order to reinforce the idea that employability skills continue to develop throughout life. The challenge for awarding organisations and institutions is to develop new, more flexible approaches to assessment that are rigorous and credible for learners, tutors and end users of their courses and qualifications.

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44 Deloitte define assessment as any formal process which evaluates and reports on the level of a candidate’s attainment (which in most cases would contribute to the award of a qualification) and recognition (although it can include assessment) as any other manner in which employability skills are promoted or incorporated into learning programmes.

45 Key skills are Communication, ICT and Application of Number and the wider key skills are Working with Others, Improving Own Learning and Performance and Problem Solving.

46 The five core skills are Working with Others, Communication, Numeracy, Problem Solving and Information Technology.
Methods of assessment and recognition

Deloitte sampled a range of qualifications that assess the fundamental and personal employability skills of learners and looked at the methods used to assess the progress of individuals. They also consulted with awarding organisations and providers. Broadly the conclusions were:

- The fundamental skills of literacy, numeracy and ICT are usually assessed by assignment, multiple choice test and oral examination. The primary and secondary research confirmed that these skills are viewed by providers as competency-based and lend themselves to traditional methods of assessment.

- Personal employability skills can be assessed in a range of ways including projects, self and peer observation and feedback, case studies, work-based assignments and assessments that are time-constrained. Personal attributes are often assessed by presentation of a portfolio that demonstrates that the learner can apply the skills they have learnt in a purposeful activity.

The strengths of many of these assessment methods is that they can in themselves be used as tools to actively develop the personal employability skills of individuals. This is the model of the reflective learner in The Employability Challenge. As employability skills are exercised in very different contexts, the same skills can look different in different places and it can be difficult for individuals to know when they have mastered a particular skill. This is in contrast to more technical skills – it is much more straightforward, for example, for someone to know that they can type 60 words per minute than it is for someone to recognise that they have effective communication skills. Intervention may be required from practitioners to support learners to reflect on how a skill learnt in one context may apply in the workplace.

Awarding organisations employ a range of strategies to support development and assessment of employability skills. Best practice was found to be an holistic approach which involves all of the following:

- Building employability skills into the qualification design process.

- Providing discrete unitised qualifications to develop and recognise employability skills.

- Guidance and toolkits on how to include employability skills in qualifications, including assessment support packs and exemplars.

- Flexible assessment methodologies considered most suitable for skills and attitudes.
In the HE sector institutions have adopted a range of approaches to recognising and/or assessing employability skills. By this stage in their educational careers individuals are not usually ‘empty vessels’; most will have some experience of the world of work and so arguably, some knowledge of the skills that are required. Some of the approaches trialled in HE lead to credit-bearing awards which form part of the final qualification and some are supplementary forms of recognition. Examples from the sector include:

- **Personal Development Plans (PDPs)** – a structured and supported process undertaken by a learner to reflect upon their own learning, performance and/or achievement and to plan for their personal, educational and career development. PDPs reflect learning from both students’ main programmes and from cross-curricula activities.

- **The Higher Education Achievement Record** – an alternative way of recording achievement including non-academic achievement that is currently being trialled across the UK.

- **Employability Awards developed by individual institutions** – these include the Leicester Award, an example of a cross-curricula award accredited separately from a main programme, from the University of Leicester, featured among the case studies in *The Employability Challenge*. Dundee University (also highlighted in *The Employability Challenge*) uses a variety of approaches including a web-based PDP, support for career planning for non-vocational students and a credit-bearing internship programme for undergraduate and post-graduate students.

Deloitte found two main concerns with methods to assess personal employability skills. First was a concern about lack of rigour and parity with more traditional assessment methods like tests. Some practitioners were uneasy about the lack of objectivity in these methods and reliance, as they saw it, on subjective judgement. Most, however, felt that there was little point in using traditional objective methods if they were unfit for purpose and added nothing to the active development of an individual’s personal skills.

And many awarding organisations are satisfied that the use of more flexible approaches does not necessarily mean a loss of rigour providing there is a common understanding and application of the national standard across assessor judgements. This is critical to the credibility of any award. Moreover it is felt that the benefits gained in terms of the personal development of the learner in using more flexible methods outweigh the concerns about lack of objectivity. In the development and assessment of personal skills, assessment is close to the learning itself. And where assessment judgements are made by tutors and others, a different type of quality assurance process is required. For example, in introducing their suite of ‘Skills for Work’ qualifications, SQA developed a system of local quality processes, supported by external verifiers, which inspires confidence in these qualifications. Local employers are important and very welcome contributors to this process.

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47 This is explained in a report that the SQA prepared for the UK Commission **SQA’s contribution to meeting the Employability Challenge**.
This leads into the second area of concern. Deloitte reported that awarding organisations are flexible about which methods providers use. Recognising the range of contexts in which assessment judgements, are made they trust assessors to select suitable methods. However, although awarding organisations feel that providers are experienced in the use of the methods commonly used to assess the fundamental skills, both awarding organisations and inspectorates expressed concern about the ability of some providers to employ a suitably wide range of assessment techniques to assess personal employability skills effectively. And some practitioners reported being unused to taking responsibility for designing and using a range of assessment methods and were not confident in making the judgements required. Many qualifications do not specify assessment methods and it is the responsibility of the tutor to decide on the most appropriate method to use. Lack of confidence and experience among practitioners in this area therefore is clearly a cause for concern. It highlights that the training of tutors in assessment literacy is an essential component of achieving systemic change in the delivery of employability skills.

To embed or not to embed

The debate about the best way to deliver employability skills is not straightforward. Deloitte draw on evidence from National Research and Development Centre for Adult Literacy’s (NRDC’s)? report on the FE sector in England (NRDC, 2006) which explored the impact of embedded approaches to literacy, language and numeracy. The report uses a broad definition of embedding which is the concept of bringing together vocational teaching with literacy, language and numeracy teaching. This report found:

- Increased learner achievement in literacy/English for Speakers of Other Languages (ESOL) and numeracy (referred to collectively as LLN) qualifications when ‘embedded’ into vocational courses.

- Higher retention and success rates on vocational courses when LLN was embedded.

- More positive views of the value of LLN from learners who were on courses where LLN was embedded.

- Where a single teacher was asked to take dual responsibility for teaching vocational skills and LLN, the probability of learners succeeding with literacy and numeracy qualifications was significantly lower.
The practice of embedding employability skills therefore seems to yield positive results for learners. A caveat is needed here, NRDC conclude that there is no single model of embedding but a range of methods, each of which can be considered on its merits. Embedding can be done in a variety of ways from linking literacy, language and numeracy (LLN) to a practical vocational context by the subject tutor, to team-teaching between a vocational subject teacher and a key skills teacher. But practitioners need support to do this effectively. Successful embedding is not just about structural features such as two teachers timetabled to teach together, but also about shared understanding and beliefs and the use of good teaching, learning and assessment techniques.

This leads us to consider the role of separate employability qualifications in developing and assessing employability skills. Deloitte reported that they bring benefits to learners in that they offer explicit recognition of the skills they have developed which can boost the confidence and motivation of individuals and potential for progression (particularly from schools to college or college to HE) if Universities and Colleges Admissions Service (UCAS) points or credits are attached. There is also much to be learned from the way that some generic employability qualifications approach assessment.

However, whilst the argument about explicit recognition and increased confidence is potentially valid for lower level qualifications, it does not necessarily apply in the same way to higher level qualifications. In theory it would be possible for an individual to start with an employability qualification at entry level and undertake generic employability qualifications to level 3. The interviews that Deloitte carried out indicated that there are concerns that employers would not value the worth of this progression route and there is anecdotal evidence to suggest that many employers use their recruitment procedures to carry out their own assessments of employability skills.

It would appear then that although there are clearly benefits to learners from developing employability skills within a wider vocational context, there is a role for discrete employability awards in some cases. In particular, where the flexibility allowed by a unitised approach also enables them to be slotted into larger vocational qualifications and therefore delivered and assessed in an holistic manner and in context.

Embedding employability within qualifications is clearly felt to be best practice but there are two risks with this. The first is that if it is left to chance, opportunities to develop employability skills may not be built into qualifications and signposted as a matter of course, so a way of signalling the importance of this throughout the qualifications development process is needed. Second, it is important that employability skills are not embedded so far within a qualification that individuals do not realise that they have developed them. The onus here is on awarding organisations to clearly signal to providers where the opportunities lie for developing employability skills and provide support to help them confidently and appropriately assess them. Practitioners for their part must be judicious in their selection of teaching and assessment methods so that they offer every opportunity for learners both to develop their skills and to be able to articulate them.
The role of employers

Such is the value placed by employers on employability skills that many use their own assessments to determine the selection of new recruits and continue to develop these skills as part of the training of apprentices and graduates. For example, the first stages of the British Gas apprentice recruitment process are an online questionnaire followed by an interview, both of which focus entirely on attitudes and behaviours. This underlines the emphasis that this employer places on personal skills. Practitioners can learn from the way that businesses assess these skills when recruiting and better focus their teaching and assessment to suit employer requirements.

Employers also have a role to play in contributing to the development and assessment of the personal skills and attitudes of learners through providing work experience opportunities. Most FE and HE and many secondary school learners work to help subsidise their studies and lifestyles and many gain work experience through a placement with an employer. Often, individuals are unaware that the skills acquired from working part-time in retail, bars, call centres, etc can be applied in wider workplace settings and provide good evidence for CVs and interviews. Providers and learners can capitalise on this experience for developing and recognising employability skills. And it is well documented that work experience placements are most fruitful when they are well planned and properly evaluated and where the employer makes a contribution to both.

And employers play an important part in the development of qualifications via SSCs. There are two levels to this that are relevant here. The first is the role that each SSC has in developing Sector Skills Agreements (SSAs), Sector Qualification Strategies (SQSs) and National Occupational Standards (NOS). In England employers, via their SSCs, approve vocational qualifications before they are added to the Qualifications and Credit Framework (QCF) to ensure that qualifications on the QCF include the skills employers expect employees to have.

The second is the specific role that Asset Skills plays as the lead SSC for employability skills. The role of Asset Skills is firstly to act as a champion for employability with other SSCs to ensure that they are considering employability skills when looking at the needs of their sectors, and secondly to make decisions on behalf of the network of SSCs about which qualifications might be considered to be stand-alone or generic ‘employability qualifications’.

In relation to the second of these, in England, Asset Skills worked with other SSCs to determine the characteristic features of entry level occupations and the baseline skills required by employers. This was used to develop a matrix of employability skills. Asset Skills map qualifications submitted by awarding organisations against this matrix. If a qualification meets 70 per cent of the matrix it is deemed an employability qualification and if it is between 30 per cent and 70 per cent it is deemed a partial employability qualification in the QCF. The matrix was renewed in 2009. The matrix itself is useful for awarding organisations in developing employability qualifications and the process of evaluating qualifications provides a steer to the Skills Funding Agency about where public funding should be directed.
The role that Asset Skills have played has led to positive progress. Awareness has been successfully raised across the SSC network of the importance of identification of the employability skills required in their sector and the process for identifying ‘employability qualifications’ has been successfully developed and implemented, with employability qualifications now included in the QCF. The time is now right to consider how this role might evolve going forward.

Conclusions and recommendations

There is broad consensus that it is important that employability skills, both fundamental and personal, are assessed so that individuals can recognise the skills that they have developed. For the fundamental skills of literacy, numeracy and ICT this is reasonably straightforward. There are varying opinions among awarding organisations about how attitudes and behaviours should be recognised but there is broad agreement that if individuals are to be able to reflect on the skills they have learnt and apply them in different settings, some form of assessment is desirable. For personal employability skills recognition is appropriate where it adds value, and particularly where it is able to measure ‘distance travelled’. This is particularly important at lower levels where recognition can increase confidence.

There is a distinction between the assessment methods appropriate to assess fundamental and personal employability skills. Literacy, numeracy and ICT lend themselves readily to assessment by a test or exam but different methods including projects, self and peer observation and feedback, case studies, work-based and time-constrained assignments and portfolios, are more appropriate to assess personal skills.

Deloitte reported some concerns about a lack of rigour with the methods used to assess personal skills. However, awarding organisations are satisfied that with appropriate quality assurance arrangements and where there is common understanding and application of a national standard across assessor judgements, rigour is safeguarded. In addition, it was felt that the benefits in supporting the individual to reflect on the skills that they have learnt – to become active, reflective learners – outweigh concerns about objectivity.

Awarding organisations are flexible about which methods are used and offer a wide choice, but practitioners, particularly in schools and FE, do not always feel as confident in using these methods as they might. This highlights a support need – both in relation to initial teacher training and continuing professional development. There are an increasing number of tools to support practitioners with assessment via awarding organisations and through other support programmes (including the employability resource that LSIS have developed) but practitioners need to understand how they can access this support and to be supported do so.
Recommendation

Awarding organisations should continue to support and promote appropriate assessment methodologies for personal employability skills through qualifications specifications, guidance and by providing exemplars.

Recommendation

Providers should ensure that training in the appropriate selection and deployment of assessment methodologies is included in continuing professional development opportunities for staff.

The above recommendations apply more to the school and FE sectors. In the HE sector a different range of approaches to recognising employability skills has been developed – some lead to achievement of a separate award or certificate and some to recognition within wider programmes. Examples of good practice in the HE sector are outlined above and it is important that these are highlighted and shared across the sector in all nations.

While there are some benefits of generic employability qualifications at lower levels and as part of a unitised approach, best practice is in embedding employability within wider qualifications. This raises the issue of generic employability qualifications that exist at Levels 2 and 3. Insufficient evidence currently exists about the progression routes from these qualifications and about whether they are valued by employers.

However, to successfully embed employability the right signals need to exist in the qualifications development process. This starts with the development of SSAs and SQSs and the role that Asset Skills plays as champion for the network.

The next stage is the NOS. Logically, employability should be a part of NOS because the skills that people need to be competent in a particular job include employability and not just technical skills. However, to ensure this is the case, a statement to this effect has been included in the NOS Strategy and in the guidance for development of revised NOS. This is not straightforward and concerns have been expressed about the value of including a statement in a UK document when each nation develops employability skills differently and there is no agreed definition. In recognition of this concern, the intention to embed employability is signalled in the NOS strategy but with the caveat that this is longer-term work and not a priority for 2010-11. Employability is also included in the guidance for development of revised NOS with implementation to be rolled out within an appropriate timescale.
Employability – Incentivising Improvement

Development of NOS is one part of the qualifications development process and work needs to be undertaken to look at the rest of this process and make a judgement about whether there are other places where employability needs to be signalled. For England this should be looked at in the context of the new process that is being developed by the UK Commission with partners to shorten the timeline responsive development (approval, accreditation and funding) of qualifications.

This is not to suggest that no qualifications currently have employability skills embedded within them. Many qualifications will already include employability skills as part of the wider qualification and could be used as an example of good practice.

The role of employers in identifying the development need for employability qualifications is highly valuable. Asset Skills is the SSC with responsibility for employability skills across the SSC network, acting as a champion, approving the development of employability qualifications in England and directing where public funding is spent. The role in approval of employability qualifications will become less vital in the future as employability is signalled more effectively in the process of developing qualifications and the time is right to consider how the role of Asset Skills as the lead SSC for employability across the SSC network should evolve going forward.

 Recommendation

The role of Asset Skills as the employability champion for the SSC network should continue with a focus on supporting SSCs to embed employability in standards. As part of this work Asset Skills should carry out a review of a sample of existing vocational qualifications to check the extent to which employability skills are being reflected in qualifications.
8. Funding and other drivers of provider behaviour

Introduction

Funding is perceived to be a big driver of provider behaviour and one that can incentivise or disincentivise policy goals. Inevitably any exercise which attempts to draw conclusions from an examination of the varied funding models across sectors and nations and how these impact upon the delivery of employability skills will be complex and challenging. Deloitte carried out a detailed examination of this area, which includes both mainstream and some project-based funding.

Deloitte’s overall conclusion was that funding is but one of a number of drivers of provider behaviour. Other influences come from policy, inspection frameworks, qualification specifications and employer and learner satisfaction. Deloitte therefore extended their review to examine the role of funding models alongside these other levers for change.

Schools

In England funding for schools comes from DCSF via local authorities, in Northern Ireland from the Department for Education, in Scotland from the Directorate of Schools via local authorities and in Wales from the Department for Children, Education, Lifelong Learning and Skills (DCELLS). In all nations the funding for schools is provided as a lump sum with the requirement to deliver the curriculum rather than being linked to delivery of particular subjects or programmes.

In England, Scotland and Wales changes have been made to the 14-19 curriculum which place more of a focus on employability skills than previously. In England this includes the introduction of Diplomas which include the Personal Learning and Thinking Skills of independent enquiry, creative thinking, reflective learning, team working, self-management and effective participation; and the Functional Skills of English, Mathematics and ICT. In Scotland the Curriculum for Excellence for young people includes development of literacy, numeracy, thinking skills, skills for health and wellbeing (including personal learning planning, career management skills, skills for life and skills for work). In Wales new pathways for 14-19 year old learners were introduced in 2008. The Welsh Baccalaureate is the overarching qualification that brings together vocational and academic choices with personal development skills which are communication, application of numbers, use of IT, problem solving, working with others and developing own learning and performance. In Northern Ireland reforms to the 14-19 curriculum will be introduced in 2013. The reforms include an entitlement for schools to provide a minimum number of courses, a third of which should be applied courses. The full offer has still to be decided but will include the fundamental and personal employability skills.
The above clearly shows the extent to which policies are driving reforms that are increasingly focused on the delivery of employability skills, both fundamental and personal, at the heart of the curriculum. The funding methodologies however are not driving delivery of particular provision – funding is not linked to delivery of specific subjects. The key driver is the changes that have been made to the curriculum. Looking wider than employability skills, the behaviour of schools is also driven by inspection and the publication of league tables.

Further education

In England funding for FE providers comes from BIS via the LSC (from April 2010 the role of the LSC in funding provision for adults was transferred to the Skills Funding Agency and the role in funding provision, including vocational provision for young people, to local authorities). BIS indicates a direct intention to improve fundamental employability skills in national policies and strategies. A focus on improving personal employability skills is less explicit but can be inferred from the intention for provision to be increasingly focused on supporting people to deliver the skills they need to get and retain a job.

The way that FE is funded in England is different from the way that schools and HE is funded across the UK in the sense that the funding methodology is used to drive behaviour in a number of ways. For example funding is weighted for literacy and numeracy qualifications. In addition individuals on literacy and numeracy qualifications qualify for fee remission which means that the provider receives the full cost of the programme from government.

FE providers have targets for delivery of Level 2, Level 3 and literacy and numeracy qualifications and the targets are an important driver for delivery. Achievement of targets is monitored and has an impact on future funding.

There are a number of programmes outside the mainstream that are designed to get people into work. These include the Employability Skills Programme and a number of new programmes that the LSC has introduced in response to the recession. On these programmes providers are paid an outcome payment for people getting and remaining in a job, so here, funding is a clear driver for development of employability skills.

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48 The situation with Apprenticeships for people under 19 is slightly different. The funding remains with the National Apprenticeship Service which is part of the Skills Funding Agency and the responsibility for planning is with local authorities.

49 The amount of time that someone needs to remain in a job for the provider to be paid varies between programmes. There are also some programmes where providers are paid on the outcome of someone moving into a sustained job with training.
In Northern Ireland, FE providers are funded directly by the Department for Employment and Learning. The relevant policies indicate an explicit commitment to development of literacy, numeracy and ICT skills and this is translated into priorities for providers. The vision in the Success Through Skills strategy is that the workforce is increasingly literate and numerate, has good IT skills and that individuals can solve problems, work in teams, are innovative and enterprising and expect to learn new skills throughout their working lives.

As in England, individuals on literacy, numeracy and ICT courses are not required to pay fees which means that providers get the full amount of the provision from government. In Apprenticeships the completion payment promotes development of all employability skills (providers cannot claim a completion payment for the full framework until people have developed the employability skills required for that framework).

For learners who are not employed the funding methodology varies by programme. Some programmes are funded entirely on the hours or days the participant attends. These include job search programmes, short accredited courses and self-employment courses. On programmes to support people back into work providers receive some funding for the time that people are on the programme and then output-related funding for people being in work for 13 weeks and then again at 26 weeks.

In Scotland funding for FE providers comes from the Directorate for Lifelong Learning via The Scottish Funding Council. The skills strategies state the importance of developing the full range of employability skills in post-16 year old learners. Colleges receive funding via a General Fund that covers teaching costs. This is a block grant model.

The Scottish Funding Council also has a Strategic Fund which incorporates funding for employability and skills intervention. The Strategic Fund also includes a new pot of funding, Partnership Action for Continued Employment (PACE) to enable colleges to respond quickly to potential major job losses.

In Wales, funding for FE is distributed to providers from the DCELLS. The relevant strategies state the importance of developing the range of employability skills.

DCELLS is currently consulting on a number of changes that may have an indirect impact on what providers deliver. This includes a fee charging policy which would mean that some groups, including adults on a literacy and numeracy course, would not pay fees. Other learners would be expected to make a contribution to their own learning. This would potentially incentivise the delivery and take up of essential skills provision.

DCELLS is also introducing a Sector Priority Fund which will be used for a range of qualifications deemed critical and valuable by SSCs. DCELLS indicated in their interview with Deloitte that they hope this will include qualifications that develop employability skills.
Higher education

Funding flows to HE providers in the UK via the Higher Education Funding Council for England, the Department for Employment and Learning in Northern Ireland, the Scottish Funding Council and the Higher Education Funding Council for Wales. In all nations HE institutions receive a block grant and have autonomy to deploy funding and deliver provision according to their priorities. Consequently, there are diverse approaches to delivering the employability agenda in the sector.

There have been and, in some cases, continue to be pots of project funding available for universities – some of which are explicitly related to employability and some which are more broadly related to increasing the capacity of HE institutions to respond to the needs of employers. In Scotland, for example, a key priority for the Horizons Fund is employability and skills. This supports the priorities in the Scottish Funding Council’s employability strategy. Learning to Work Two – developing the Council’s employability strategy: consultation outcomes, action plan and invitation to develop proposals (2009).

Although the sector is characterised by its autonomy and diversity, it is still driven by the priorities laid out in national strategies. In England the strategy for HE outlined in Higher Ambitions (2009) is clear about the role universities need to play and asks HE institutions to produce employability statements and more consistent public information. In Northern Ireland Success Through Skills (2006) highlights the need for universities to develop the employability skills of their learners. In Scotland the Funding Council’s employability strategy is explicit about the role that HE institutions are expected to play in improving employability – arguably more so than strategies in the other nations. In Wales the Review of Higher Education recognises that learners leaving university in Wales should have personal employability skills including leading and working in teams, embracing new ideas and effective communication.

The subject benchmark statements produced by the Quality Assurance Agency (QAA) and the requirements of professional, statutory and regulatory bodies are reference points that inform curriculum design for HE institutions as is the data on graduate destinations that is collected by the Higher Education Statistics Agency across the UK. This includes information about the nature and type of roles that graduates progress into and details of salaries.

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As a result of the autonomy and diversity in the sector, the missions of individual institutions are key drivers in terms of prioritising development of employability skills and approaches vary. As universities publish more extensive and accessible information about student destinations and customer satisfaction, applicants will be able to determine which have most impact and which approach works best for them.

The experience of the HE sector demonstrates that while targets and monitoring have an impact on steering provision to meet priorities, the practice of trusting institutions to deliver according to national strategies and of measuring success by the impact of their efforts on students, can still lead to improvements in employability. This is shown by recent employer surveys that indicate the HE sector is broadly achieving good results in terms of employability. The majority of employers who recruit graduates feel that they are well prepared for work. However, there is still room for improvement in relation to the number of students that are offered meaningful work placement opportunities to improve their knowledge of the world of work. This is echoed in the CBI UUK report Future Fit: preparing graduates for the world of work (2009).

**DWP contracted provision**

Employment is devolved in Northern Ireland and DWP policies apply across England, Scotland and Wales. For the last 13 years the UK Government has worked to reform the welfare system and sees the development of employability skills as a way of getting people into work.

In 2007 Lord David Freud proposed a new approach to funding which allows direct spending on a personalised approach. This approach was accepted by the Government and new programmes were developed in line with Lord Freud’s proposals which are outsourced to the private and voluntary sectors. The funding methodology is weighted heavily on outcome payments – providers receive payments for people staying in jobs for a specified number of weeks.

The flagship programme Flexible New Deal is designed to support those who are hardest to help and the level of support increases the longer people have been out of work. The majority of people claiming Jobseeker’s Allowance find work within three to six months. Jobcentre Plus advisors carry out initial assessments of claimants designed to identify those most likely to have difficulty finding work so that more resource can be channelled to support them.

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52 In the Flexible New Deal programme providers receive a payment after someone has remained in a job for 13 weeks and then a further payment if that person remains in the job for a further 13 weeks.
53 The new Government has indicated the intention to end all existing welfare to work programmes and create a single welfare to work programme to help all unemployed people get back into work. More details about this can at found at http://programmeforgovernment.hmg.gov.uk
Interviewing providers of DWP-funded programmes, Deloitte found that the outcome payment was a key driver for them to develop effective employability skills for individuals. Here funding (combined with the sustainable employment target) is clearly a driver for development of employability skills. However, some providers commented that the payments they received to deliver the training (as opposed to the outcome payments) were so low, they could not afford to spend a lot of time developing the skills of individuals furthest from the labour market and so focused attention on individuals who had fewer barriers to employment in order to receive the more substantial outcome payments. This is a well documented difficulty that is usually referred to as ‘parking and creaming’. DWP are considering different models of funding which aim to remove this difficulty. One model would be where the amount providers get paid per individual increases depending on the number of the cohort they get into work. The idea is that providers would have the incentive to work with a larger proportion of the cohort and so would need to work with the hardest to help in order to receive the highest payments.

Conclusions and recommendations

The curriculum reforms introduced or about to be introduced throughout the UK for 14-19 year olds contain a welcome increased focus on employability skills including the personal employability skills and the related skill of enterprise. Deloitte picked up some concerns from providers that the focus might become skewed more to the delivery of the fundamental skills of literacy, numeracy and ICT rather than the personal employability skills but the impact of the reforms is yet to be seen.

In relation to FE there is clearly a commitment in all nations to the development of literacy, numeracy and ICT skills. Significant resource has been invested in this – in some cases through weighting within the funding methodology, through national targets and through support for staff. The national policies also demonstrate a commitment to the development of personal employability skills. Deloitte concluded that the latter was more explicit in Scotland.

Whilst it is clearly important that policies highlight the development of personal employability skills, other levers can complement these. Some of the findings on assessment are relevant here: if we want personal employability skills to be developed then ensuring that they are embedded into vocational qualifications is important. This starts with ensuring that these skills are signalled in NOS.

A further important lever is learner choice. There is the potential to drive up quality and performance by providing better public information and creating empowered customers. New inspection frameworks that highlight the need to evidence the effective delivery of employability skills can support improvement too.
**Recommendation**

Employment and skills policy should specifically highlight the need to develop personal as well as fundamental employability skills and ensure that all related incentives, including funding, targets and measures are aligned and consistent.

The drivers for HE reflect its funding arrangements and the way that quality is reviewed. Universities are trusted to deliver effectively according to strategic guidance and are more driven by outcomes, including the destinations of graduates, rather than prescriptive targets and monitoring regimes. In England the recommendations in *Higher Ambitions* (2009) in relation to development of employability statements and development of standard information about programmes should prove useful in helping to inform the decisions of individuals. This raises an interesting debate about what works best in terms of incentivising the delivery of employability skills and the potential for this approach to be applied to the FE sector.

There are many examples of good practice across HE institutions but these need to be shared across the sector to ensure that all institutions are effectively developing the employability skills of their students. In particular, recent reports indicate that making work placements available for learners can be very valuable.

**Recommendation**

The HEA through its work to support evidence-informed practice in HE should continue to coordinate the sharing of good practice in teaching, learning and assessment of employability across the four nations in order to embed this across the sector. Universities should seek to offer work experience and other work-related learning opportunities to a wider range of students.

DWP provision funding works very differently from HE funding – it is very explicitly tied to people getting into and remaining in work. Providers of programmes funded by DWP do not have a high level of autonomy – they are very much driven by the funding methodology and targets. However, despite the differences, the models are similar in that they are both outcome-based systems. The focus is on destinations of individuals rather the process of getting them there. In this respect both differ from the FE sector in England where the focus is on achievement of qualifications.
The focus on the outcome of employment is important. The purpose of developing employability skills is not so that people have these skills and can recognise that they have them; it is to move people into rewarding jobs that are sustainable and that they can progress within. This is not to say that FE should move to a system where job outcome targets replace qualifications, but that outcome-based funding models for FE should be explored.

In relation to the funding methodology for DWP providers, the difficulty of ‘parking and creaming’ is outlined above and there are lessons to be learnt from this for implementation of an outcome-based system in other areas.

**Recommendation**

DWP should evaluate the impact of different funding models they have trialled to check whether they incentivise providers to help those furthest from the labour market as well as those who are more job ready. The lessons learnt from this should be considered in developing future models for outcome-based funding for application in other sectors.
9. Measuring improvements in employability

Throughout our investigation we have found evidence of heightened awareness of the centrality of employability skills to learners as well as to employers across the UK. Policy intent in all nations is promising and there has been real investment across all sectors in resources to support institutions and practitioners. Given the UK-wide commitment to this agenda and the early stages of some implementation activity, it is important that going forward we measure the impact of policy on practice.

In advocating this we are mindful that improvement measures for employability skills should build on existing channels so as not to increase the burden on providers or add extra cost to the skills and employment system.

We have identified a number of tools that can be used to monitor improvements in employability. Used together they form a basket of measures and include:

- **Surveys of employers.** Earlier in this report we summarised evidence from employer surveys in relation to employability. The UK Commission is working to ensure that the surveys we administer for England contain questions that focus sufficiently on employability and that responses can be filtered to highlight this area. There would be value in other nations focussing on employability in a similar way.

- **Surveys of learners.** The views of learners are equally important. The survey carried out by the Edge Foundation provided a useful perspective in relation to young people and employability. Consideration should be given to repeating this or carrying out related surveys as curriculum reforms bed in.

- **Inspection reports.** Inspection frameworks have been revised or are being revised to have more of a focus on employability and inspection reports should provide a way to monitor the performance of providers in improving employability going forward. For example the external quality arrangements for college reviews in Scotland makes explicit that reviews should look at how far colleges prepare individuals for employment and further learning and how far they support individuals to develop essential skills including core, personal, learning, employability and citizenship.

- **Graduate surveys.** There are two destination surveys of graduates – the Destination of Learners from HE Survey (DLHE) six months after graduation and the Longitudinal Destination of Learners from HE Survey (longitudinal DLHE) three years after this. These surveys provide a UK picture about progression routes for graduates.

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54 It should be noted that HMile carry out reviews of FE colleges in Scotland rather than inspections.
**Qualification data.** Some information can be gleaned from attainment data in relation to stand-alone employability qualifications including literacy, numeracy and ICT, and from tracking learner progression from these. However, since best practice suggests that delivery of employability skills is generally more effective when embedded in wider vocational qualifications, this will only provide part of the picture. Better tracking data on the progression of learners from all parts of the system will be a more useful indicator.

**Employment data.** The best indicator of whether someone has effective employability skills is whether they are able to secure and sustain employment. There are too many influencing factors to use employment rates as the sole measure, but we can learn something from tracking those who move from DWP-funded programmes into work.

The importance of providing effective information about destinations and progression has already been progressed in the HE sector. In January 2010 the UK Government asked the Higher Education Funding Council for England (HEFCE) to prepare a ‘road-map’ that shows progress towards improving information for prospective students. This includes the National Student Survey and the destination of leavers from HE surveys\(^{55}\). The outcomes of these surveys are widely available via the Unistats website\(^{56}\) and are used by prospective students in choosing courses. The employability statements that BIS have requested that universities in England provide should also be available from September 2010 and will provide further information about the commitment of individual institutions to the development of employability skills\(^{57}\).

These types of information are likely to become more important in future if the fee level cap is raised or removed in England, Northern Ireland and Wales and individuals have to pay more for higher education. This in turn will motivate HE providers to ensure that their staff are supporting learners to develop employability skills.

The Commission’s recent publication *Towards Ambition 2020: skills, jobs, growth*\(^{58}\) argued that better public information on the employment and skills system can both empower individuals to make informed choices and drive up the quality and performance of the system. It is our belief that information on employability can contribute to this general drive and help us to understand the impact of the policies and initiatives that have been introduced.

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55. The Destination of Leavers from Higher Education surveys are carried out at six months and three and half years.
56. Unistats is the official website to help people make an informed choice when deciding which UK university or college to apply to. It includes the results of the latest National Student Survey. Available from: [http://unistats.direct.gov.uk/](http://unistats.direct.gov.uk/)
57. A review is currently underway of the Teaching Quality Information which incorporates the National Student Survey and the Destination of Leavers from Higher Education surveys and a consultation document is due to be published in November 2010.
In *Towards Ambition 2020: skills, jobs, growth* we argue that central planning and target setting has resulted in parts of the system that are not sufficiently flexible. In comparison, the approach adopted in the health and local government sectors is to create performance frameworks that are built around outcome and impact. Such an approach places more trust and autonomy in delivery organisations and it could also be applied to skills providers. The UK Commission’s document does not provide a definitive model for this and more work needs to be done to look at how this can work best in different settings.

In this model, publicly-funded colleges and training providers would be asked to publish information at course level about the quality of the provision including success rates and destinations of learners. Providers would also display information about how they respond to the needs of their community in a ‘community score card’. The important point is that the information would be owned by providers rather than by funding and monitoring organisations. Providers would take responsibility for the information in order to improve their services to individuals, employers and the wider community – not simply because it is a requirement of funding. In this way it would be similar to the approach taken in HE where graduate employment surveys are increasingly an important driver for HE institutions.

More work needs to be done on developing exemplars for course labelling and community scorecard models and this is already underway with colleges, the Association of Colleges, the Association of Learning Providers, BIS and the Skills Funding Agency in England. It is essential that these models adequately capture improvements in employability and can be used not only to reflect success, but also to drive improvements in the system. The UK Commission will continue to work on this – through closer examination of what existing measures can yield, but also by working with partners to ensure that models for course labelling and community scorecards include information on employability.

**Recommendation**

Outcome-based measures which assess the impact of provider delivery have the potential to drive up quality and performance in the system as well as freeing up providers to offer more flexible approaches. Better public information about courses and the destinations of learners helps inform individual choice and can also positively influence provider behaviour. The development of models for outcome-based measures should explore how to include employability. Moves in the HE and FE sectors in England to provide better public information on courses should consider how to include information about employability skills and destinations.
10. Conclusions

Our work on employability this year has focused on the three areas identified in The Employability Challenge: training, assessment and funding. These are levers within the existing system that have the potential to positively support providers across the employment and skills system to put employability at the heart of their core business.

Surveys of employers and other reports show that there are concerns about employability, not for all new recruits or existing staff, but for some groups. In particular employers feel that 16-18 year olds are not always adequately prepared for work. Providers, governments, funding agencies, inspectorates and support agencies are very aware of this and we have highlighted some of the progress that has been made in the last year or so towards meeting the employability challenge outlined in our first report.

Our broad findings are:

- **Training** – the majority of skills needed to teach employability are the same skills that teachers need to teach well more generally. The additional skills required need to be better integrated in professional standards and providers, both managers and practitioners, need to prioritise development of these skills in continuing professional development activities.

- **Assessment** – employability is most effective when delivered as part of wider qualifications, particularly at higher levels. It is important therefore that we use the levers that exist within the relevant stages in the qualifications development process to ensure that the importance of employability skills is highlighted throughout. Flexible assessment methods are required to assess personal skills and it is important that practitioners feel confident in choosing and using these methods.

- **Funding** – funding is one of a number of drivers for most providers. A stronger motivation tends to be targets and priorities from government and the leadership and mission of individual providers. In HE providers are trusted to work to strategic guidelines and prioritise accordingly. This has not led to employability being ignored – rather, individual institutions have had the freedom to determine which approaches work best for their learners and implement these. Good practice is shared in the hope that it will encourage widespread implementation in the sector. Increasingly in the HE sector, better information will be published about student destinations and student satisfaction, which will in turn inform student choice. This will provide further motivation for institutions to ensure employability is high on their agenda.
There is no one single action that will lead to dramatic improvements in the employability skills of individuals. It is important to put the background structure in place – the incentives for providers need to be right and employability skills need to be built into qualifications. But equally important, as we highlighted in our first report, is the way that employability skills are taught. Practitioners need to be trained effectively and supported on an ongoing basis including in the range of assessment methods that are available to appropriately assess personal employability skills. It is important that these changes take place in an environment of effective employer engagement. Practitioners need to recognise the importance of the destinations of learners, not just teaching to support people to gain a qualification. Improving employability skills is not an end in itself – the aim is to support people into sustainable employment. This requires teachers who have an awareness of up-to-date industry practice, learners who have a real appreciation of the world of work and provision that reflects the skills that employers need.

We have begun to consider how we might measure if our efforts are making a difference, not by adding further bureaucracy to the system but by using measures that already exist. We have argued for an approach based on evaluating the outcomes of education and training and making this information available to the public. However, it is important any approach developed is owned and valued by providers and incentivises them to make changes to their provision to better support people into work.

This report is necessarily high level and for the most part does not provide fine grained recommendations for each sector and each nation. However, there is work for each sector and each nation to do in taking the recommendations and looking at where they do apply and how they can be implemented. The rewards for changing the system to better support individuals to develop employability skills are high for both individuals and employers and it is essential that this work continues.
Appendices

Appendix A

Employability wheel – critical factors
Appendix B

Members of the Employability Advisory Panel

- Moira McKerracher – UK Commission for Employment and Skills (Chair)
- Alison Morris – UK Commission for Employment and Skills
- Paul Cohen – Department for Business, Innovation and Skills
- Mick Downing – Jobcentre Plus
- Gareth Thomas – Skills Funding Agency
- Sarbani Banerjee – Higher Education Funding Council for England
- Richard Beamish – Asset Skills
- Wendy Stubbs – The Quality Assurance Agency for Higher Education
- Lorna Fitzjohn – The Office for Standards in Education, Children’s Services and Skills
- Paul Hambley – Lifelong Learning UK
- Ruth Bennett – Department for Employment and Learning
- Gez Bennett – Department for Children, Education, Lifelong Learning and Skills
- Alison Cooke – The Scottish Funding Council
- John Baird – Education and Training Inspectorate
- Isla McCrone – Scottish Government
- Bernard O’Reilly – Estyn
- Paul Mooney – Department for Work and Pensions
- Peter Connelly – HM Inspectorate of Education (HMIe)

Other key contributors

- Jill Lanning – Federation of Awarding Bodies
- Judith Norrington – City and Guilds
- Vivienne Sterne – Universities UK
- Judith Smith – Higher Education Academy
- James Holyfield – Alliance of Sector Skills Councils
The UK Commission aims to raise UK prosperity and opportunity by improving employment and skills. Our ambition is to benefit employers, individuals and government by advising how improved employment and skills systems can help the UK become a world-class leader in productivity, in employment and in having a fair and inclusive society: all this in the context of a fast-changing global economy.

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