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# Engaging employers to drive up skills

The realities of effective employer  
engagement – current opportunities  
and challenges

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## Foreword

Employer engagement is a perennial concern in the field of education and training. We need to ensure that learners stay skilled in emerging industries and technologies and this requires the involvement of employers both in delivering practical work-placements and in feeding in to the design and content of courses. As long ago as 1884, the Samuelson Commission noted 'Swift change is the characteristic of our age, so that the main purpose of the technical education of the future must be to teach people to be adaptable', while in current times the UK Commission for Employment and Skills (UKCES) and others assert that we need to give businesses more power to shape the provision of training through their choices and priorities.

In 1904, one in four of the UK population worked in manufacturing; today one in four is in full-time or part-time education. Of course since then there has been a massive shift from physical to intangible assets and we are now confronted with 'knowledge' economies. As financial stringency and changing public-service models start to affect the economy, so the debate around supply and demand for skills becomes more urgent. Education and training systems are under more and more pressure: industrial sectors are becoming 'knowledge intensive' as global forces increasingly shape international trade patterns and supply chains. In a competitive and uncertain global economy, it has never been more important to match skills supply with skills demand and ensure that our education and training institutions are able to do as much as possible to support this.

In addition, the recent *Independent review of fees and co-funding in further education in England* – the 'Banks review' – commissioned by the Department of Business, Innovation and Skills (BIS), advocates co-investment in skills as the best model to ensure the health of the system in the future. It recommended that BIS<sup>1</sup> and its agencies should match co-investment contributions received from individuals and/or employers, up to a published maximum contribution. Colleges and training providers in receipt of funding from BIS should publicise a clear total price for a course on offer and a clear price for the co-investment contribution individuals and/or employers are required to make. This will represent a very different way of working for many providers and require further change to business plans and working culture.

Employer engagement is seen as key to creating a more 'responsive system'. Employers play an increasingly central role both in articulating their workforce needs and skills gaps, and in the design and delivery of qualifications. New ways to engage them and involve them in training and education are emerging, for example with skills academies and co-training sites<sup>2</sup> but there are still blockages and obstacles within the system. It has long been known that it is difficult to engage employers: they can find the skills system too complex and bureaucratic, and often complain of having no single broker to approach. A paradox exists whereby employers feel both that too many people are contacting them and that they don't know enough about the skills and qualifications system and how they can help.<sup>3</sup>

<sup>1</sup> *Independent review of fees and co-funding in further education in England* (July 2010) Chris Banks, Department of BIS

<sup>2</sup> Note, for example, FlyBe's investment in and construction of an integrated training academy at Exeter airport, for use by school, college, company and private training

<sup>3</sup> This is particularly pronounced at school level. Freshminds research 'Raising the bar and removing the barriers' for example found that 57% of businesses interviewed had not heard of their local Education Business Partnership.





However, many education and skills providers are showing remarkable flexibility, drive and innovation as they seek to continuously improve their employer engagement and overcome barriers. They are adapting their practice, their services and their cultural approach to ensure that they are able to demonstrate business impact to employers and provide as seamless a service as possible.

This research seeks to give a clear picture from providers on the ground of the challenges and barriers that prevent them from developing their employer engagement services, the innovative practice they have already developed to create improvements and the way that they envision better support being delivered.

**John Stone**

Chief Executive  
LSN











# Executive summary

## Existing good practice

The LSN research provides a rich picture of how employer engagement is working on the ground. Although there is clearly still scope for improvement, particularly in relation to the strategic positioning of providers within the FE and skills sector, effective ways of supporting and increasing employers' take-up of flexible and relevant learning opportunities for their workforce have become embedded over recent years. Providers have also shown innovative responses to overcoming challenges to furthering their employer engagement and a picture is emerging of a sector developing a more commercial focus in their service offer, which seeks to clearly demonstrate the business impact of their services.

Employers will pay for services if there is a clear relationship between perceived benefits to their business performance and/or the bottom line and what providers offer. Training providers need to clearly demonstrate the positive business impact of their services and there is evidence that many are actively doing this, for example by:

- gaining the active engagement of employers in the development of the products and services to ensure they are relevant to businesses' needs
- focussing on the needs of the business from the beginning of any dialogue with employers
- ensuring that provider staff with business-facing roles understand business needs and are aware of the providers' capacity to meet them
- providing holistic solutions to employers' business needs
- developing effective relationships and strategic partnerships with employers to secure new and repeat business
- working in partnership with other providers to secure breadth of expertise and capacity to meet employers' needs promptly and effectively.

## Challenges and barriers to employer engagement

- The direction of policy and the realities of funding cuts mean that the sector will need urgently to consider how to move to a co-funding or even full-cost recovery business model. However, the current baseline of full-cost recovery income is quite low and this move will be a major change in how some providers operate.
- The FE and skills sector will need support to make the transition to a business model which substantially increases the proportion of their income from co-funded or full cost recovery work with employers. Providers may need to move into high value, more specialist provision if they are to secure more fee-for-service work.



- The current economic climate is a significant challenge to employer engagement which changes the emphasis employers are likely to give to training and development. There is also a concern that employers have become used to government subsidies, through the Train to Gain programme in particular.
- The employer market in which most FE providers currently operate – generally small to medium-sized enterprises (SMEs) – is likely to be most affected in a weakened economy. Providers need to make key strategic decisions about whether to continue to maintain, increase or specialise in their employer-facing work in the present economic and political climate. This may, for some, represent a considerable switch of focus and could be a high-risk strategy.
- Concern about reductions in funding and the need to obtain more money directly from employers is reflected in the large number of respondents that want support to move their business with employers to a co-funding or full-cost recovery basis. Many also want help with understanding and developing labour market intelligence (LMI) and developing curriculum and staff skills in emerging growth sectors. This suggests that some are considering the development of products and services in new areas despite the difficulties described above.

### Support needs and targeted improvements

- The FE and skills sector's capacity to meet emerging needs in new technological or occupational areas is a vital area for support. Although providers recognise the potential for growth in 'priority sectors', such as low-carbon 'green' jobs, they are unsure about when this potential will be realised at local level. Providers may not be willing (or able) to invest in developing the expertise or resources required because the time lag between new areas beginning to emerge and securing a critical mass of demand could be significant. Developing capacity ahead of demand is a high risk venture, which the FE and skills sector may not be inclined to take, especially as other sources of funding are in decline. As a result, new skill sets may not be developed and job opportunities in new growth areas may move to other countries. Investing in the development of capacity in new areas should be considered strategically at a national and regional level.
- Providers may need to take strategic decisions about the extent and range of their employer-facing activity. Maintaining breadth across many occupational sectors and different approaches presents difficulties as government funding diminishes. Some providers may be tempted to reduce their range of employer-facing work to that which is profitable or breaks even. Others may decide to specialise in areas where they have a leading edge. Uncoordinated decisions like this may result in a lack of some provision in some geographic areas and a glut of provision in others. The development and recognition of specific expertise would enable providers to be seen to be market leaders and help to secure a clear brand for the FE and skills sector but the balance between new and traditional areas of support needs to be considered.
- Providers need support to find credible ways of measuring impact, which may in some circumstances be long term rather than instant. Measuring and demonstrating impact are acknowledged to be a very important part of being able to build a sound business case to engage employers and speak to them 'on their terms'.
- Regional variations are evident to some extent in priorities for support for quality improvement. Providers of support for quality improvement need to be aware of local contexts and the past history of support. Variation by provider type is also important; for example, the survey results suggest that work-based learning (WBL) providers do not consider support for a move to full-cost recovery to be as urgent as colleges.

- The relatively high number of respondents that said they had no intention of buying in support – for various reasons including no money for this or simply being unsure about their intentions – is a cause for concern. It suggests that quality improvement is not embedded in some providers' strategic and business plans.
- The research suggests that providers want personalised approaches to quality improvement support but that this needs to be time and cost effective. Providers also appear to value informal networking and shared development activity. In some cases, there is a need for credible coaches/sector 'experts' who have deep expertise that can be passed on to their peers. However, there is also a need for opportunities to develop expertise through shared projects or benchmarking groups. Respondents gave a mixed picture of the efficacy and consistency of support networks and information channels available.

### Research recommendations

- Developing a sector-owned approach to quality improvement needs to be underpinned by:
  - clear descriptions of the roles and commitment of participants in quality improvement activities
  - training and quality assurance mechanisms for providers leading improvement activities
  - mutual benefits resulting from the exchange between providers
  - networking on a sufficiently broad basis to ensure that a wider pool of participants brings fresh ideas to the discussion.
- Providers seem largely to want time-effective quality improvement services and value personalised and resource-intensive support. This creates a tension in the system which will need to be given further thought in these financially stringent times.
- Securing this kind of mass customisation within current budgets and timescales for delivery will be challenging to providers of support. The solution may be to provide a form of 'blended development', which uses a mix of personal contact and training with differentiated resource-based learning. Such a model may require additional funding from the provider. An issue to resolve may be how to persuade providers to add value to a subsidised support programme and to extend support by investing further in it.
- Policy makers need to be aware of the difficulties faced by providers in increasing employer engagement in a time of economic austerity. Some employers – especially SMEs in some occupational sectors – may still not be able to meet the full cost of training their workforce or deliver on the co-funded targets and expectations in the timeframe required, for example having all the matched funding available upfront if they are putting a group of employees through the same training at the same time. Strategic decisions need to be made about priorities for, and the extent of, subsidies in key areas.
- BIS should take care to ensure that their evolving skills policy places equal emphasis on skills development in both emerging and established sectors. There is huge growth potential in 'moving up the value chain' by driving higher skill attainment in existing sectors and occupations, as well as in trying to grow forward-looking industries; both should be strategically and financially supported.

- The Skills Funding Agency (SFA) should seek to establish a specific Research and Development fund for FE and skills providers, to support the development of new products and services and to enable the required step change to successfully encourage these providers to develop further.
- SSCs should focus on working better with regional and other specialist networks, to ensure that their expertise and knowledge is actively available and promoted through to the very smallest, local FE and skills providers. It seems there is also scope to focus on informing providers more actively with better labour market information, to help them develop appropriate strategies and labour market engagement.
- LSIS needs to consider the holistic pattern of support for quality improvement and ensure that locally based provision is in line with national priorities. This requires taking a proactive role in continuing to develop sector expertise in new, specialist subject and industry areas, supporting and disseminating the work of these specialists and ensuring that knowledge is shared across the sector effectively.
- Providers must consider how much business is likely to invest in training and what their market share of this may be before they invest in employer engagement activity. They need to make key strategic decisions about whether to maintain or increase their employer-facing work in the present economic and political climate and whether or how to specialise within this.



# Introduction

LSN's think tank, the **Centre for Innovation in Learning**, in association with the 157 Group, the Association of Learning Providers (ALP) and the Association of Colleges (AoC), has undertaken timely and important research into how to support and improve employer engagement in the further education (FE) and skills sector. An e-survey of providers across the sector was undertaken between March and May 2010 to identify the challenges faced by the sector in relation to employer engagement and the ways they would like to see a support programme implemented. This was followed by a focus group meeting with staff across the FE and skills sector to validate and expand on the implications of the survey findings.

The research emerged from conversations between LSN and sector partners, the 157 Group, ALP and AoC about the need to gain direct evidence from providers as to the challenges they experience in furthering their employer engagement services and accessing support. The research set out to obtain a 'coal face' picture of both existing good practice in this area and providers' own views on how support should be delivered and accessed to help them overcome these challenges. The development of the provider survey was informed by lengthy discussions with these partners who also acted as conduits to their members and regional networks. LSN then administered the survey, analysed the data and produced the report. We are particularly grateful to Kate Green, at the 157 Group, for further suggestions during the edit stage.

This research has been undertaken at a vital point for the sector and the new Coalition Government, providing an up-to-date perspective from the FE and skills sector on the successes and difficulties in engaging employers in the development of a modern skills system. It engages the critical views of those colleges and training providers who are at the sharp end of delivery. This report should therefore inform Government on the direction of policy on skills in the new administration; send messages to funding and quality improvement bodies on how diminishing resources should best be deployed to support the implementation of policy; and inform providers in the sector on the development and implementation of their employer engagement strategies.







# Section one

## Undertaking the research

### 1.1 The policy context

Investing in the skills of the workforce to meet the demands of competitiveness and productivity in global markets has been a consistent message in recent policy. However, the economic crisis has challenged some of the thinking in relation to globalisation and perceptions of a sharp division between low skills economies in the developing world and high added-value skills in developed economies. The Coalition Government's policy on skills is not fully articulated at the time of writing, but early rhetoric talks up the need to rebalance the economy and the need for industrial activism, so that manufacturing and the private sector gain prominence over financial services, public sector and reliance on the property market. This perspective, together with the notions of small government and the Big Society, sets the scene for different ways of thinking about the skills agenda.

Policy on skills has been increasingly concerned to develop a demand-led system, with employers and, to a lesser extent, individuals shaping provision to meet their needs. In the current climate it is unlikely that Government will fund more than the platform of basic and employability skills. Employers and individuals will then be expected to contribute at higher levels to the costs of skills development that will subsequently result in personal or commercial gain. The willing engagement of employers in the design, delivery and funding of vocational learning activities is therefore even more important to secure relevant skills and knowledge to underpin economic recovery and development.

An early indication of the Government's continuing commitment to skills development was shown in the May 2010 announcement from HM Treasury<sup>4</sup> in relation to funding cuts, which said: 'A total of £500m out of the £6.2bn of savings will be used to invest in improving Britain's growth potential and building a fairer society.' Within this, £200 million was specifically 'recycled' from the Train to Gain programme and reinvested with different aims within the sector:

- £50m of government investment in FE colleges, which they will be able to leverage up to create a £150m fund to provide capital investment to those colleges most in need
- £150 million to fund new Apprenticeship places, focussed on small and medium enterprises (SMEs)

<sup>4</sup> HM Treasury, 24 May 2010, press notice PNo4/10 *Government announces £6.2bn of savings in 2010–11*.



There are also commitments to greater freedoms for FE colleges – including, for example, the ability to vire money between some budgets and greatly reduced Ofsted inspections for those rated ‘outstanding’ – and an acknowledgement of the hindrances to some employer-facing provision that have resulted from constant tinkering with vocational qualifications. In his first keynote speech as Minister for Universities and Science,<sup>5</sup> David Willetts observed:

*Young people, employers, and colleges themselves have endured regular changes in the structure, content and titles of vocational qualifications. There is at least a row when people see a threat to GCSEs and A-levels. But governments have been able to mess around with vocational qualifications without any campaign in the media to protect them. And as a result, we have let down generations of young people who can find that their vocational qualifications are not valued by employers ... The new Qualifications and Credit Framework must not weaken them. Of course, that is why we also value Apprenticeships, which should – wherever possible – be equivalent to A-levels and linked to real employers. These can be the route to that elusive technician level of skills which is one of our economy’s great weaknesses.*

However, the current recession has focused employers’ attention on remaining in business while the greatest concern of individuals is to obtain and/or maintain employment. Although a continuing focus on skills development may be a wise long-term objective many employers and individuals are unlikely to see it as an immediate priority. Funding for Apprenticeship places may not be enough to persuade employers to take on new staff as Apprentices or to enable already hard-pressed employees to take on the additional workload of becoming an Apprentice.

FE colleges and providers are therefore likely to have an ever more critical role in supporting employers to continue to invest in skills development. Previous research<sup>6</sup> suggests that stimulating demand from both employers and individuals at work is critically dependent on the supply of robust but user-friendly approaches to developing skills of people in work that:

- start from the perspective of the needs of business
- take account of and accredit existing skills
- extend ‘useful’ skills to higher levels
- deliver learning at or near the workplace with minimum disruption to work and life demands.

The FE and skills system has made great progress in securing the flexibility and relevance required to accommodate the competing demands of the workplace and skills development. However, the scale of the changes required suggests that more sustained and strategic efforts are needed to enable more providers to routinely meet the skills development needs of the economy as a whole, of specific employers and of people seeking work.

Providers need to come to terms with reductions in public funding for employer-facing work and provide services and support for employers that they value enough to pay for, either wholly or in part. Provision for the unemployed may also be increasingly important – with perhaps an emphasis on re-skilling and guidance on career change.

<sup>5</sup> 20 May 2010 <http://www.bis.gov.uk/news/speeches/david-willetts-keynote-speech-at-university-of-birmingham>

<sup>6</sup> See Hillage, J., Loukas, G., Newton, B. & Tamkin, P (2006) *Employer Training Pilots: final evaluation report*. Institute for Employment Studies

For employers, especially SMEs, the implications of driving demand may seem quite onerous. Multiple requests for support or participation in yet another new initiative are often heaped upon employers. The skills landscape is complex and employers may be contacted by numerous – and competing – providers and brokers. Such uncoordinated activity may result in general disillusionment and confusion on the part of employers. On a local level it could also hinder the development of business-to-business relationships between employers and local providers of education and training. Managing relationships on a systematic basis, through greater coordination of the efforts of local support for business, and at institutional level through the use of customer relationship marketing (CRM) systems, becomes even more important.

## 1.2 Responsiveness and quality improvement

The FE and skills sector has worked hard to improve its employer engagement and a range of programmes have been developed over the years to facilitate links, improve practice and encourage closer co-operation. Many training providers have acted as facilitators between companies and mainstream educational establishments, able to develop a range of bespoke products. The diversity of programmes ranges from sector-based initiatives in STEM (science, technology, engineering and maths) subjects to local-authority led programmes for example. Those such as ‘Lecturers into Industry’ run by the LSDA in Northern Ireland aim to align the outputs of the FE and skills sector with the needs of the Northern Ireland economy by arranging structured placements that allow the teaching and training personnel involved to update their experience and skills in industry settings. They also thus create an opportunity to embed new ideas into their curriculum and college management.

Improvement programmes have also been led by sector bodies, with the aim of increasing the responsiveness of FE providers to employer demand. Research undertaken by Learning and Skills Improvement Service (LSIS) provides valuable pointers on how to change <sup>7</sup>.

The LSIS World Class Skills Programme, for example, focussed on quality improvement to support the development of more employer responsive provision and the concept of the employer as customer through wholesale organisational change. This approach was based on:

- the identification of quality indicators from research and best practice
- support for planned and systematic improvement activity leading to enhanced responsiveness throughout the provider organisations

LSIS continues to offer support for providers wishing to develop and improve their employer-responsive provision. The ‘Skills and Employer Responsiveness – building on World Class Skills’ programme aims to support providers in improving the volume and quality of their employer responsive services and harnessing the most successful tools and resources from the earlier programme. These programmes, in keeping with LSIS’ aim to support sector-led work, emphasise opportunities for providers to become instrumental in sharing good practice across the sector as well as furthering their own development.

<sup>7</sup> LSIS (2009) *2020 skills: developing responsive provision. Key messages from policy and LSIS research and development into employer/provider engagement*

However, the funding available for this support is much less than for previous programmes and a greater emphasis is now placed on sector-owned and sector-delivered support. In addition, criticisms have been levelled that there has sometimes been an over-focus on the supply side in this area, that is to say focusing on encouraging learning and training providers to go out and engage employers, rather than equally focusing on stimulating the demand for skills by employers and ensuring that appropriate 'skills utilisation' is taking place. The UK Commission for Employment and Skills (UKCES) has published research in its 'National Skills Audit 2010',<sup>8</sup> for example, which outlines the mismatch between skills supply and demand along with the skills shortages that exist in certain sectors.

This LSN research explored the extent to which providers are able and willing to take an active role in improvement activity for the sector, particularly in taking up funded secondments to deliver quality improvement support. The survey results indicate that about a quarter of respondents are prepared to do this and about half thought it to be a possibility. However, providers need to be clear about the time and resource commitments required to take a leading role in quality improvement, and many indicated that they need greater direction.

The role of formal and informal networks in disseminating and extending effective practice may also need to be strengthened. Many networks already exist, through for example regional connections, sector representative bodies, organisations such as education and business partnership networks, or even informal online forums and communities. Some of them have moved to a subscription basis, which may indicate a level of preparedness to pay for development support. However, networking on a local or regional basis may be of limited use as the same people with the same ideas could be involved in such activities.

Providers need to make decisions about the nature of their mission while the future direction of sector support is unclear but it is generally understood that in future, they will have the responsibility to improve both their own organisations and their peers, rather than deriving support from large, centrally directed support programmes.

### 1.3 The LSN partnership research

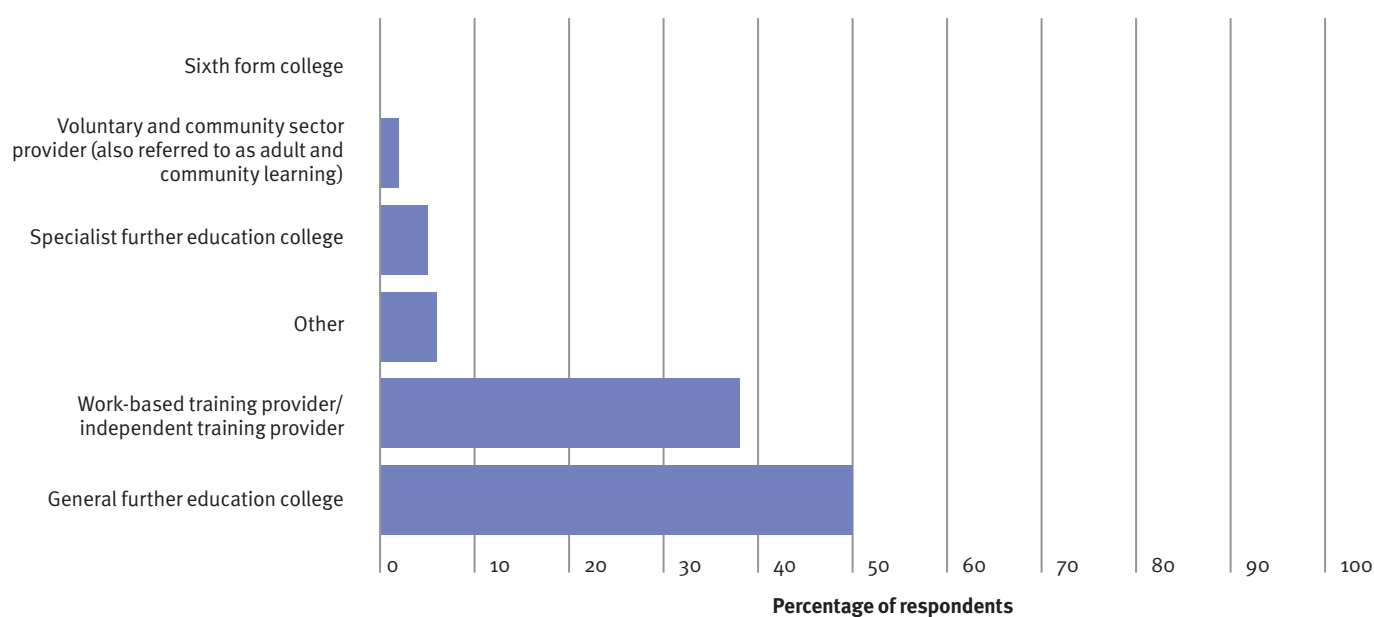
#### Brief overview of the scope of the research

The research was prefaced by an extensive development phase in which LSN and the partner organisations discussed and identified the scope and key priorities of the research, then developed and honed the survey for participants. Once a pilot survey had been created it was sent out to a small sample of respondents (nine) for further feedback and comments. These were fed back into the development process until the survey was finalised in mid March 2010.

The survey was then sent out to a wide range of learning providers, including colleges and independent training providers. The survey was open for six weeks and received responses from 108 organisations.

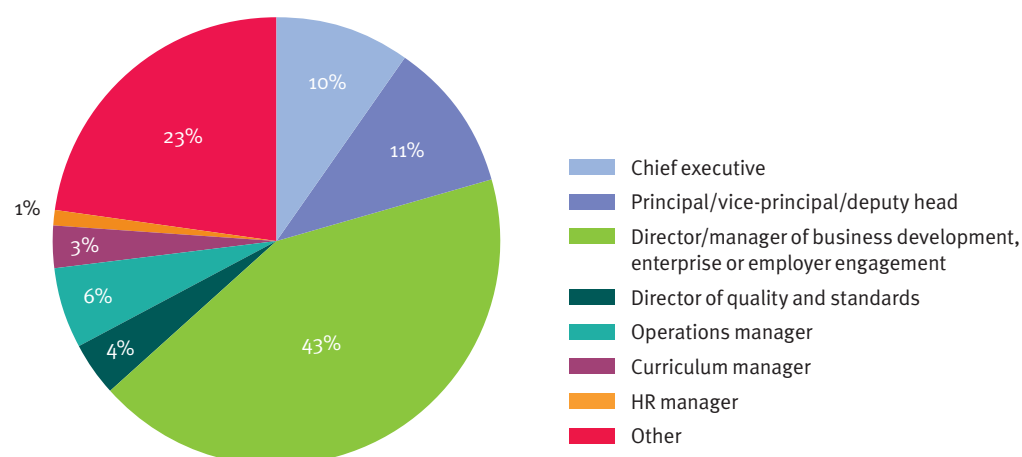
In terms of provider type, the most significant amount of responses was received from FE colleges (50%) and a sizeable percentage came from WBL providers (38%). Returns were also received from specialist colleges and voluntary and community sector providers.

<sup>8</sup> UKCES (2010) *Skills for Jobs: today and tomorrow – The national strategic skills audit for England Volume 1*. UKCES

**Figure 1 Survey returns by type of provider**

Subsequently, for the purposes of data analysis, we often grouped the provider types into three main groups: FE colleges, independent training organisations, and third sector organisations.

In terms of job role, the largest number of these came from Business Development Unit managers 43%, although 21% of responses came from principals/chief executive officers.

**Figure 2 Survey returns by roles of survey respondents**

In the course of the research, we analysed some responses to the survey by the job role of our respondents, usually breaking them into senior management team (SMT) roles and 'other' roles which included front-line staff and job roles at non-management level.

### Geographical spread of respondents

The geographical spread of respondents was fairly even across the regions, with a slight skew towards London and the South East and slightly lower proportionate representation from the Midlands, the South West and East of England. This should be borne in mind when looking at the analysis of responses.

Completed surveys were returned from all the English regions and from providers operating nationally. The highest number of returns was from the NW region (17) and the lowest from the West and East Midlands (7 each).

**Figure 3 Survey returns by geographical region**

#### National



### Size of organisation

Forty-nine % of respondents had between 1,000 – 10,000 16-18 year-old learners and 4% had more than this. However, a high percentage of respondents (40%) had fewer than 500 16-18 year old learners.

Forty % of respondents had between 1,000 – 10,000 learners aged 19 or over but 15% had more than this number. A considerable number of respondents (32%) had fewer than 500 learners aged 19 or over.

### Delivery partners

The survey results indicated that over half (64%) of the responding organisations deliver 90% or more of their work with employers without third party involvement. Slightly fewer (18%) deliver up to 20% through third parties, and 9% of respondents – half of whom are FE colleges – deliver over 30% of their employer engagement provision in this way.



## Section two

# Progress and development in the sector

It is important for the sector to understand what it does well and how providers in the sector can learn from each other as well as recognising where they can improve. It was therefore critical in our research to identify what areas providers themselves feel currently represent good practice and are successfully implemented. The survey asked respondents to identify the main areas of excellence and good practice that could be shared with other providers, as this would be key to mapping the sorts of areas the sector could lead on, offering mutual, intra-sectoral support. A rich and diverse range of practice was given, packed with good ideas and examples of innovative practice, which can be categorised in broad themes.

### 2.1 Holistic and packaged solutions

There is a large area of work for colleges and training providers in providing employers with holistic solutions to their business needs and this is seen as increasingly important. Many respondents cited practice that drew on a range of programmes and expertise. Delivering a range of employer services to provide employers with a wider offer was seen by many respondents to give a competitive advantage. They spoke of delivering tailored solutions focussed on business needs analysis and targeted returns.

#### One stop shop for employers

One model that emerged was the ‘one stop shop for employers’, which focuses specifically on providing a high level of customer service. Critical elements of this are: high-quality and comprehensive information, advice and guidance (IAG); relevant and regular communications and feedback to the employer; and working in partnership to deliver provision when and where the employer needs it to achieve value for money.

There seems to be a clear direction of travel within the sector and among providers that good practice involves professionalising their offer and ensuring their employer services have the kind of business-service focus and language that resonates with employers. Delivering a range of employer services to provide employers with a wider offer was seen by many respondents to give a competitive advantage.

#### Brokerage

Some of the providers in the survey emphasised their brokerage role. Brokerage is an essential area within employer responsive services although it can also arouse mixed reactions, with many employers complaining that they are contacted by too many different providers often wanting the same things – usually student placements or involving the employers in delivering qualifications. Employers have repeatedly stated – in wider research as well as in our own – that they would appreciate a single point of contact for brokerage.





Structural issues aside, our respondents seemed to consider that good practice is rooted not just in co-operative communication with other providers but in brokerage. This means an attitude of approaching the work as more of a broker to a solution for the employer rather than ‘just trying to sell training’.

Respondents provided examples of a systematic approach to designing a training ‘package’, starting with organisational needs analysis, to produce a customised programme including government funding and full-cost activity. They felt good practice involved providing a seamless service for employers from initial enquiry through to impact assessment of their training or wider services. Excellent organisational needs analysis was deemed very important, leading not only to identification of business needs for the employer but also to the development of employer-based qualifications.

A clear concern emerging from the research was the need for providers to speak the same language as employers throughout their dealings with them, talking their business/sector language and ‘translating’ government and education speak into a format that is clear to employers, especially SMEs.

Reducing bureaucracy was also seen as a key area of focus in providing a good service. This could involve, for example, obtaining all required data on potential candidates and completing as much of the paperwork as possible before the individual enters the company. As one provider noted, ‘We have nearly halved our initial sign-up and induction time – which, crucially, saves the company time.’

Some respondents provided examples of various aspects of guidance for employers and employees signposting them to the right learning provider. At a basic level this might involve signposting employers to other providers if that organisation itself is unable to deliver specific training. However, in more advanced guises, some providers have developed an on-line network that enables companies to source information, and gain advice and guidance on a variety of business needs.

As one provider noted:

*[We] provide a full recruiting service which includes advertising, interviewing, assessing and support when employers need additional staff. We help employers by offering ... the latest hi-tech equipment to use and/or be trained on.*

Many providers stated that they support employers by offering their fully qualified staff to visit the employers on site and give advice on a range of areas included, for example, engineering techniques, equipment purchase, money-saving ideas and so on.

Clearly this is seen as another area in which colleges and training providers can be very useful to employers and offer a comprehensive and highly practical package of services which helps tie them into mutually beneficial longer relationships.

## 2.2 Developing long-term relationships

A clear theme emerging from the research was that developing effective long-term relationships with employers is fundamental to good practice, and providers gave numerous examples. Some have a designated relationship manager for each employer; others hold quarterly meetings for employers that include free or bespoke training modules. Others hold regular networking seminars to discuss all aspects of industry work and help keep practitioners and employers in touch with current aspects of the industry, thus developing mutual trust. One provider even produces a bi-monthly glossy magazine



with sector and industry updates, success stories and employer features. These kinds of communications are a powerful way to bring employers 'into the fold' and help them feel part of a delineated network:

*There is no substitute for the proven technique of targeted mailouts and telemarketing to lead up to putting your representative in front of an employer. This is backed up with constant attendance at all events, regular e-mailing and advertising with the idea of constantly reminding employers who we are. We also hold goodwill events, like celebration evenings where we invite learners and their employers along to our centre to receive personalised certificates and gifts to mark their success.*

Respondents described a wide range of partnership working with employers, which started with helping them determine their training and development needs and ensuring that the resulting programmes involve employers in evaluating them. In some cases, relationship marketing can develop into strategic partnerships, so for example some described the development of employer engagement from purely sales operations to a two-way exchange of ideas, innovation, development and mutual creation of 'learning partnerships', drawing together engagement from 14–19 and from 19+ lines of learning to create holistic and cohesive best practice.

There was also evidence of innovation and flexibility around staff placements and secondments, for example with staff of some training providers and colleges being seconded into larger employers to address key issues in training and career pathways.

In other cases, providers aim to secure repeat business or to capitalise on their reputation with one employer to sell on a product or service to another employer. A strong external reputation is seen as a key advantage in leading to business to business recommendations. One respondent noted that a new curriculum developed with one major local employer could then be used to engage smaller employers. This is an interesting model for providers considering how to approach employers, develop an offer and penetrate the SME market.

Sales teams and account managers were cited as playing a large part in developing relationships and establishing key account management processes – which in turn can lead to robust sales.

Respondents observed in general that they needed to better understand what employers want and then develop tailored provision accordingly. A means to this end was seen to be the development and use of better customer relationship management (CRM) systems.

The need to be persistent and to understand that the payback from relationship marketing may not materialise for some time was noted among respondents, with several identifying a lot of their activity as 'slow burners', which in turn means 'not chasing funding routes, holding your nerve and developing provision that truly matches the employer's needs'.

Several respondents from college backgrounds noted that their more business-like and 'sales' approach to services was relatively new and emphasised that they were not afraid of 'pioneering work' supporting, for example, creative Apprenticeships and creative industries which may feel like new and more experimental areas. Some expressed ambitions to become 'regional creative hubs' of interest to employers, not only in providing bespoke training but maintaining a long-term relationship that can benefit the college, employers and their staff/trainees.

Overall, it was striking that providers were especially sensitive to the demands that engagement placed on busy employers. It was emphasised that ‘they are very busy people trying to keep a business afloat’ and finding sufficient time is an issue for them. Providers were keen to gauge contact levels so that busy employers/practitioners feel involved but not harassed. They were acutely aware of the potential for overloading employers with multiple demands to become engaged in learning and development.

### 2.3 Active employer involvement in designing programmes

Many providers are taking steps to actively involve employers in the design or delivery of programmes for their employees. Examples were provided of different levels of involvement. At a minimal level this could include encouraging employers to provide talks to learners or taking part in employer forums or discussion groups. Some providers create or encourage employer forums in vocational areas, meeting regularly to ensure that employer experience and intelligence informs their offer.

Some providers cited examples of employers jointly developing the curriculum, training solution or qualification; for example, agreeing the outcomes for sessions, rather than only offering them something ‘off the shelf’. Clearly this can mean providers needing to think creatively about bringing in delivery staff from a number of sources in order to create the programmes collaboratively. Whilst some respondents seem proactive and confident about doing this, it is undoubtedly poses challenges to providers at various levels and could be an area of focus for support services.

One employer-led company described how they provided a range of opportunities to enable employers to be actively involved in learning and development:

*We train Apprentices who are employed within the company but have recently taken external salons on board, which have increased in number over the last year. We hold Hairdressing training seminars and Sunday seminars to which Apprentices and their employers are all welcome to come, free of charge, as part of their continuing professional development (CPD). Quarterly network meetings are held for all external salons to discuss employment law and any changes or problems with training. The review process heavily involves employers and their trainers to assess and comment on learner progress. They must also give the learner feedback on the outcome of their review.*

### 2.4 Partnership working

Some respondents stressed the need to work in partnership with other providers to ensure they had the breadth of expertise and capacity to meet employers’ needs promptly and effectively. Some providers are running large consortiums with up to 28 providers, all supporting each other and working collaboratively. Others are part of Group Training Associations, with up to 70 group members and over 1000 associate companies. A valuable component of partnership working is the advice and signposting that providers can give each other, for example guidance on the range of funding options. Being part of a partnership also enables providers to give employers a ‘one stop shop’ contact to cover all training needs. This emphasis on partnership working is extremely important because it is the base from which providers are able to develop holistic solutions and to encourage employer input into programme design.

Providers described working with a wide variety of partners including, for example, the NHS and JobCentre Plus, on a range of programmes including Black and Minority Ethnic development programmes, innovative leadership programmes and the design and delivery of short, work-focused programmes for the long-term unemployed and those facing redundancy. Providers, being familiar with the pathways and possibilities for different courses, can often then help employers to ensure that programmes are properly recognised and accredited, getting leadership training validated by the Institute for Leadership and Management (ILM), for example.

Others noted that they were clearly focused on delivering a service ‘that meets an employer’s entire needs’ adding that this might be delivered by their own training company or sub-contracted to an external training provider. Developing employer-focused responses can thus foster partnership working with other providers; it also entails the usual quality assurance aspects of sub-contractual working. Specialist training providers that focus on a particular sector will often need to forge relationships with other providers, colleges or private training providers, to provide specialisms that they cannot deliver in-house and thus meet the ‘whole organisational’ needs of their employer-client.

Some noted that this partnership approach worked particularly well for Skills for Life provision, as sector-specific materials can be shared with and used by partners to aid delivery of adult literacy and numeracy qualifications alongside the specialist-sector NVQ delivery, for example.

Thus a fairly robust picture emerged of the sector engaging in different types of partnership working and bringing clear benefits to those partners in developing furthering shared understanding and mutual development work.

## 2.5 Flexible delivery

The ability to be flexible in delivering provision is crucial. Many respondents gave examples of how they adapt the content, delivery and location of learning programmes to fully meet employers’ needs. This included delivering NVQs on site, thus causing less disruption to employers’ activities, and arranging appointments for one-to-one tutorials so as not to impede normal working practices. Some gave examples of the use of new technology to secure flexibility, including the use of e-technology to track progress towards NVQ’s, on-line (virtual learning environment) delivery of Skills for Life qualifications, electronic portfolios and e-assessment, and accessing a range of literacy and numeracy resources and applications through mobile phones and other handheld devices.

Thinking structurally and strategically about the breadth of provision means that different models of delivery are emerging: some providers aim to ‘cluster’ SMEs to provide effective support, while others are developing learning centres within larger companies or embedding their provision within the employer’s in-house training:

*All training takes place in the workplace. The programmes are designed to meet each employer’s business needs and the learners’ individual requirements. The programmes are very flexible and link to the employers’ in-house training. The employers’ trainers are involved in the training so no assessment opportunity is ever missed. The use of technology features highly in the delivery both by the Apprentice and the assessors.*

Some providers prided themselves on their capacity to create new curriculum components in response to employers’ needs, extending the idea of what flexible delivery can and should entail.

## 2.6 Impact on business

The picture of the impact of providers' services for business was more complex and varied. There was a sense, strongly reinforced in the focus group, that this is an area where it is important for providers to demonstrate excellence but that many don't yet have the concrete measures and processes in place. This will be examined in further depth in section 6.1 'Support needs'.

Providers gave examples of good practice in measuring the impact of employer engagement activity, including impact assessment measures to show how employers' requirements are met in the qualification, an evaluation of business benefits and how it will impact on their bottom line. Further examples related specifically to Business Improvement Techniques (BIT), which by their nature look at increasing efficiency. For example:

*Our delivery of BIT won an award last year, and has been proven to save business over £1 million. We work very closely with the employer to ensure we are delivering meaningful projects that directly affect the bottom line.*

In general, though, this was not an area where providers seemed spontaneously able to provide much detail or innovative practice although it was an area that they stressed is important and would like further support in. We know from Training Quality Standard (TQS) work in the sector that this is often a weakness so better sharing of effective practice is clearly desirable.

## 2.7 Organisational structures

How far have learning providers made specific changes to accommodate their evolving employer engagement services? In response to this survey, some providers noted that they have changed their organisational structures to better accommodate employer engagement activities. In some cases the experience of gaining TQS had stimulated the changes. Many respondents indicated they have developed dedicated business development units and some are also embedding employer engagement within their curriculum teams.

Some respondents cited the creation of a dedicated business account manager and employer boards that inform curriculum planning, for example. Another respondent noted an innovative approach to deploying college assets and staff incentives:

*The College's dedicated sales team, with a sales bonus incentive scheme, enables the College to actively sell its range of products and services to employers. This team has effectively met its sales targets since its inception in 2007.*

Some respondents saw creating strategic and operational concern for 'employability' within a curriculum directorate as the best way to develop and improve their services; others preferred embedding awareness of the employability agenda within and across all teams in the organisation. Certainly a more overtly business-focused and 'sales-ey' approach with dedicated resources in the development of many providers' sales and business teams is a model that could be more widely adopted.

Providers generally saw an underpinning need to make their working practice and current culture more business-like. This included efforts to develop their business in a cost-effective way, to overcome organisational inertia – getting 'buy-in from academic staff' – and to ensure more flexible delivery models that allow delivery to small groups for example and also roll-on roll-off models.

A positive and proactive picture emerged of institutions keen to take steps to develop their staff. Some developed CPD programmes focusing specifically on dealing with employers and developing business-facing skills, language and focus. Organisations also noted the importance of ensuring the message to employers is consistent in all the published materials that they might see. One summed it up by saying: ‘Consistency across employer engagement is probably our greatest challenge.’

The FE and skills sector shows a remarkable capacity to change and adapt to evolving circumstances, which has allowed it to develop some innovative good practice in the face of great change, turning challenges into opportunities. It has proven itself resourceful and resilient in the face of many difficulties and seems remarkably self-aware about the scale and nature of its own practice. Before turning to the clear challenges that emerged therefore, it is worth noting some of the areas where providers felt there was both change and opportunity coming their way.

The challenges involved in moving into new areas of work, operating in different learning contexts, and developing more business-focused resources and outcomes have resulted in a range of innovative and adaptive responses from providers in many cases.

## 2.8 Demonstrating value and benefits in employer engagement activities

Our research showed that some providers are encouraging employer buy-in to training and development by directly accentuating their value in relation to business benefits. Respondents told us that they have increased employer-focused staff numbers at their institution or company for example, and are proactively emphasising the benefits that training programmes can offer both to employers and learners – not least in terms of reduced staff turnover and increased sales. Customer service has become a key part of providers’ offer to employers and their staff, reflecting not only the increased ‘customer focus’ of current service provision across private and public sectors, but also an increasing professionalisation and business focus for those services on offer through colleges and training providers.

Convincing employers in some sectors that ‘despite increasing fee levels, training remains a good investment in the future of their business’ was seen to be a key feature both for providing good support and advice for the employer-client and for securing their business. Clearly demonstrating ‘the positive impact of training on productivity’ was flagged up time and again in our survey responses.

Some providers had developed inventive ways to allow employers to ‘try before they buy’ and to thus directly experience the value in the provision. There’s no doubt that persuading an employer that taking on an Apprentice during a downturn in business is a wise investment for future stability could be a huge challenge, but these are the difficult realities that providers face. Some noted that the key to succeeding in these circumstances is to focus on maximising repeat business from employers who have already seen the benefit of undertaking training offered by the college. In this way, the quality of their provision is itself the most effective marketing tool in developing and expanding their services to their client base.



The challenge is to develop a culture change in providers to move from college-required outcomes (i.e. student qualifications) to measurable, improved business performance affecting the bottom line. They also need the ability to effectively develop and deliver bespoke programmes in the workplace as and when the company/employer wants them. This requires the resources and mechanisms to respond to employers and, for example, arrange workplace visits within 48 hours. They also need the ability to acquire and develop commercial and industrial expertise rather than just academic expertise. This then needs to be effectively disseminated and marketed to prospective clients through employer-focused marketing materials specific to particular sectors and focused on the employer benefits.

Colleges and training providers were clear that they would have to use new and existing sales techniques to engage new employers and new sectors. The development of new and attractive programmes is seen as key to attracting future business.

Some providers have developed a range of learning provision that crosses the divide between work-based and programme-based provision to cater for employed learners for example. These might involve classroom style sessions delivered wholly in the workplace or the development of more bespoke products to fill the gap with those learners no longer classed as priority provision. Some described a move to select and recruit Apprentices on behalf of employers, whereas formerly they would all have been employed at the start of their provision, actively integrating employability and skills.

Another noted that with funding moving towards Apprenticeships, the task is more about encouraging employers to increase their workforce rather than to train their existing employees, and this requires new commercial and sales skills from provider staff. With the economic upturn just starting, the providers in question were unsure about how employers would react to this change of focus.

The need to make training activity and courses more cost effective was also seen as a major challenge and noted almost across the board. Some cited precise cutbacks; for example, 'the need to reduce delivery costs to allow for the drop of 50% of current funding from 1 August for some learning places, for the additional reduction of 25% in learners from large employers, and a 6% cut in funding rates'.

Generally, colleges saw delivering college-based learning in a shorter timescale and increasing the number of flexible entry points for Apprenticeship starts as effective solutions to the new challenges. Some also saw the need for wholesale change; for example upping the scale of their provision to develop a 'whole organisation approach' with national companies, and ambitious plans to provide service delivery across chains of learning centres.

## 2.9 Expected changes in employer engagement activities

The survey asked providers how they expected their employer engagement activity to change over the next 12–24 months and about opportunities to develop into new areas. This is particularly important given the emphasis policy-makers have recently been giving to the need for 'UK plc' to grow new sectors such as low carbon, digital and advanced manufacturing.

In terms of changes to employer engagement activities, the most frequently mentioned change was the expectation of more Apprenticeships, both increasing and widening the Apprenticeship offer. To increase Apprenticeship delivery respondents noted that they would need to attract new employers and more effectively promote progression to Advanced Apprenticeships among existing learners and employers.



To some extent the view that Apprenticeships will increase appears to be driven by the expectation of more, or the same level of, funding for 16–18 Apprenticeships. With the consistent pledging of support for Apprenticeships in all guises – both for young people and at Advanced level – and £50 million recently deployed from Train to Gain to support the creation of 50,000 new Apprenticeship places, providers are not surprisingly preparing to develop their Apprenticeship offer. However, some cautioned that employers were more interested in employing more mature employees. We know that the numbers of 16–18 Apprenticeships actually decreased over the last years of the Labour Government,<sup>9</sup> while Adult Apprenticeship numbers increased hugely.

Most providers indicated that they expect Train to Gain provision to decrease and anticipated the need to make up for the shortfall in income with more full-cost work. A few respondents said they needed to diversify, find new partners or even move to a wider geographical area to survive in the new climate. Some clearly feel more exposed to risk in the new environment.

Many providers saw the need for a greater emphasis on employability and work with the unemployed. A related concern was the possible job-related outcomes required, which some providers feel they are currently ill equipped to achieve.

<sup>9</sup> See LSN (2010) *Changing the NEET mindset*, Centre for Innovation in Learning





## Section three

# Present activity and future growth

### 3.1 Engaging with the labour market

In order to understand the scale and scope of provider activity with employers, we wanted to get a picture of who they are working with and where they felt the demand for business was coming from.

#### Size of employers respondents are working with

The survey suggested that most providers are working with sizeable numbers of SMEs and much smaller numbers of both large organisations and micro-companies, with some resulting difficulties in securing high volumes of activity and economies of scale.

Almost all respondents said they were working with all sizes of businesses: 105 working with large organisations, 108 with SMEs and 106 with micro employers.<sup>10</sup> However, the numbers of employers with which providers are working varies considerably within each category. A majority of respondents (53%) engage with fewer than 50 micro employers and only 14% work with 250 or more micro employers. Very few respondents (10%) work with high numbers (ie over 100) of large organisations. However, 27% of respondents work with 250 or more SMEs and this percentage rises to 46 of respondents working with 100 or more SMEs.

**Table 1 Size and range of employers with which organisations work**

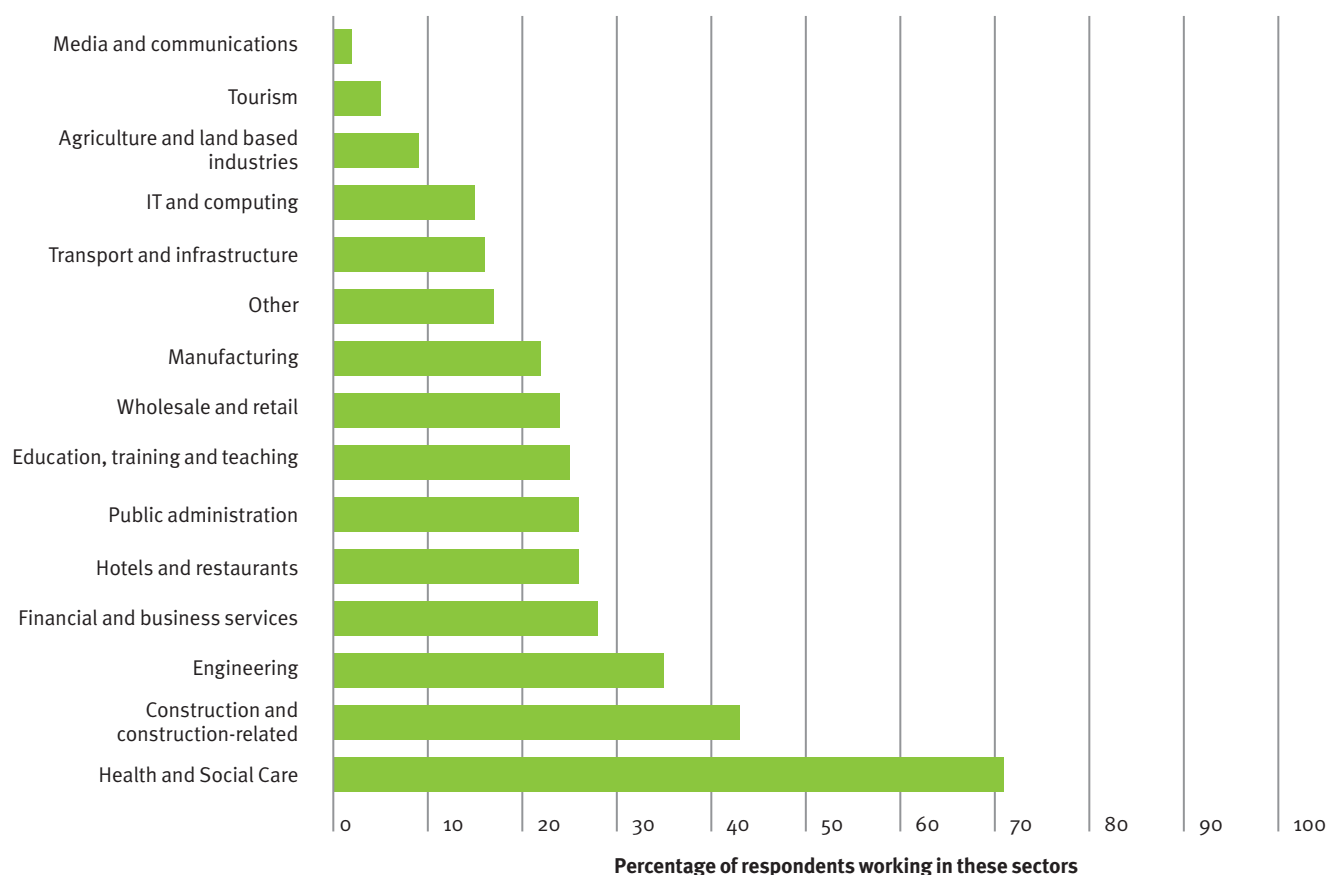
Size of organisations with which respondents work	Numbers of employers by size				
	Less than 10	10–50	50–100	100–250	250+
Micro employers (less than 5 employees)	25%	28%	21%	12%	14%
Small and medium-sized businesses (5 to 249 employees)	9%	26%	19%	19%	27%
Large organisations (250+ employees)	36%	40%	14%	7%	3%
Other	40%	20%	40%	0%	0%

<sup>10</sup> The survey defined organisations' sizes as follows: Micro employers (fewer than five employees), SMEs (5–249 employees), large organisations (250+ employees)

### Range of occupational sectors

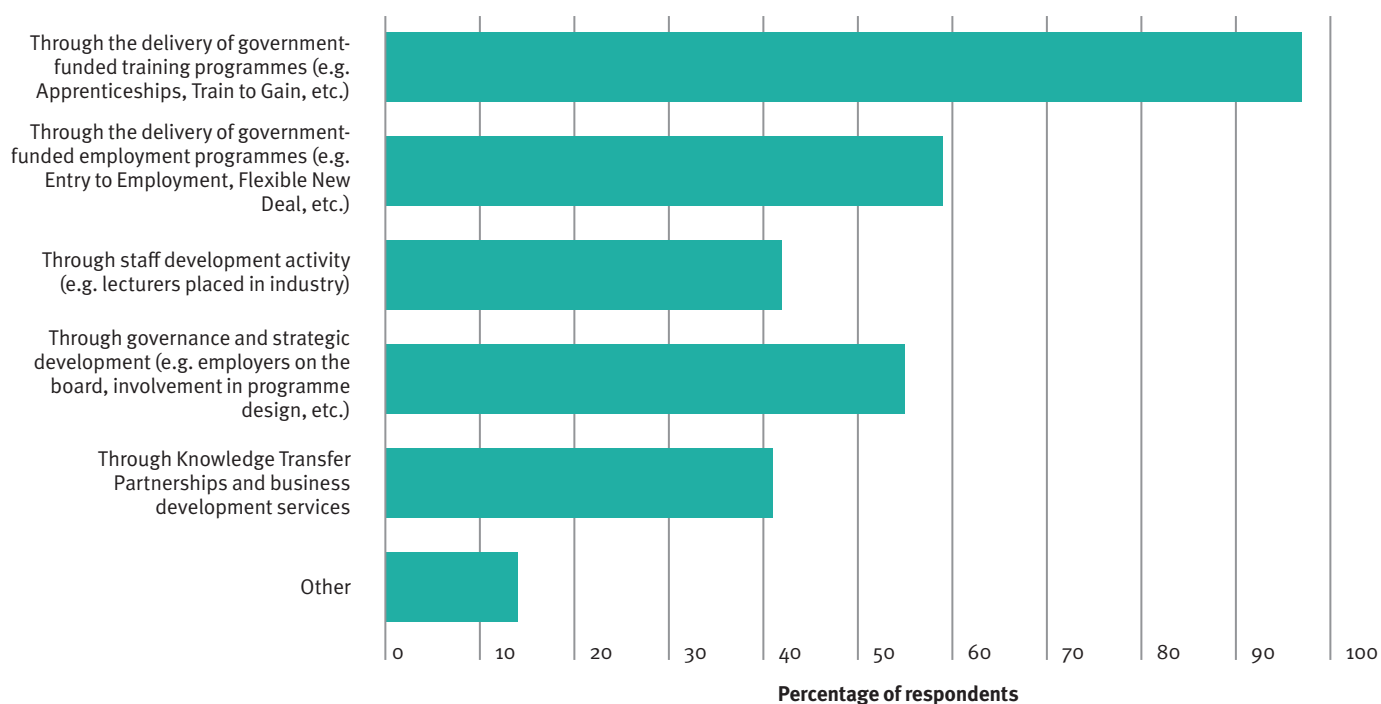
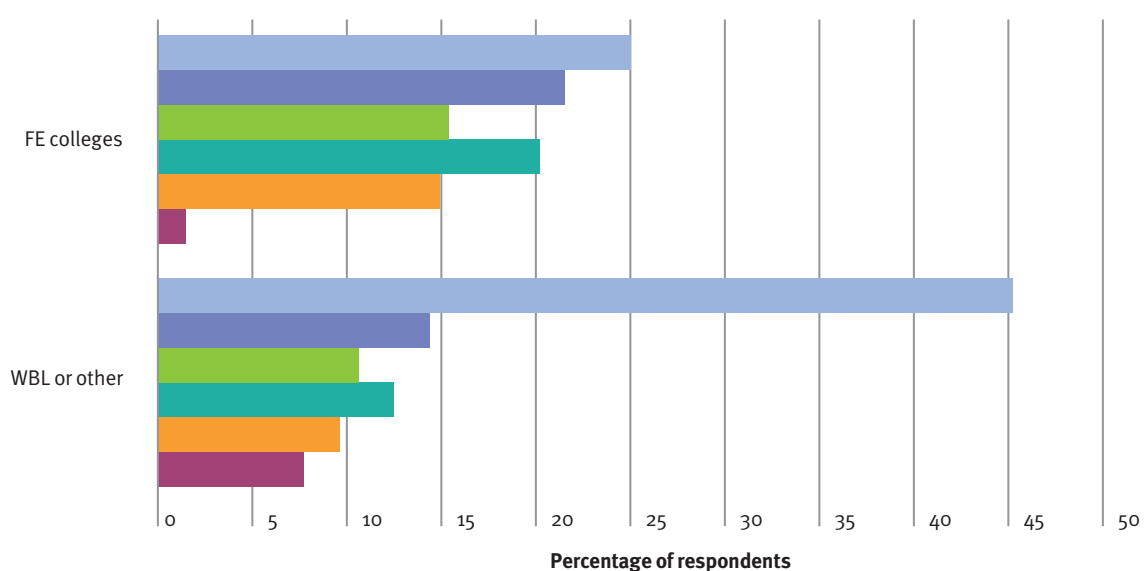
Although many providers work across a range of occupational sectors, it was perhaps the more traditional sectors such as Health and Social Care (71%), Construction (43%) and Engineering (35%) that dominated. Between 22–28% providers operate across most of the other occupational sectors apart from sectors such as Media, Tourism and Agriculture, in which few respondents were involved. If we consider the range of public service cuts and workforce reductions which have been signalled in the upcoming Comprehensive Spending Review and which we can expect to take hold during this Parliament, then clearly there will be significant consequences for the many providers who deliver large programmes in, for example, areas like Health and Social Care.

**Figure 4 Range of occupational sectors**



### Types of employer engagement activities providers are currently involved in

Although nearly all respondents (97%) stated that they are engaged with employers through government-funded training programmes, the responses suggest that many providers are also working with employers in a range of different ways. More FE colleges than other provider types are working with employers in ways other than delivering government-funded programmes.

**Figure 5 Types of employer engagement activity****Figure 6 What employer engagement activities is your organisation currently involved in?**

- Through the delivery of government-funded training programmes (e.g. Apprenticeships, Train to Gain, etc.)
- Through the delivery of government-funded employment programmes (e.g. Entry to Employment, Flexible New Deal, etc.)
- Through staff development activity (e.g. lecturers placed in industry)
- Through governance and strategic development (e.g. employers on the board, involvement in programme design, etc.)
- Through Knowledge Transfer Partnerships and business development services
- Other

A range of activities other than training were described, including the provision of organisational needs analysis and employer surveys for local employers and work around curriculum development, in some cases relating to the development of new qualifications. Others also mentioned developing new facilities; for example, one college has established a retail test trading facility where employers can trade products and services with the college in return for support, as well as an incubator [unit] supporting new business start-ups.

Business start-ups were themselves another area of activity; for example co-ordinating experienced entrepreneurs and business people to provide pro bono mentoring support to new business start-up and a range of additional services.

Some providers specifically mentioned active job recruitment and pre-employment activity:

*We run a Business Support Service and 'Jobshop', with regularly at least 400 jobs live at any one time linking learners with vacancies, free of charge.*

Along with services such as health and safety consultancy, these responses point to the rich diversity of products and services with which learning providers engage employers and businesses.

### 3.2 Demand for higher level skills

The Skills for Growth (November 2009) White Paper of the last Government sought to define a national strategy for economic growth and individual prosperity. It marked a shift in some of the priorities of the skills system, not least in defining 'priority sectors' such as low carbon energy, digital media and technology and life sciences.<sup>11</sup> It also signalled a determination to create a modern technician class through more Advanced Apprenticeships. Although the Coalition has often repeated their opposition to a planned skills policy, affirming that they are 'not in the business of picking winners' from different sectors of the economy, they have very much signalled their support for increasing Apprenticeship programmes and developing more of a skilled technician class. Skills are a key part of the plan for economic recovery, and an urgent challenge. The country's future growth prospects need people who have the skills demanded by modern work in a globalised economy. Skilled people are more productive and more innovative. Skills give individuals wider options; they climb higher, earn more and get more out of work. And skilled people are the foundation of successful businesses.

The UK's skills base still has notable weaknesses in key areas, especially for intermediate skills. In addition, the UK Commission for Employment and Skills (UKCES) Skills Audit for 2010 predicts that graduate skills supply is growing at around seven times faster than skills demand, so it is clearly a case of both stimulating and supporting demand in key sectors, and ensuring that there are enough graduates coming through in the right disciplines to match this demand.

<sup>11</sup> In *New industry, new jobs and Jobs of the future* Labour began to outline some market areas and sectors they thought would be crucial to future growth. The rationale for creating the Skills Funding Agency in April 2010 was partly to switch more funding into the sectors and markets where it could make a demonstrable difference in underwriting necessary skills development.

One of both the Coalition Government and the last Government's key policy goals for the development of the FE and skills sector and for the wider UK economy is to increase the number of people gaining higher level skills qualifications. Our research wished to explore how this was translating at ground level – do those leading the FE and skills sector detect demand for courses at a higher skill level, did they have intentions to stimulate demand and were they receiving any specific direction or support from Government and other leading stakeholders to enable them to do this?

When asked about changes in the demand for higher level skills training the majority of respondents thought that this would grow by up to 10%.

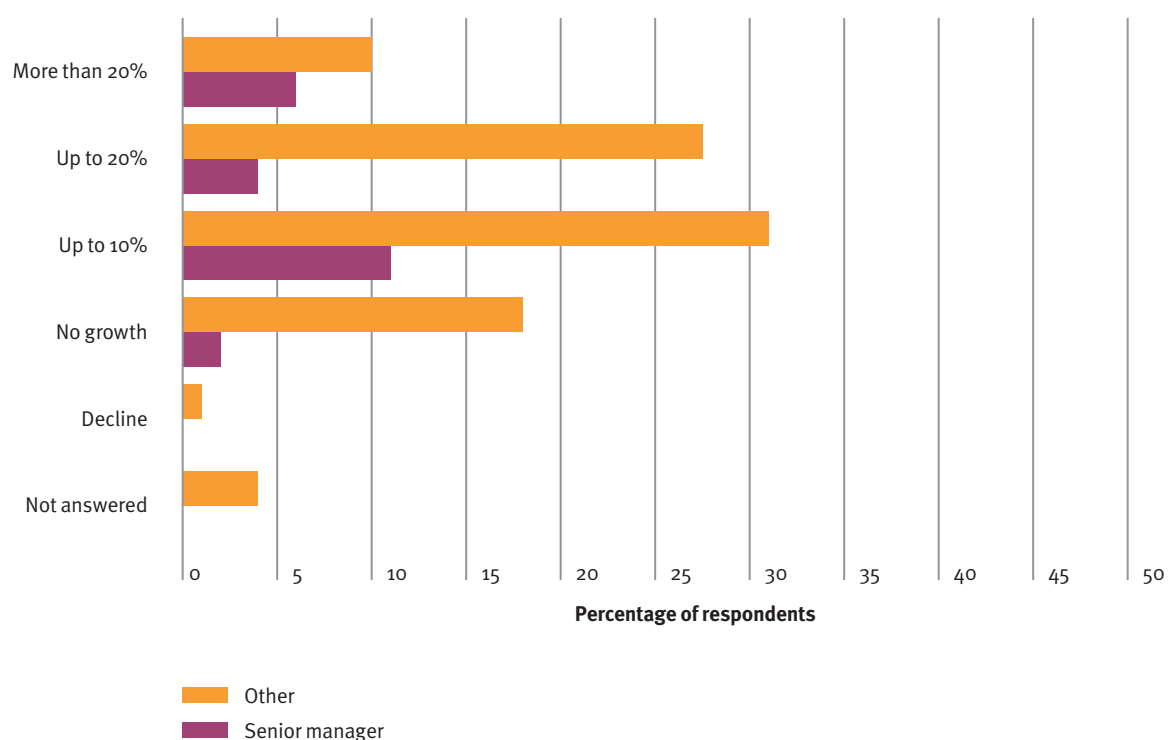
**Table 2 Expected growth in demand for Level 3 and above**

How much do you expect demand for Level 3 or higher to grow?	Count	%
Decline	1	1%
No growth	20	19%
Up to 10%	42	40%
Up to 20%	26	25%
More than 20%	16	15%
Total	105	100%

3 non respondents

**Figure 7 Question 4.3 by role group**

(By how much do you expect demand for level 3 training or higher to change in your area in the coming year?)



### 3.3 Growing new priority sectors

There was also a concern that more emphasis needs to be given to ‘priority sectors’, in some cases with increasing involvement of Sector Skills Councils (SSCs). Providers sometimes seemed unsure how to capitalise on the new sector strategies, or how this would translate at ground level. There seems a clear need for a much more effective articulation at local, ground level of the processes involved in driving forward growth in new sectors. The Coalition Government is dismantling Regional Development Agencies (RDAs) and envisages Local Enterprise Partnerships as the new locus for taking partners forward in developing new opportunities in future growth sectors. However, the focus group confirmed that there is still a patchwork of stakeholders involved and a lack of consistency around local approaches. They expressed a range of views as to the lack of direction or consistency in structures and processes to engineer the kind of partnerships that could stimulate FE and training provision to support employment growth in new business sectors.

*Where are we going to develop the subject specialists to deliver training in these new skilled areas?*

*We don’t have the flexibility or financial margins to lay on provision that might not be popular with students or have enough employer buy-in.*

The research sought to identify sector views on increasing opportunities in the new ‘priority’ sectors, identified so strongly in the last Government’s skills strategy and echoed in that of the Coalition Government.

**Table 3 Estimations of growth by providers in ‘priority sectors’**

Priority sectors	Local or regional potential for growth			
	None	Low	Medium	High
Low carbon/green jobs	6%	19%	39%	35%
Digital media and hi-tech	10%	24%	48%	17%
Life sciences	15%	56%	22%	7%
Advanced manufacturing	19%	37%	26%	19%
Engineering construction	15%	22%	37%	26%

As the table above shows, the highest level of opportunities in new skills areas is in low carbon/green jobs. However, significant percentages of respondents ranked the potential for growth in all of these sectors as **low** or **none**, ranging from 25% for low carbon/green jobs through to 71% for life sciences. This suggests that they are either unaware of the potential in these areas or that growth on the ground is still low. A mismatch is thus developing between policy rhetoric at the centre and the experiences, aspirations and capabilities of providers on the ground.

The survey also asked providers to add any local sectors that presented growth opportunities. The responses to this open question strongly suggested that providers see growth in more traditional areas of provision. Twenty-one respondents said they expected growth in Health and Social Care, ten in Hospitality and Catering and seven in retail, whereas only two expected growth in nuclear energy and waste management. Only one respondent each mentioned green technology and sustainability.





Again therefore, we see a mismatch between policy rhetoric at the centre and the experience on the ground at provider level. Providers are continuing to focus on core sectors where they have a track record of provision and a sound base from which to continue to improve and expand.

The development of the subject-specific expertise of lecturers and how this is applied in business contexts seems still to require focus. Rebalancing the economy will require the FE and skills sector to develop and update its capacity in sectors such as advanced manufacturing, green construction technologies and many other applications of STEM subjects. Finding sufficient sources of expertise in these areas may be problematic and will also require FE and skills providers to take a leap of faith in developing skills supply ahead of demand. Although many providers will welcome the reduction of central direction, it is difficult to see how the required updating can be achieved on the scale needed by individual, pioneering providers.

In developing provision that can support and capitalise on any emerging growth or priority sectors, providers noted that a key challenge will be maximising the provision of professional courses at Level 4 and above, and the development of new and flexible Foundation Degrees. This is because some of the key growth areas are in sectors that have traditionally recruited graduate-level employees.

Some providers noted that these new higher-level courses might be seen to counterbalance the loss of Train to Gain contracts. One stated starkly: 'these programmes need to do more than simply accredit employees' existing skills, by providing genuine developmental opportunities'.

A key issue and clear challenge therefore is around the need to develop now the kind of subject specialist teachers who will be required to deliver training and learning in these economically important new areas. Without a strategic approach to capacity-building, any policies intended to stimulate new sector growth will fail to engage the vital learning and skills systems crucial to their delivery.





## Section four

# Challenges and barriers within employer engagement

One of the key areas the research sought to explore concerned the challenges providers face in developing their employer engagement. A number of themes emerged: some of them related to external factors over which providers have little control while others related to internal development issues, which providers do have the power to change.

### 4.1 External factors

#### Funding

The vast majority of comments related to various aspects of funding for employer engagement, in particular around levels of funding and concern about imminent reductions in government funding for training. Some respondents mentioned having to turn candidates down, despite having spent some years building up their reputations locally, and others noted that reductions in funding on mainstream programmes mean that costs have to be reduced by reducing staff levels.

Complexity and constant changes in funding regulations were also seen as a challenge. Many respondents noted that funding is not secure enough over the long term to encourage employers to plan and commit. Continual changes to the 'rules' meant that 'one loses face when dealing with employers'. For example, one respondent had arranged a no cost contract with an employer and then, halfway through, the rules changed meaning he had to charge a fee. Others noted that they had to change timeframes half way through a programme due to changes, all of which can build up bad feeling with employers.

The complexity and bureaucracy involved in the funding methodology and the constantly moving targets were noted in many responses:

*Uncertainty with funding has significantly affected the college's ability to respond to employers and plan provision.*

*Unworkable SFA funding profiles reduce our ability to respond to employers, creating constantly changing rules, deadlines, etc.*

Providers were sensitive to how funding also affects employers, providing comments such as:

*Uncertainty about funding streams has hit hard on employers' planning for upskilling staff.*

Others cited more specific instances where the funding structures add complication, limit business potential and are a barrier to flexibility. For example:

*If we engage a large employer who wants a sizeable proportion of staff to gain qualifications, we cannot enrol them all together as we will go over our funding allowance for August to March.*



This creates frustrations for both employer and provider, and seems almost symptomatic of a lack of trust in providers inherent in the way the system is set up. The priorities that the system seems to enshrine can also create distance between employers and providers. Simple comments such as ‘the lack of Apprenticeship funding for adults is difficult for employers to understand’ speak volumes about the daily realities of trying to navigate obstacles in the system and establish straightforward business relationships.

The differences in funding eligibility for different programmes, learners and providers are seen to be challenging for providers both to understand and to explain.

*The adult learner responsive (ALR) funding is only being used for full Level 2 and Skills for Life. We delivered a first class range of ALR-funded qualifications with local employers, which had a much broader range.*

*Funding that concentrates on the 16–18 age group, does not meet the needs of many employers.*

Specific examples were given of the way that funding does not necessarily enhance or support progression, even within the same qualification route:

*...the message from government is there is lots of funding for people up to the age of 25 but after that it tails off. 16–18 (funding) is not a problem, but where employers have created jobs for people who, for example, have achieved NVQ Level 2 in hairdressing on a full time college course and want them to go onto an Advanced Apprenticeship course, funding is not always available.*

The – often seemingly arbitrary – funding rules thus militate against clear progression routes.

Training providers, for their part, noted that they are often ‘not able to access funding often available to colleges’.

The lack of funding for non-training activity was also noted. Several respondents commented that there is a need for funding to support the development of provision or to help employers invest in development but this more prospective work does not receive funding. These are the kind of more strategic, developmental and long-term aims that would benefit from financial support and allow the sector to perhaps expand into new growth industries. However it is experienced as a real challenge and seems an area that needs close attention, particularly given possible further cuts in the imminent spending review.

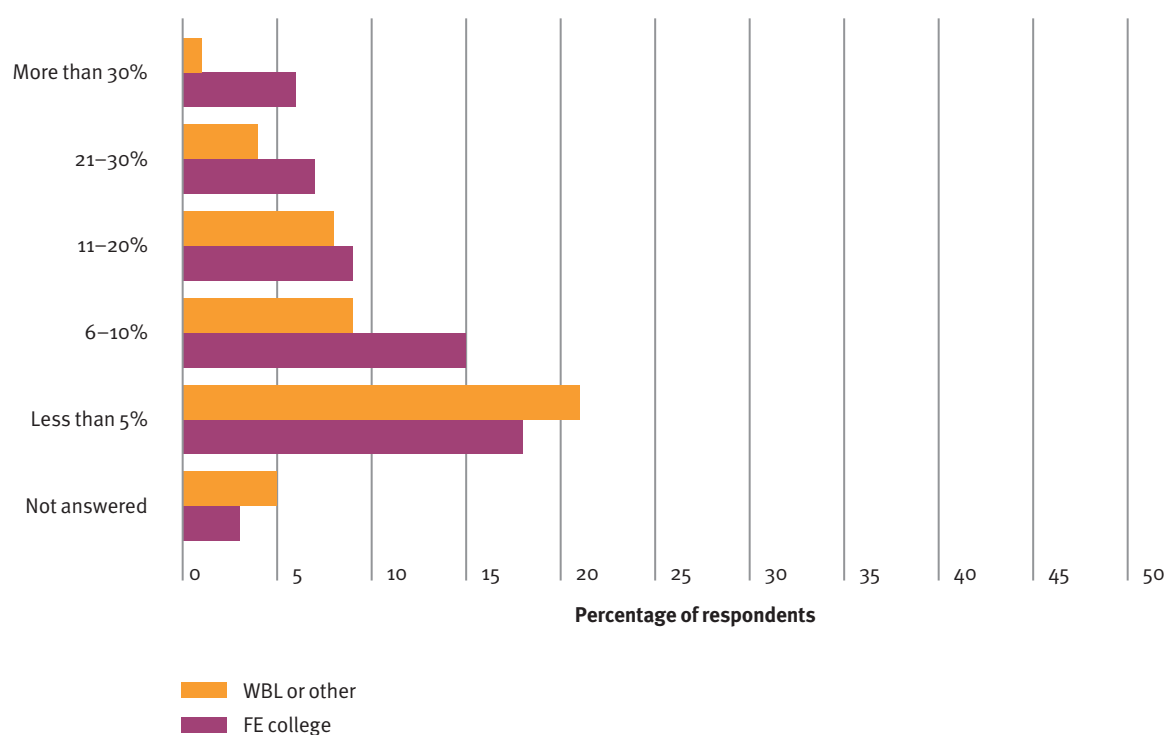
Providers also observed that excessive bureaucracy and inappropriate administrative procedures could hinder employer engagement. For example, the duty to perform detailed tracking means less time to engage with employers, and having to hit micro-managed contract profiles each month for both funding and success forces providers to look for opportunities to fulfil a contract rather than support any employer as and when they need it.

### **Moving to a partial or full-cost recovery model**

One of the main changes to the future skills landscape which employers and training providers alike are preparing themselves for is that employers will be increasingly expected to pay more of the costs of training their staff as government funding is reduced. Many respondents thought that the reluctance of some employers to pay for, or contribute towards the cost of, training their employees is a major challenge.

The survey asked about the percentage of respondents' income that they currently derive from full-cost recovery work with employers. As figure 8 below shows, for most of the respondents the percentage is less than 5%, although 15% of colleges reported it was between 6% and 10% of their income, with WBL/independent training providers lower at 9%. More colleges than work-based learning or other providers derive higher percentages of their income from full-cost work.

**Figure 8 What percentage of your employer-related income is at full cost recovery? – Numbers by provider type**



The survey responses showed that overall the level of full-cost recovery and funding is low, which we can assume will be a major preoccupation for learning providers as they move into the new funding regime after the October spending review.

The survey findings also indicated that training provider and college staff thought employers should be contributing to the cost of training and other services but were concerned that they would be reluctant as they had got used to subsidies from Government or from some providers operating on a 'loss leader' basis.

Respondents saw the current economic climate as a significant challenge to employer engagement and observed that employers' focus is on staying in business. Employers are therefore more reluctant to release staff as they may now have fewer people doing the same work, tighter margins, less business confidence and more unstable trading conditions. Concern was voiced consistently around this point, not least given the context of the August 2010 Banks Review of Funding and as the Department for Business, Innovation and Skills (BIS) seeks to craft its skills funding policy for the years ahead. The Association of Learning Providers has voiced concern that, when revising the levels of shared funding with employers it will be vital that the new mix is properly thought through and wisely implemented, otherwise employers could walk away in large numbers from work-based training provision such as Apprenticeships.

Providers asserted that this tendency towards reluctance to pay for training had been reinforced by the availability of subsidised funding, particularly through the Train to Gain programme:

*The large amount of Government funding available over the last few years has impacted significantly on the willingness of employers to fund training.*

*Employers will not pay for training which was previously free.*

*We asked six of our customers if they would continue to train their staff if the funding dried up and they all said they would only carry out mandatory training if that were the case.*

A view was often repeated that the market for full-cost training had been distorted by the availability of public funding for workforce development. Although employers are now expected to contribute to training costs, some providers are concerned that other providers would continue to offer 'free' training:

*Employers are still looking for 'something for nothing' and one of our loyal customers has just informed us that they will be taking their business to another college who are offering 'everything free' in spite of the requirement for employer contributions.*

This indicates very serious tensions within the sector regarding the changes that are likely to follow both the Banks Review and the Spending Review in autumn 2010. It will be difficult to foster constructive intra-sector support when some are perceived to be engineering an unfair – or even illegal – advantage.

Providers had some sympathy with employers in the light of this new costed landscape – noting that some are simply not able to pay:

*Sometimes we cannot meet employer needs especially if training is required at a higher level which warrants an employer contribution. There is very limited (public) funding or none available at high level. Sometimes it's hard for employers to pay towards training especially in the current climate. In sectors such as Care they just haven't got the budget.*

This suggests there is a lot of work to be done in effecting a cultural shift around paying for training, and engendering in employers a willingness to pay for and embed employee training at the heart of their approach. The fact that not just high-level training but probably many other levels also will now require matched funding, or co-investment, indicates that existing problems around reluctance to pay for training that is not publicly funded, will be exacerbated.

Some respondents noted a reluctance on the part of employers to take responsibility for training their workforce and to provide release for learning:

*Many employers are not interested in developing staff. They do not see it as their priority. It is for the employee to sort out their own training.*

These kinds of views seem very representative of the sector, at all job levels and across different providers. The views were strongly echoed in the focus group, where it was also noted that the economic climate plays its part, with employers holding the stronger hand:

*Unemployment is high so we find it difficult to persuade them that investment in staff training will eventually pay dividends. The attitude seems to be that they are used to recruiting therefore if staff don't like it they can leave.*

### The recession and economic climate

Not surprisingly, respondents saw the current economic climate as a significant challenge to their employer engagement activity. Typical comments in the survey and focus group expanding this point ranged from: ‘Grim economic circumstances put employee development and training fairly low down on the list of an employer’s priorities’ to the seasoned observation that ‘if companies struggle, one of the first things to go is the training budget’. This is despite the positive statistics promoted by Government that companies that train are two and a half times more likely to survive a recession.<sup>12</sup>

Essentially, employers are of course focussed on staying in business and are more reluctant to release staff when money is tight, orders are drying up, they have to compete more fiercely with other businesses, increase their productive output and may even have fewer people doing the same work:

*The main challenge appears to be that organisations are struggling to maintain their current delivery within a reduced market, due to the recession. This means that there are fewer staff employed and releasing the employed staff for training can be very difficult.*

Recruiting 16–18 year olds as Apprentices for example, is a long-term commitment, which SMEs in particular may be reluctant to make in uncertain economic times and turbulent trading conditions.

However, as ever we detected positivity and a proactive, pragmatic approach amongst many providers. Some saw the solution as adapting their offer to and concentrating on short-course provision to meet immediate needs. As one respondent put it:

*In the recession employers are less keen on paying for training at a time when funding streams are reducing or no longer available. Therefore short fully costed provision to address specific needs will increase and is a good way to go.*

The economic downturn was also thought to be having an impact on whether employers provide learning or training placements and Apprenticeships for less able young people. The employer will be unwilling to make an effort to create and offer a work placement in more difficult economic circumstances, especially if the young person is not highly motivated and possessing good ‘employability’ or ‘soft’ skills. They want the young people to be ‘top drawer’ and not ‘the type who might become unreliable or arrive late’. Although some employers cover expenses, it is also true that some learners feel they should receive a salary and therefore would rather not do a work placement if they feel they’re working and not receiving a reward. Some providers commented that fewer youngsters nowadays appreciate the value of a work placement.

Employers also have natural concerns about the longevity of the placements they are able to offer during a recession. The greater chance of learners potentially losing their jobs in a recession and the resulting interruptions to training programmes such as Apprenticeships was seen as an increasing difficulty:

*Individual learner profiles increasingly reflect a more volatile and changing work pattern that is at odds with funding requirements.*

<sup>12</sup> Collier W., Green F. and Young-Bae K. (2007), *Training and establishment survival*. SSDA Research Report 20. Sector Skills Development Agency, Wath-upon-Deane



Ultimately, the political uncertainty and constant changes to the regulation and funding of the FE and skills sector constitute a major challenge. This disempowers providers from planning for the longer term and creates confusion about priorities.

### Competition

Given the economic climate and the impact on spending budgets as well as labour markets, it is not surprising that many respondents mentioned increasing competition from other providers. This was sometimes directly relevant to the current debates around how to increase and incentivise employer contributions to pay for training and upskilling. Some providers noted that other providers are not asking for employer subsidies, thus giving themselves an unfair advantage. Others noted that there might be unfair competition from providers outside the local area who hold large contracts that local providers cannot get – ‘like national providers from the Midlands offering Train to Gain in our area, which cuts us out of the deal because there is no local funding’.

Others pointed to a yet more worrying systemic issue, accusing the Skills Funding Agency of a determination to work through competition between providers, with ‘no trust or desire to seek consensus or agreed solutions’. There was also concern about the potentially variable or poor quality of competing providers and the long-term effect of this on employer engagement. Some respondents referred to employers having had bad quality experiences of funded qualifications due to providers who could behave like ‘tick box merchants’.

### Qualifications

The advent of the Qualifications and Credits Framework (QCF) provides a backdrop to recent changes. It is seen as an essential tool in the reform of vocational qualifications, creating consistency and clarity in the new qualifications landscape, but for a significant number of providers it is also a source of confusion and even anxiety. Providers work closely alongside employers and therefore know the latter’s concerns and challenges. Our respondents noted that many employers are concerned about the impact of the new QCF qualifications and have worries about the speed with which it is being introduced and the lack of real information readily accessible and available to them. Specifically there were concerns noted around the apparent increase in ‘taught hours’, as this would obviously affect the amount of time for which employees would need to be released. Clear and strong communications campaigns and direct messaging to employers are needed to ensure the effective and successful adoption of the new Framework and the necessary employer buy-in so that qualification take-up and delivery do not suffer.

Another major challenge that emerged from our respondents was the process of working with the SSCs on devising qualifications. Although these organisations are intended to represent employers, there is not always an even representation with large and small employers, and some SSCs seem to have their own agenda.

Specific difficulties were also mentioned in relation to Functional Skills and the paper-based test used for assessment: employers see this as a step backwards, insufficiently flexible to meet their business requirements. Although the Coalition has extended Key Skills as a viable alternative until the end of March 2011, it is not at all clear that Functional Skills in their current form won’t take over from that point.

## 4.2 Internal factors

Although the factors above relate to external pressures such as policy and funding changes, structural problems or the economic climate, it is clear that there are also internal factors that prevent providers from developing the levels of employer engagement they would like.

### Capacity

Having the available capacity and resources to develop new offers raises issues around how providers can map, predict and respond to market demand within the constraints of a funding structure that often allows for very little flexibility or trust.

Providers are very aware of the need to develop sufficient capacity to provide a wider and more flexible offer for employers and respond to needs more promptly. This would include the need to develop staff so that they feel confident interacting on a business level with employers, using a different perspective, language and focus from their interaction with learners. Similarly, employers are used to quick results and decisions and many respondents emphasised that the capacity to respond to needs at short notice with sufficient staff capacity and organisational flexibility can be a problem.

Other particular issues in relation to new growth included increasing the take-up of existing and new courses, penetrating the SME market and hard-to-reach employers, and engaging more employers in Apprenticeships.

### Channels of communication

They noted that some employers become fed up with the number of different providers who contact them – particularly a danger in areas where there might be fewer private-sector employers – and the general complexity of the training industry. There can be duplication in brokerage or several providers competing for a limited number of work-based training placements.

*Employers are contacted by many training providers, which can make the process confusing.*

*Although SSCs such as SEMTA [the SSC for science, engineering and manufacturing technologies] are moving into a sales role and passing work back to providers, it is yet another organisation contacting employers.*

Added to this, uncertainty in terms of elections and funding strategies means that managing employers' expectations can be a challenge. Some also noted that it can be hard to identify appropriate contacts and the real decision-makers within an organisation, particularly a large employer. Conversely, some providers admitted it may be daunting for employers themselves to know who to contact within a learning and training provider.

### Dedicated resources

The need for dedicated resources to nurture employer engagement was mentioned by a number of respondents. Developing relationships and working with employers takes time and needs to be carefully managed if the benefits are to be realised:

*We could work with more large size employers, but it often takes a long time to get to the board members who can ultimately make the decision to work with us.*

They described employer engagement as resource intensive (costs, facilities, marketing), requiring specialists who understand FE and HE, funding and the industry environment in which the employer operates.

They also observed that excessive bureaucracy and inappropriate administrative procedures could hinder employer engagement. For example the duty to perform detailed tracking means less time available to engage with employers or to hitting micro-managed contract profiles each month for both funding and success forces providers to look for opportunities to fulfil contract rather than support any employer as and when they need it.

### 4.3 Partnership working with key sector agencies

An important area of the research was the nature and quality of relationships between providers and other key agencies – from simple information sharing to collaboration and close co-ordination on aspects of relevant work. The picture that emerged from the sector was primarily of the more basic level of partnership working, apart from some relationships with local authorities where some respondents cited close collaboration, as the table below shows. There were, of course, some specific instances of good relationships, for example with particular SSCs.

The primary survey research was conducted prior to the Coalition ministers announced their intentions to abolish the RDAs and support the creation of Local Enterprise Partnerships (LEPs), to be in place by March 2012 at the latest. They also indicated that some of the RDAs' current functions may continue at a national, rather than local level and that a White Paper will be published in autumn 2010 which will give greater detail and clarify a number of issues – such as which work will be carried out locally, which nationally and which not at all.

**Table 4 Types of relationships with other providers**

Other providers of support for employers	% of all respondents claiming types of relationships			
	Information sharing	Consultation driven	Joint coordination	Close Collaboration
Regional Development Agencies/Business Links	70%	15%	3%	12%
Sector Skills Councils	45%	17%	9%	28%
National Apprenticeship Service	50%	15%	11%	24%
Employment and Skills Boards	68%	14%	6%	12%
Local authorities	35%	7%	13%	46%
Other	29%	21%	7%	43%

Often it comes down to (pre-existing) personal relationships but a number of specific suggestions for improving relationships were given for each of the agencies. There was considerable overlap but a key theme to emerge was *improved communication* with a desire for more direct and better contact. A flavour of the specific suggestions is given below.

Regarding relationships with SSCs, respondents spoke of the need for more opportunities to meet SSC representatives at events and more consultation with colleges and training providers to develop framework requirements. Some asked for more workshops to share information about developments and strategies. There was a clear sense that for many respondents and in many sectors SSCs were not a visible presence or close point of contact; very few direct relationships were in place.

There also appears to be a need for more consistency across the SSC network; specific complaints included that some SSCs are very difficult to engage with regionally, due to their 'national focus and capacity issues', while others exhorted them to stop working so closely with large employers as the ideas don't map across effectively to small employers. It seems clear that many SSCs do not have the capacity to work at the very local level, just as – in turn – many small scale local providers are unable to engage these larger agencies powerfully or consistently. There is therefore a need for providers to ensure their programmes engage with SSCs more closely, particularly when articulating their needs in either developing new sectors or adding higher-skills value in established sectors.

With the National Apprenticeships Service (NAS), again, respondents called for closer collaboration and contact by NAS representatives with specific colleges and providers, perhaps with more one-to-one meetings with named contacts to foster closer working relationships. One succinctly noted that NAS needs to 'be more inclusive rather than being a barrier'. Building the capacity and expertise of NAS was seen as a key issue; some respondents suggested they have a very small team with minimal capacity. Some pointed to specific concerns, for example around understanding the operational restrictions on Apprenticeship provision.

With local authorities, the quality of relationships and communication seemed distinctly variable and there were comments about having 'named liaison officers' as specific points of contact so that personal relationships could be built up. In addition, some noted specifically that there could be 'better dissemination of the results of consultation' implying that while consultation processes might be happening, there is not an open and robust sharing of feedback and results among partners afterwards.

It was felt that there needed to be a mutual understanding of the operational capabilities of both parties and their differing agendas; and that there is also a need to increase dialogue with the Skills Funding Agency around their new roles and responsibilities and how they will interact. Acknowledging a provider's own expertise and potential contribution was deemed to be important, with the need for greater understanding from partner agencies as to what providers can do. Recognition of providers' potential contribution to skills development is clearly seen as an important factor in improving relationships with RDA/Business Links, and SSCs.

Regarding relationships with RDAs and Business Links, respondents mentioned wanting face-to-face meetings rather than e-mail links; dedicated communication channels at the grass-roots, operational level; named liaison people, and more local events inviting FE colleges and training providers to attend and forge links. Some providers complained: 'There is no direct contact and this needs to be addressed.' Others wanted more regular forums for discussion and more strategic and operational forums. As noted above, LEPs are envisaged to be the new locum of economic planning and it is hoped that their more local nature will allow for a more tailored, flexible and locally-suited response. It might be that problems both of lack of direct contact – arising from initial confusion and bedding in of new systems – as well as a lack of bigger picture strategic understanding and regional link-ups, will create the future problems for FE and skills providers in the new LEP system.

RDAs and Business Links were perceived to need to understand the programmes and funding better and to have an improved regard for some specific industries and the position and needs of providers. Some respondents intimated that Business Link needed a more open approach to smaller providers, although of course all of these specific responses relate to specific localities and contexts and do not necessarily build up a national picture.

## 4.4 Barriers to accessing the support available

It is crucial to understand the barriers preventing providers from accessing support that might help them develop their services.

Many providers said that lack of time was a major barrier, as in addition to complying with bureaucracy, you need time to attend external events, to think and plan, and time for staff to work with employer services teams to develop employer engagement activities. There is clearly competition in realistic day-to-day terms with other equally demanding agendas. Some providers commented on the need for more timely and conveniently located support, which would be more cost and time effective for them. Many also mentioned delivery costs and some of them pointed to the need to use technology to develop more time-efficient and cost-effective support, such as accessing 'web-seminars/courses'.

Group size can be an issue, particularly for small providers who note that, for example, on-site events run by LSIS sometimes need to be for 10 or more people, which isn't always possible for a small provider.

Respondents noted that specialist support in specific sector or subject areas was not routinely available. There is a lack of knowledge of the new sectors that providers may be trying to engage with or 'break into' and the limited availability and accessibility of expert knowledge is seen as an issue.

Many respondents commented on the lack of funding for the kind of development work that could facilitate development of new provision or new products or develop the providers' systems and teams in new ways. Some indicated a specific lack of funding for smaller providers.

We were keen to explore how widespread and frequent staff exchanges and releases for training were. It became clear that some providers find it difficult to release staff to take part in development and training activities because they do not have sufficient staff capacity to release staff from mainstream activities to then develop new business and their own skills and knowledge to stay in line with industry standards.

Although development funding is clearly constrained in the current economic climate, a significant minority of responses clearly indicated that they did not find any serious barriers to accessing training and support around employer engagement. Furthermore, some respondents were content with their access to development and training, noting that perhaps they have the skills to develop employer engagement within their own organisation or that peer review work has already substantially and successfully supported the organisation's development.

Overall, however, there were mixed views on the support available. Respondents who had participated in the World Class Skills (WCS) programme noted many positives but also some generic problems. For example, some who had benefited from the WCS Thematic Development Project said it had allowed them to focus on areas such as developing Key Account Management, and strengthening their CRM systems. However they indicated that 'the FE and skills sector as a whole needs to share its learning more effectively' and suggested that this may exist outside and beyond any central or national programmes. Some commented strongly on the need for self-reliance, self-examination and self-development in examining issues such as CRM and learning lessons for themselves. Time and again, however, it was noted that there should be 'more effective forums for the sharing of best practice and lessons learnt.

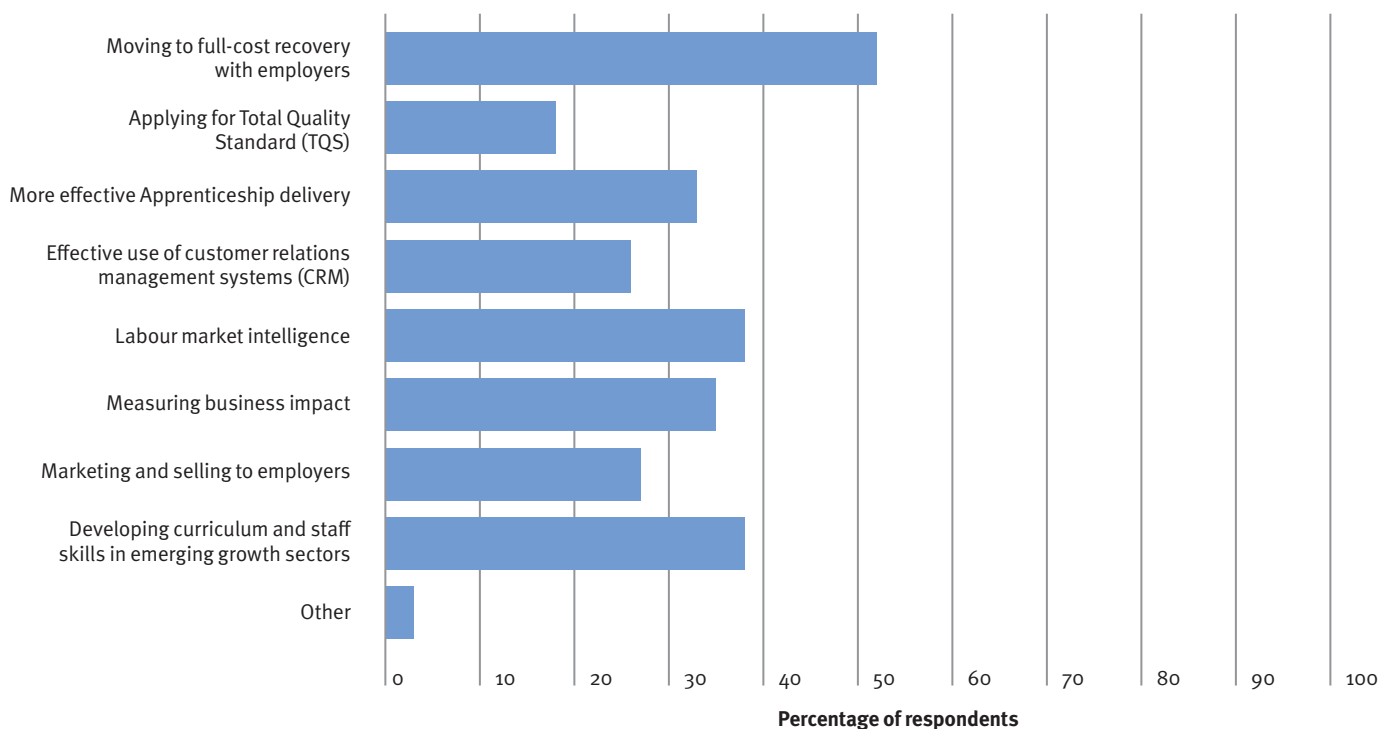
## Section five

# Support needs for the sector

### 5.1 Support needs

The survey asked providers about the sort of support they would like to be offered over the coming year.

**Figure 9** Types of support providers would like over the coming year



As Figure 9 shows, over half the respondents (52%) want support to move their business with employers to a full-cost recovery basis, a strong indication of the move towards matched funding and a recognition of the likelihood of vastly reduced state funding. A large number of respondents also want help with LMI and with developing curriculum and staff skills in emerging growth sectors (both at 38%), closely followed by support to measure impact (35%). One-third of respondents want support for more effective delivery of Apprenticeships but there appears to be little demand for support for TQS and low demand for CRM and marketing/selling.

Some indication of regional variation is apparent from the breakdown of responses by region. The most frequently mentioned area of support across all regions apart from the West Midlands, East of England and Yorkshire & Humberside is moving to full-cost recovery, in line with the results across all survey respondents.

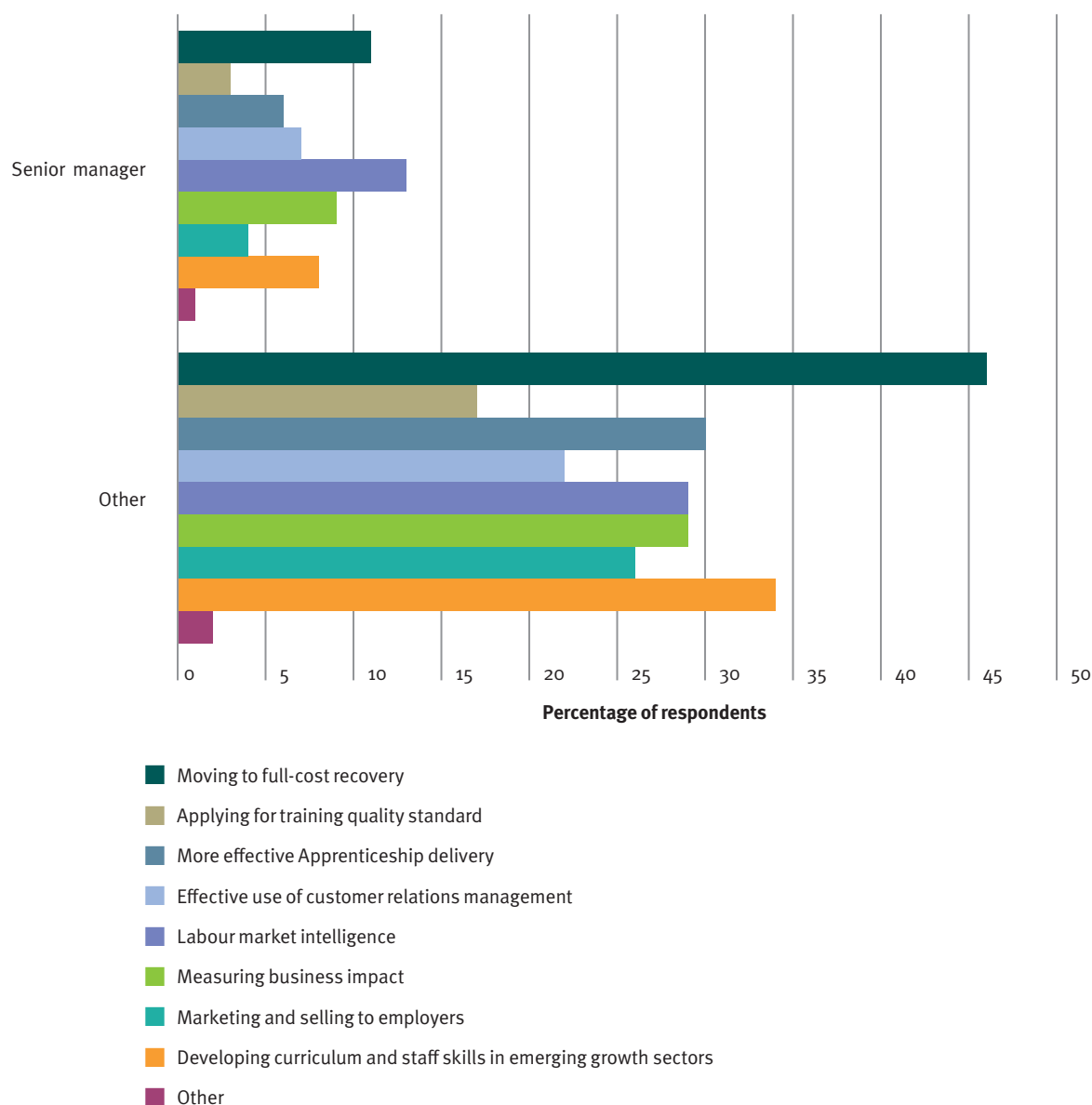


More respondents from the West Midlands and East of England appear to want support for more effective Apprenticeship delivery, and more in Yorkshire & Humberside want support for labour market information.

There seems to be some variation in responses relating to role – support for LMI appears to be more of a concern of senior managers than other respondents –but there is unanimity across both groups about the low ranking of support for TQS.

**Figure 10 Q3.5 by role group**

**(What sort of support would you like offered in the coming year as part of a professional development programme?)**



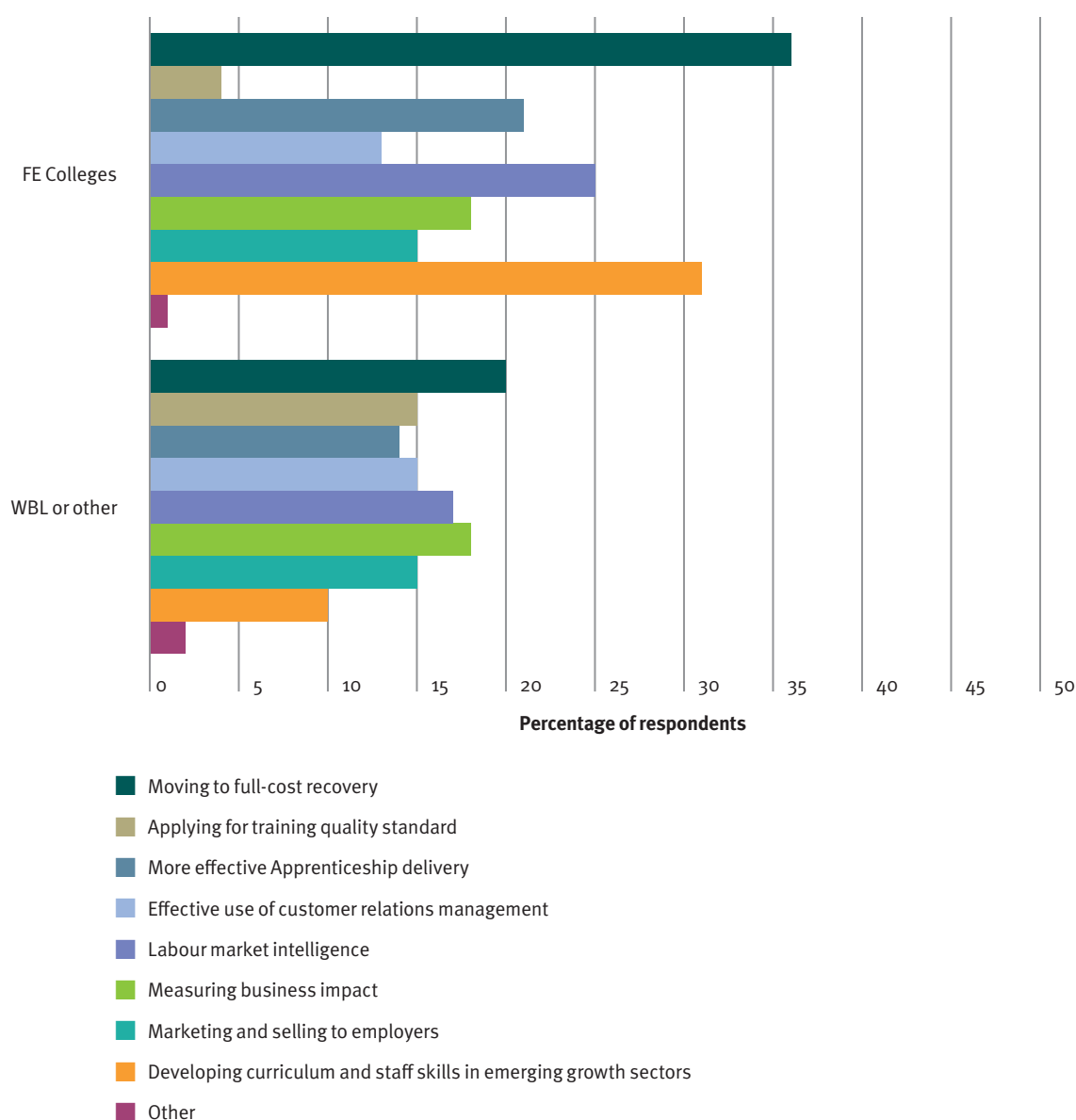
Some slight potential distinctions seem to be emerging when data is analysed by provider type. Our survey indicated that WBL providers were less worried about support for moving to full cost recovery than FE colleges and other providers. WBL providers also mentioned fewest support needs around developing curriculum and staff skills in emerging growth sectors, although this area was given the second highest number of mentions by survey respondents overall. The results showed some interesting differences in priorities depending on which kind of provider you are, which are compared as percentages within



each cohort. Figure 11 below compares answers by provider type looking at total numbers.

**Figure 11 Q3.5 by provider type**

**(What sort of support would you like offered in the coming year as part of a professional development programme?)**



Whilst ‘moving to full-cost recovery’ was the most important priority for colleges and third-sector organisations, it ranked only third in frequency of responses for work-based and other training providers. Conversely, ‘measuring business impact’ was the number one priority for this WBL provider group but was only ranked fifth for colleges and fourth for third sector organisations.

Further responses suggested additional areas where respondents need support including better peer networks, peer benchmarking and improved knowledge transfer between providers. Some even suggested collaborative tendering as the way forward.

## 5.2 Delivery of support

How then would providers like support to be delivered? If the sector needs to be able to improve both its employer engagement services and its support networks, we need to gauge from providers how they would like this support delivered. As the table below shows, the most preferred delivery methods of support are face-to-face workshops and direct guidance (83%). Over half of respondents indicated they would like both resource packs and web-based resources, and considerable numbers would like consultancy and peer support. There appears, however, to be little demand for interim management, i.e. where temporary or interim manager-level personnel join the college or training provider to meet a specific need or fill a gap for a certain period of time.

**Table 5 Ways in which providers would like support delivered**

Delivery method	%	
Information and resource packs	57	(=2)
Web-based resources	57	(=2)
Training opportunities (face to face workshop, direct guidance)	83	(1)
Interim management	5	(6)
Consultancy	45	(5)
Peer support (peer networks, sector coaches)	48	(4)
Other	2	(7)

Providers also suggested additional methods of support, for example access to some form of (online) directory of contacts for information, advice and guidance, who would be on-hand and widely accessible to provide help, contacts and answer queries. Others called for a new qualification recognising individual and organisational excellence in delivering training to employers, which would build upon the principles of TQS but would be led by the CBI or another employer-led body. It was felt that this latter element would ensure the qualification had the active support of employers and would enable any misconceptions employers might have of further education to be challenged and overcome.

### Buying in support

Clearly what is of crucial importance is not just what support providers would like for employer engagement and how they would like to receive it, but, in these financially straitened times with reduced public spend, what they would be realistically willing to pay for. Participants in our research were therefore asked to provide information on the kind of expertise they intended to buy in to support employer engagement. Sixteen respondents said they had no intention of buying in support, some saying that they had no money for this, and four respondents were unsure about their intentions.

Table 6 below suggests what types of support providers are willing to pay for:

**Table 6 Support providers would be willing to pay for**

Type of support	Number of mentions
CRM systems	27 (24.8%)
TQS consultancy	14 (12.8%)
Marketing (including telesales, digital marketing)	11 (10.1%)
Outsourcing business development	4 (3.7%)
LMI	3 (2.8%)
Other (matrix training, shared system development, impact measures, key account management, delivering Apprenticeships, specific sector training)	1 mention each

If these totals are indicative of wider sector attitudes a sizeable amount of respondents would be happy to buy in support around developing effective CRM systems, which may have more of a business provenance and aspect than many providers are used to. A significant issue facing the sector, and those formulating policy priorities, might therefore be around how to effect the kind of culture change that will encourage providers to buy in specific kinds of support which will enable them to deliver business-focused and seamless support to employers, or indeed to generate a further culture of shared expertise, grass root networks and cross-provider secondments which could disseminate this kind of support for no or low cost.

### 5.3 Participating in quality improvement

A key aspect of creating and promoting sector-led support and improvement in employer engagement is for sector staff to support their peers in other organisations through exchanges and secondments. We wanted to ascertain how willing providers would be to make this happen and asked whether providers would be prepared to take part in funded secondments to provide support to other providers.

As table 7 below shows, 27% were prepared to do this and a further 47% thought it a possibility.

**Table 7 Would providers be willing to take part in secondments?**

Taking part in secondments	%
Yes	27
No	27
Possibly	47
<b>Total</b>	<b>100</b>

In terms of identifying specific support participants felt they could offer to other providers, a substantial number of respondents indicated in free text responses that they had practical expertise in a wide range of issues relating to improving the quality of employer engagement. Suggested topics included:

- managing business development and work-based learning
- CRM
- organisational needs analysis
- developing effective relationships with employers
- funding
- Apprenticeships
- strategic approaches to employer engagement



## Section six

# Conclusions and implications

The evidence from the survey and views expressed at the focus group meeting lead to a number of key conclusions.

### 6.1 Evidence of improving practice

Although the number of survey responses is relatively low, they are fairly representative of the sector in terms of the range of types and sizes of provider and their portfolio of employer engagement activities. They therefore provide a rich picture of how employer engagement is working on the ground. Although there is clearly still scope for improvement, there has been some embedding of effective ways of supporting and increasing employers' take-up of flexible and relevant learning opportunities for their workforce.

There are strong messages from the sector that providers are increasingly focusing on providing a service that employers value and improving ways in which they demonstrate this. There was a widely held view among survey respondents that they needed to encourage employers to pay for services by demonstrating a direct relationship between their offer and the employers' business performance and/or bottom line. They gave many examples of efforts to gain the active engagement of employers to ensure that products and services are directly relevant to business needs.

Many respondents aimed to provide employers with holistic solutions to their business needs, drawing on a range of programmes and expertise. This strategy may help to maximise the volume of activity within the SME market.

Some see the key to employer engagement as developing effective relationships with employers to secure repeat business or capitalising on their reputation with one employer to sell-on a product or service to another – relationship marketing. This is said to be leading to strategic partnerships and many providers gave examples of how they are taking steps to actively involve employers in the design or delivery of training.

Others stressed the need to work in partnership with other providers to secure the breadth of expertise and capacity to meet employers' needs promptly and effectively.

Some providers encouraged employer buy-in to training and development by accentuating the value of these activities and resulting business benefits but there were few examples of good practice in measuring the impact of employer engagement activity. This issue was explored further by the focus group, which concluded that providers must focus on how to help the employers' business from the outset of any dialogue with employers. People with business-facing roles needed support and training to ensure that they understood business needs and were aware of the providers' capacity to meet them.

Providers appear to be adept at relationship marketing and see the benefits of strategic partnerships. They are aware of the need to secure relevance and demonstrate the impact on employers' businesses but they need support to find credible ways of measuring impact, which may in some circumstances be long term rather than instant.

## 6.2 Employer engagement – changing models

The market in which FE providers operate – generally SMEs – is likely to suffer most in a weakened economy. Government's twin priorities of debt reduction and smaller government mean that it is likely that support for businesses to train their workforce will largely comprise a very different form of financial subsidy. Models under consideration include the 'co-investment' or matched contributions proposed by the Banks Review, a 'licence to practice' model, industrial levies or even tax breaks. We need to articulate both short and long-term recommendations for a new model of employer engagement in the UK creating an environment that will encourage employers to make a greater financial contribution towards developing the nation's skills base, if we are to fully conceptualise and understand the role of employers in helping to raise the nation's skills levels.

Providers need to consider how much business is likely to invest in training and what their market share of this may be before they invest in employer engagement activity. They need to make key strategic decisions about whether to maintain or increase their employer-facing work in the present economic and political climate and whether or how to specialise within this. For some providers, this represents a considerable switch of focus to placing as much emphasis on the needs of employers' businesses and business planning as on the needs of learners and may be a high-risk strategy. It seems there are two possible models which might emerge in this context: for the larger providers this could be a big opportunity and one in which their strategy will be to grow and invest. For those other providers who are too small, and lack the individual funds or 'critical mass' to invest further in this area, they may decide to blend their approach by joining up with other smaller providers into a larger unit. Either way, it requires that providers look closely now and make decisions about how they will change and develop in the future.

In terms of specialisation versus breadth, providers may need to take strategic decisions about the extent and range of their employer-facing activity as government-funded provision is diminishing. Many survey respondents appear to be offering a wide portfolio of provision across a wide range of occupational sectors and support several types of engagement with employers. They also appear to be working with relatively small numbers of learners in high numbers of SMEs. This is not a highly lucrative market.

Inclination to pay for training varies across different occupational sectors, as does the activity of the SSCs and quality of market information. There are not always concerted efforts to encourage demand and persuade employers to pay for training and development. Priority sectors need incentives to encourage businesses to develop their capacity and this may also apply to FE providers who are reluctant to develop capacity ahead of demand.

Maintaining breadth across a range of occupational sectors therefore presents difficulties. Some providers may be tempted to reduce their range of employer-facing work to that which is profitable or breaks even. Others may decide to specialise in areas where they have a leading edge in a particular market. The focus group suggested that recognition of specific expertise would enable providers to be seen as market leaders and help to secure a clear brand for the FE and skills sector.

This sort of uncoordinated decision-making may result in some provision becoming unavailable in certain geographic areas and a glut of provision in others. Although market forces could remedy this situation in the medium to long term, establishing equilibrium in demand and supply of employer-facing provision could be costly and wasteful if expensive resources are not deployed where they are needed.

### 6.3 Moving to partial or full-cost recovery

The survey explored issues relating to moving work with employers to co-funded and full-cost recovery business models. The direction of policy and the realities of funding cuts mean that the sector will need urgently to consider how to bring this about. In addition, the Banks funding review which strongly recommended co-investment means that advertising and collecting upfront costs from individuals and employers may become a reality for FE and skills providers in the fairly near future. However, the survey indicated that for most respondents the current baseline of full-cost recovery income is quite low and for many providers it is less than 5% of total income. More colleges than WBL or other providers derive higher percentages of their income from full-cost work, implying that this type of activity will be a major change in how they operate.

The focus group explored the survey findings in relation to the extent of full-cost work. Members noted the importance of a predisposition towards training, which is apparent in some areas and not in others. One focus group member observed that employers in business administration, for example, were quite prepared to pay for training for their employees, especially in the public sector. This was also a sector that had not become used to public subsidy through Train to Gain because recruits to these businesses usually already held qualifications at Level 2.

The survey findings also indicated that training provider and college staff thought employers should contribute to the cost of training and other services but were concerned that employers had got used to subsidies from Government or from some providers operating on a 'loss leader' basis. Respondents saw the current economic climate as a significant challenge to employer engagement and observed that employers' focus is on staying in business. Employers are more reluctant to release staff as they now have fewer people doing the same work.

The sector will need support to make the transition to a business model that substantially increases the proportion of their income from co-funded and full-cost recovery work with employers. This will present a significant challenge in the current economic climate. It is further compounded by providers' client bases as most are working with sizeable numbers of SMEs and much smaller numbers of large companies. The features of SMEs – small numbers of employees, many of whom multi-task, operating with tight budgets and timescales – has implications for the lack of economies of scale in meeting their low volume and episodic needs.

Although there is likely to be a greater volume of activity in terms of learner numbers from a large company, setting-up and managing the relationship will require a similar level of activity and staff time regardless of the size of the company. In most cases, the returns on this activity in SMEs will be smaller and the sector needs to accommodate this in its financial model for full-cost recovery.

A message emerging from the research is that providers need to move into high value and more specialist provision if they are to secure more fee-for-service work.



## 6.4 Opportunities for growth in new occupational sectors

Providers also need to come to terms with developing capacity to meet emerging needs in new occupational areas. The survey asked providers for their views on the local or regional potential for increasing opportunities for skills development in 'priority sectors'. It also asked respondents to identify other local sectors where they were experiencing growth opportunities. ***The results reveal a sharp contrast between the priority sectors provided in the survey and the opportunities for growth in the more traditional sectors identified by providers on the ground.***

Providers perceived that most opportunities for growth in priority sectors are in low carbon, 'green' jobs. Engineering/construction, advanced manufacturing, digital, media and high tech jobs are also seen to have medium to high likelihoods for growth. However, significant percentages of respondents ranked the potential for growth in some of these sectors as low or none, suggesting that they are either unaware of the potential or that growth in them on the ground is still very low. Policy-makers need to recognise this and ensure there is a very clear steer nationally and through the new LEPs to encourage a confident, consistent and co-ordinated approach to growth which includes all the strengths and contributions of the respective stakeholders. Equally, there will be opportunities in established sectors to move learners up the value chain and increase their skill levels which should receive equal support and strategic direction. There is still a lot of opportunity and untapped value in these more 'traditional' sectors.

The survey also asked providers to add any local sectors that presented growth opportunities. The responses to this open question suggest that more respondents see the likelihood of growth in traditional areas of provision with few references to the priority areas mentioned in the survey. There is a stark contrast in the opportunities identified for growth at local level by providers and the priority sectors identified in the survey.

These differing perceptions were explored in the focus group meeting. Participants observed that there are differences in national priorities, for which providers may have anticipated pump-priming funding, and real job opportunities in local areas. Providers may understand that there is potential for growth in new markets but when (or if) this comes about is uncertain. Providers may not be willing (or able) to invest in developing the expertise or resources to offer support to employers in these areas. The time lag between new areas beginning to emerge and the critical mass of demand being seen in the regional or local economy could be significant.

Developing capacity ahead of demand is a high-risk venture, which the FE and skills sector is unlikely to tackle, especially when other sources of funding are in decline. There is a danger that new skill sets cannot be developed and that job opportunities in new growth areas move to other countries. The need for flexible funding models that would allow more strategic, developmental and long-term work to be undertaken by providers would allow the sector to perhaps expand into new growth industries.

Support for investing in new areas and in the development of capacity – such as sourcing expertise in new and emerging technologies, updating subject specialist staff and releasing expert staff to train other providers – needs to be considered strategically at a national and regional levels. If the policy to 'rebalance sectors' is going to work effectively, then government needs to facilitate a Research and Development fund for sector development, so that new products and services which require upfront investment and where there is an element of risk which providers cannot take on themselves, can still be developed and drive growth.

## 6.5 Support and development needs

The survey asked providers about the sort of support they would like to be offered over the coming year. The concerns and issues raised in this report appear to be reflected in the topic areas ranked highly by respondents as needing support.

Concern about reductions in funding and the need to obtain more money directly from employers is reflected in the large number of respondents who want support to move their business with employers to a full-cost recovery basis. Many also want help with LMI and developing curriculum and staff skills in emerging growth sectors, suggesting that some are considering the development of products and services in new areas despite the difficulties described above. The lack of examples of effective practice in measuring impact is reflected in the relatively high percentage of respondents (35%) identifying this as an area needing support.

Regional variations, for example, stronger support for Apprenticeships in the West Midlands and East of England, strongly indicate that providers of support for quality improvement need to be aware of local contexts and the history of support in particular topic areas. The weak demand for support for TQS and low demand for CRM and marketing support may also reflect previous activity in the local area.

Variation by provider type is also important. The survey results suggest that WBL providers do not see support for a move to full cost recovery as urgent as colleges do. There are also differences in the responses to the list of topic areas of possible support given in the survey and the expertise providers said they intended to purchase, perhaps suggesting that providers have already committed to support in these areas and do not require additional support.

The relatively high number of respondents saying they had no intention of buying-in support (some saying they had no money for this) and those that were unsure about their intentions is a cause for concern. It suggests that quality improvement may not be a key strategic concern in some providers' business plans. At the same time they emphasised throughout the research that they wanted more regular, provider-led forums for discussion, with strategic and operational forums both being catered for.

The focus group explored these issues and emphasised providers' preference for informal networking and shared development activity. In some cases, there is a need for credible coaches with deep expertise that can be passed on to their peers. However, there is also a need for opportunities to develop expertise through shared projects or benchmarking groups. The need for mutuality in the exchange was emphasised.

## 6.6 Delivering support and participating in quality improvement

The survey asked respondents for their views on how support and development activities should be provided. It also asked about the extent to which they would be prepared to take an active part in it through providing examples of their practice and through secondments. Providers were asked how they would like support to be delivered. Although the most frequently mentioned method was workshops or direct guidance, many providers said that lack of time was a major barrier in accessing support. Some providers commented on the need for more timely and conveniently located support, which would be more time and cost-effective. Small providers raised the issues involved in delivering training on-site when they cannot assemble the numbers of staff required to

cost-effectively run events in-house. Some respondents commented on the lack of funding to develop new provision or new products. This emphasises the need for government to make funding for research and development available to the sector if they wish providers to both deliver learning and training which meets current needs and also develop the kinds of products and services which can drive growth.

The survey responses appear to indicate that providers want personal contact and, to some extent, personalisation of support for quality improvement. Securing this kind of mass customisation will be challenging to providers of support within current budgets and timescales for delivery. That said, respondents also appear to be keen on the use of information and resource packs and web-based resources. The key may be to provide a form of ‘blended development’, which uses a mix of personal contact and training with differentiated resource-based learning. Such a model may require additional funding from the provider. An issue to resolve may be how to persuade providers to add value to a subsidised support programme and to extend support by investing further in it.

### Participating in quality improvement

The response to whether providers would be prepared to take part in funded secondments suggests that while about a quarter of respondents were prepared to do this and about half thought it was a possibility there are still issues to be resolved. Our sector experience, the research focus group and further conversations with providers and stakeholders suggest this involves the following issues:

- how to quality assure the content and appropriateness of improvement support from field practitioners
- how to ensure continuous improvement in effective practice – which extends current practice into new areas or levels of effectiveness
- how to provide the range, breadth and volume of effective practice to meet all demands
- how to develop new practice and extend expertise in emerging technologies
- how to provide incentives and sufficient time for practitioners to be involved in working with their peers

The focus group noted that providers need to be clear about the time and resource commitments required to take a leading role in quality improvement. It is also important to recognise that there are many networks disseminating advice and experience through the sector. Some of these work by subscription, which may indicate a level of preparedness to pay for development support. However, the focus group also observed that networking on a local or regional basis may be of limited use as the same people with the same ideas could be involved in such activities. There is a need for a wider pool of participants to bring fresh ideas to the discussions.

## 6.7 Recommendations

Policy makers need to be aware of the difficulties faced by providers in increasing employer engagement in a time of economic austerity. Encouraging providers to negotiate suitable learning programmes with employers may result in more appropriate support that meets business needs. However, some employers – especially SMEs in some occupational sectors – may still not be able to meet the full cost of training their workforce or deliver on the co-funded targets and expectations in the timeframe required. For example, having all the matched funding available upfront if they are putting a group of employees through the same training at the same time. Strategic decisions need to be made about priorities for, and the extent of, subsidies in key areas.

BIS should take care to ensure that their evolving skills policy places equal emphasis on skills development in both emerging and established sectors. There is huge growth potential in ‘moving up the value chain’ by driving higher skill attainment in existing sectors and occupations, as well as in trying to grow forward-looking industries; both should be strategically and financially supported.

The Skills Funding Agency needs to consider the implications of adequacy and sufficiency of provision for employers on a local and regional basis. They need to provide guidance and, where appropriate, interventions to ensure that providers engaging with employers in specialist or niche areas are not disadvantaged. They should seek to establish a specific research and development fund for FE and skills providers, to support the development of new products and services and to enable the required step change to successfully encourage these providers to develop further.

SSCs should focus on working better with regional and other specialist networks, to ensure that their expertise and knowledge is actively available and promoted through to the very smallest, local FE and skills providers. It seems there is also scope to focus on informing providers more actively with better labour market information, to help them develop appropriate strategies and labour market engagement.

LSIS needs to consider the holistic pattern of support for quality improvement and ensure that locally based provision is in line with national priorities. This requires taking a proactive role in continuing to develop sector expertise in new, specialist subject and industry areas, supporting and disseminating the work of these specialists and ensuring that knowledge is shared across the sector effectively. This research was conducted at a time when the Skills and Employer Responsiveness programmes were being established, and LSIS should be sure to review the programmes in the light of these research findings.

Providers themselves need to consider whether their business model allows them to fully engage with employers, both in delivering courses and qualifications for their wider learners and in the products and services which they develop for the employers themselves. They must consider how much business is likely to invest in training and what their market share of this may be before they invest in employer engagement activity. They need to make key strategic decisions about whether to maintain or increase their employer-facing work in the present economic and political climate and whether or how to specialise within this. Some may choose to grow and invest in this area whilst others may decide to join up with other smaller providers into a larger unit which can achieve wider reach, economy of scale and enhanced capacity to deliver. Either way, it requires that providers look closely now and make decisions about how they will change and develop in the future.

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# Appendix

## Appendix 1 Survey respondents by job role

Roles of survey respondents	% of all respondents
Chief Executive	10%
Principal/Vice-Principal/Deputy head	11%
Director/Manager of Business Development, Enterprise or Employer Engagement	43%
Director of Quality and Standards	4%
Operations manager	6%
Curriculum manager	3%
HR Manager	1%
Other	23%
<b>Total</b>	<b>100%</b>

## Appendix 2 Survey respondent by region

Survey returns by region	% of all returns
South East	14%
South West	7%
North East	10%
North West	16%
East Midlands	6%
West Midlands	6%
East of England	7%
London	11%
Yorkshire and Humberside	13%
National	8%
Other	1%
<b>Total</b>	<b>100%</b>

### Appendix 3 Survey respondent by type of provider

Survey returns by type of provider	% of all returns
General further education college	50%
Specialist further education college	5%
Sixth form college	0%
Work-based training provider/Independent training provider	38%
Voluntary and community sector provider (also referred to as Adult and Community Learning Provider)	2%
Other	6%
<b>Total</b>	<b>100%</b>

### Appendix 4 Range of occupational sectors respondents are working in

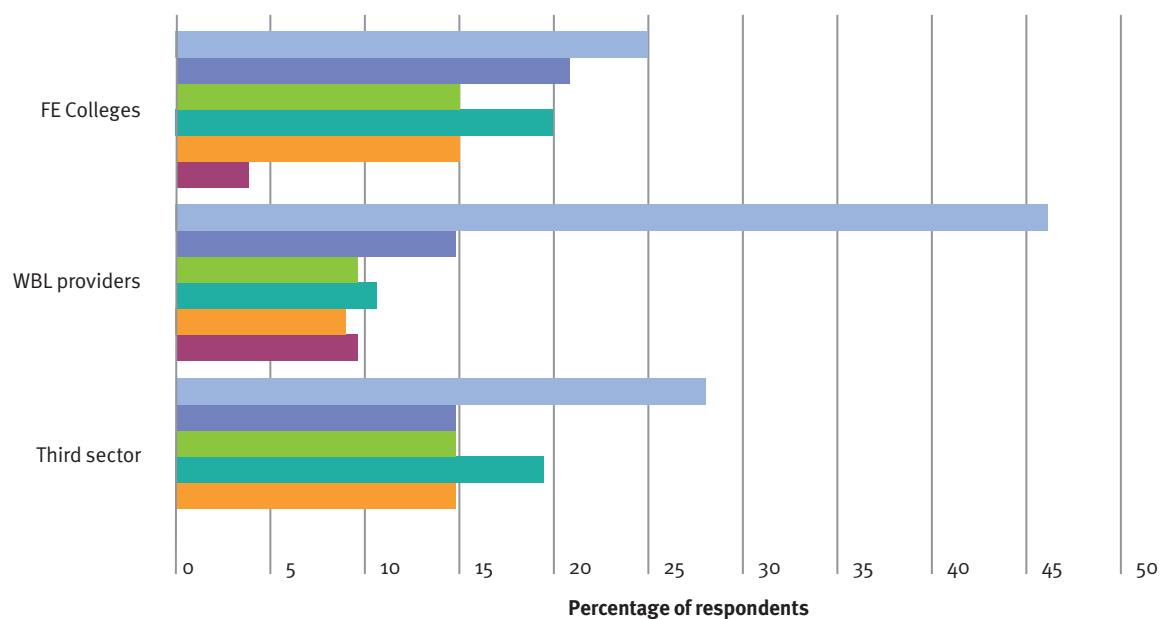
Occupational sectors	% of respondents working in these sectors
Agriculture and land-based industries	9%
Wholesale and retail	24%
Manufacturing	22%
Hotels and restaurants	26%
Transport and infrastructure	16%
Media and communications	2%
Construction and construction-related trades	43%
Engineering	35%
Financial and business services	28%
IT and computing	15%
Public administration	26%
Education, training and teaching	25%
Health and Social Care	71%
Tourism	5%
Other	17%
<b>Total</b>	<b>100%</b>



## Appendix 5 What employer engagement activities is your organisation currently involved in?

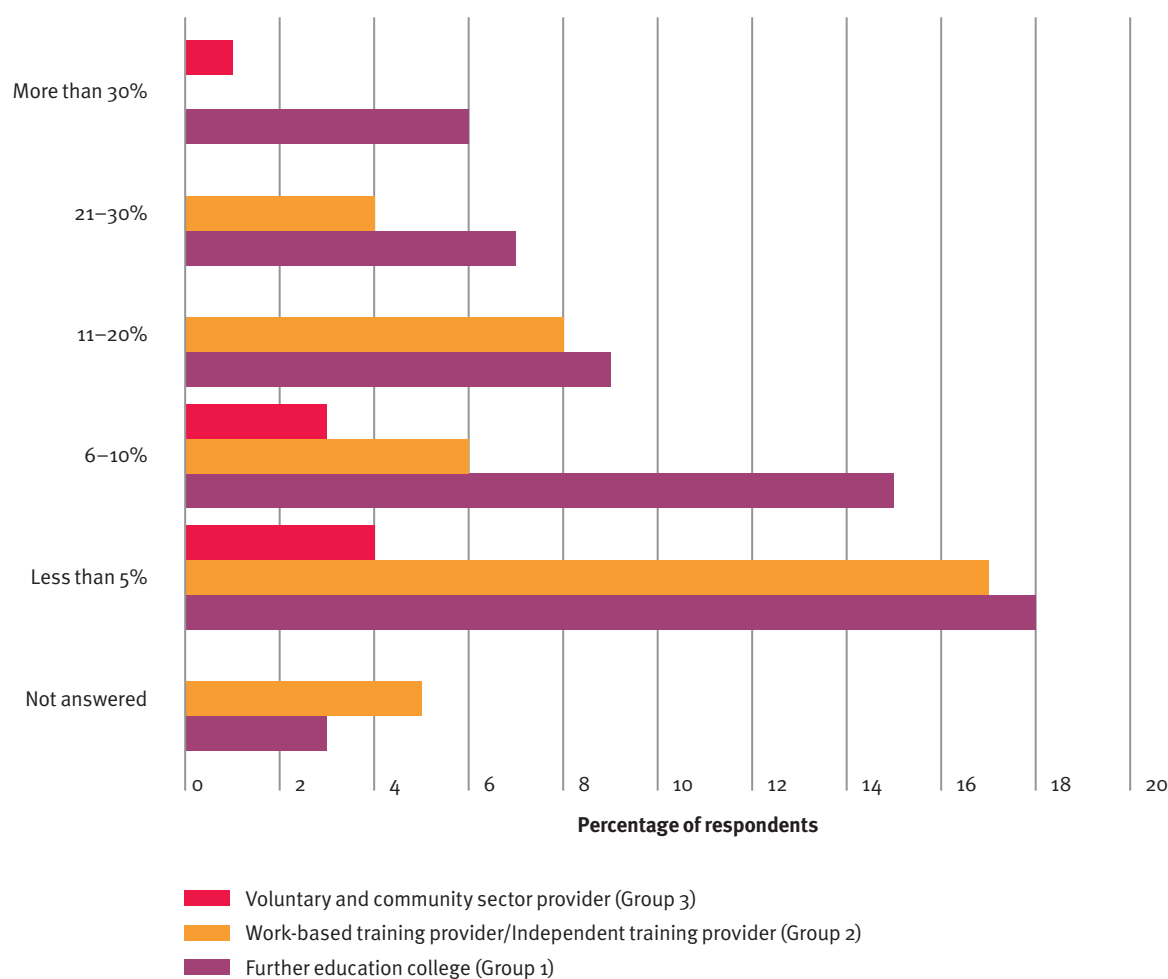
Types of employer engagement activity	% of all respondents involved in this work
Through the delivery of government funded training programmes (e.g. Apprenticeships, Train to Gain, etc.)	97%
Through the delivery of government-funded employment programmes (e.g. Entry to Employment, Flexible New Deal, etc.)	59%
Through staff development activity (e.g. lecturers placed in industry)	42%
Through governance and strategic development (e.g. employers on the board, involvement in programme design, etc.)	55%
Through Knowledge Transfer Partnerships and business development services	41%
Other	14%
<b>Total</b>	<b>100%</b>

## Appendix 6 Current employer engagement activities separated by provider type

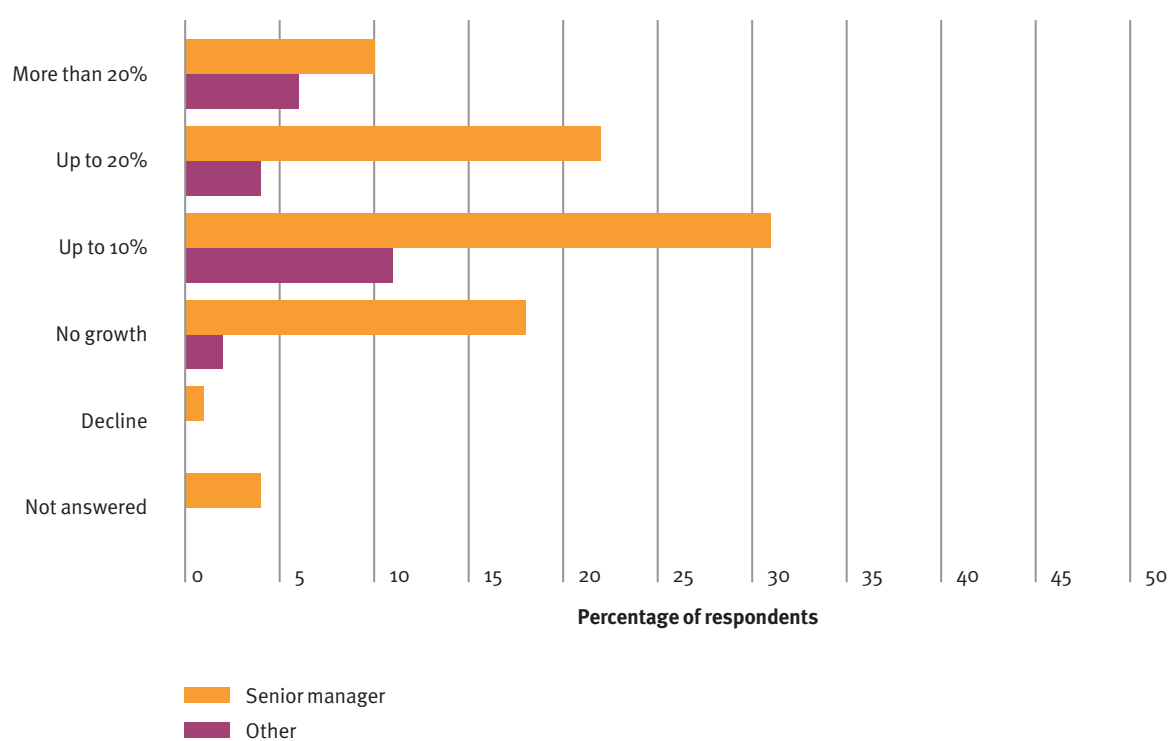


- Through the delivery of government-funded training programmes (e.g. Apprenticeships, Train to Gain, etc.)
- Through the delivery of government-funded employment programmes (e.g. Entry to Employment, Flexible New Deal, etc.)
- Through staff development activity (e.g. lecturers placed in industry)
- Through governance and strategic development (e.g. employers on the board, involvement in programme design, etc.)
- Through Knowledge Transfer Partnerships and business development services
- Other

## Appendix 7 Percentage of employer-related income at full cost recovery



## Appendix 8 How much do you expect demand for Level 3 training or higher to change in your area in the coming year?



## Appendix 9 What sort of support would providers like offered in the coming year as part of a professional development programme

Support topic	%
Moving to full cost recovery with employers	52
Applying for Total Quality Standard (TQS)	18
More effective apprenticeship delivery	33
Effective use of Customer Relations Management systems (CRM)	26
Labour Market Intelligence	38
Measuring business impact	35
Marketing and selling to employers	27
Developing curriculum and staff skills in emerging growth sectors	38
Other	3
<b>Total</b>	<b>100</b>

## Appendix 10 Support needs by region

		SE	SW	NE	NW	EM	WM	EofE	London	Y&H	Nat	Total
Moving to FCR	<b>No</b>	8 (=1)	5 (=1)	5 (=1)	10 (1)	6 (1)	2 (4)	4 (3)	9 (1)	3 (5)	5(1)	57 (1)
	<b>%</b>	14.0	8.8	8.8	17.5	10.5	3.5	7.0	15.8	5.3	8.8	100.0
Applying for TQS	<b>No</b>	2 (8)	2 (=5)	2 (8)	2 (=7)	1 (=5)	1 (=7)	2 (=5)	3 (=4)	3 (=5)	2 (=5)	20 (8)
	<b>%</b>	10.0	10.0	10.0	10.0	5.0	5.0	10.0	15.0	15.0	10.0	100.0
More effective apprenticeship delivery	<b>No</b>	6 (3)	2 (=5)	4 (=3)	6 (5)	2 (=4)	5 (1)	5 (1)	2(6)	2(7)	2 (=5)	36 (5)
	<b>%</b>	16.7	5.6	11.1	16.7	5.6	13.9	13.9	5.6	5.6	5.6	100.0
Effective use of CRM	<b>No</b>	3 (7)	3 (4)	4 (=3)	2 (=7)	1 (=5)	1 (=7)	1 (8)	3 (=4)	6 (2)	5 (1)	29 (7)
	<b>%</b>	10.3	10.3	13.8	6.9	3.4	3.4	3.4	10.3	20.7	17.2	100.0
LMI	<b>No</b>	5 (=4)	1 (7)	3 (7)	8 (3)	2 (=4)	2 (=4)	3 (4)	5(2)	11(1)	2 (=5)	42(=2)
	<b>%</b>	11.9	2.4	7.1	19.0	4.8	4.8	7.1	11.9	26.2	4.8	100.0
Measuring business impact	<b>No</b>	5 (=4)	4(3)	5 (=1)	7 (4)	3 (3)	2 (=4)	2 (=5)	4 (3)	3 (=5)	3 (=3)	38 (4)
	<b>%</b>	13.2	10.5	13.2	18.4	7.9	5.3	5.3	10.5	7.9	7.9	100.0
Marketing and selling to employers	<b>No</b>	4 (6)	0(–)	4 (=3)	5 (6)	1 (=5)	3 (=2)	5 (1)	1 (7)	4 (3)	3 (=3)	30 (6)
	<b>%</b>	13.3	0.0	13.3	16.7	3.3	10.0	16.7	3.3	13.3	10.0	100.0
Developing curriculum & staff skills in growth sectors	<b>No</b>	8 (=1)	5 (=1)	4 (=3)	9 (2)	4 (2)	3 (=2)	2 (=5)	3 (=4)	4 (=3)	0(–)	42(=2)
	<b>%</b>	19.0	11.9	9.5	21.4	9.5	7.1	4.8	7.1	9.5	0.0	100.0
Other	<b>No</b>	0	0	0	1	0	0	0	1	1	0	3
	<b>%</b>	0.0	0.0	0.0	33.3	0.0	0.0	0.0	33.3	33.3	0.0	100.0

## Appendix 11 Support needs preferred by type of training provider

		Group 1: Colleges	Group 2: WBL & training providers	Group 3: Third sector groups	Total
Moving to full-cost recovery	<b>No</b>	36 (1)	15 (3)	5 (1)	57 (1)
	<b>%</b>	64.3	26.8	8.9	
Applying for TQS	<b>No</b>	4 (8)	11 (7)	4 (2)	20 (8)
	<b>%</b>	21.1	57.9	21.1	
More effective Apprenticeship delivery	<b>No</b>	21 (4)	13 (5)	1 (=5)	36 (5)
	<b>%</b>	60.0	37.1	2.9	
Effective use of CRM	<b>No</b>	13 (7)	12 (6)	3 (3)	29 (7)
	<b>%</b>	46.4%	42.9%	10.7%	
LMI	<b>No</b>	25 (3)	16 (=1)	1 (=5)	42 (=2)
	<b>%</b>	59.5	38.1	2.4	
Measuring business impact	<b>No</b>	18 (5)	16 (=1)	2 (4)	38 (4)
	<b>%</b>	50.0	44.4	5.6	
Marketing and selling to employers	<b>No</b>	15 (6)	14 (4)	1 (=5)	30 (6)
	<b>%</b>	50.0	46.7	3.3	
Developing curriculum and staff skills in emerging growth sectors	<b>No</b>	31 (2)	9 (8)	1 (=5)	42 (=2)
	<b>%</b>	75.6	22.0	2.4	