

Rt Hon Gordon Brown MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
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10 April 2007

Dear Chancellor

We very much welcome the continuing emphasis in your Budget on investment in skills and education. This is critically important for business success. However, we recognise that business engagement can ensure that schools maximise their return on that investment.

In recent conversations during your Every Child A Reader visit to Lauriston Primary School, in Hackney (with John) and at the High-Level Group (with Bob) you separately asked if both of us might consider ways to deepen that business engagement and volunteering in schools. We very much welcome the opportunity to respond and to give you some initial thoughts and ideas which are common to KPMG, Merrill Lynch and Business in the Community (BITC).

Meeting the skills needs of the future is the key challenge facing the economy at the moment, as highlighted in the Leitch report. We have much to do as employers to ensure that our employees and suppliers have an opportunity to develop themselves. However, we also know that we need to ensure that education gives people the opportunity to do well in life both personally and professionally: therefore, working in partnership with the education sector is vital.

Supporting schools makes sense for the future sustainable success of our business by developing future talent pools. However there are also very immediate business benefits as involvement provides many development opportunities for our people. Member companies of BITC identify Education as their most important community issue (Mori members Survey 2005); that is further supported by the fact that over one third of all funding provided by UK reporting companies is directed into this area (London Benchmarking Group data, 2006).

Currently business support for schools takes two main forms – corporate support and employee volunteering. The former includes forming partnerships with schools, and sponsorship; producing curriculum resources; development of qualifications and skills; apprenticeships; specialised diplomas; training for teachers; pupil and teacher visits. The latter includes pupil support: e.g. careers advice, role models, work experience; supporting learning: e.g. enterprise, literacy and numeracy, languages; school management: e.g. serving as Governors, and providing specific advice and expertise in areas such as finance, property planning and sustainability.

In the UK, business involvement in education has seen marked increases in the quality and extent of engagement over the last 30 years. Employers – from the largest plc to the smallest corner shop – give time and energy to help young people prepare for adult life. The introduction of the specialised diplomas will accelerate business involvement in both the design and the delivery of work-related learning. Current estimates indicate that over 10,000 organisations are currently involved, benefiting in excess of 6,000 schools and 360,000 young people.

However, there is still a great deal of untapped potential and misaligned resource. Businesses, both large and small, regardless of type, are keen to participate but are unsure how to start and where. Schools are keen to find appropriate business support to help them achieve their aims but it is not easy for them to know what is available. Education-business links have become overly complex and confusing over time and need to be simplified and communicated effectively to create a step change. Our suspicion is that government money may not be spent as effectively as it might be.

In order to help move the debate forward, we propose to commission a short study along the lines set out in the attached note. The three organisations we represent, BITC, Merrill Lynch and KPMG will take responsibility for the study.

We would appreciate your help in ensuring a successful outcome in two respects:

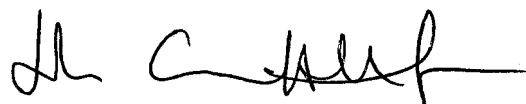
- a) To identify someone in your office with whom we could liaise and who could help us in making relevant government contacts as the project progresses; and
- b) to be prepared to consider our findings in due course ensuring they are substantive in nature.

We look forward to hearing from you

Yours sincerely



Bob Wigley
Chairman, EMEA
Merrill Lynch International Bank
Chair, BiTC's Education
Leadership Team



John Griffith-Jones
UK Senior Partner, KPMG
Chairman, KPMG Foundation

Making business-education links more effective: a proposal for an independent study

Introduction

1. Despite its high employment rates and strong economic position in the world, the UK faces critical economic challenges, one of the biggest being the low productivity performance. There is growing recognition that one of the main contributors to the productivity performance of the UK is its low level of skills, which is a significant constraint to innovation and growth. An increasing number of people are gaining degrees – indeed, that is an objective of government policy – but there are even larger numbers of those with inadequate basic skills. Improving the skills base is one of the biggest challenges the nation faces today, which is expected to accelerate with the effect of global economic developments. It is now more important than ever before to develop a strong skills base to seize the opportunities and avoid the risks created by global economic developments. This is an area where businesses can have a real effect on national levels of productivity.
2. The importance of employer involvement is demonstrated by the Leitch Review of Skills¹, which notes that the majority of the 2020 workforce are already in the workforce (thus drawing attention to the need for raising the skills of those in jobs) and finds:

Employers play their part in achieving a world class skills base in the UK, raising their engagement in skills at all levels and using skills effectively;

- The Government and employers work together to increase the skill levels of their workforce and ensure the effective use of skills in the workplace;
- Employers increase their engagement in skills if the skills delivery system meets their needs;
- UK employers spend £33 billion a year on training. Much of that is spent on mandatory training (Health and Safety and the like). For the rest, there is a strong positive correlation between levels of education and the likelihood of employers' investing in more training, so that the more education you have had, the more likely you are to get trained at work (and vice versa). However, one third of employers do little or no training at all. A number of barriers, including awareness and the time and cost of training, constrain employer investment in and use of skills. These barriers impact in different ways in different types of firms and sectors. Evidence shows that in some parts of the economy, relatively poor management and leadership can affect both the demand for skills and whether they are used effectively in the workplace;

Shared national action from the Government and employers. This will be a “something for something” deal that ties rights to responsibilities, coupling increased and improved Government effort with increased and improved action by employers.

¹ Prosperity for all in the global economy – world class skills. Final report, December 2006.

- 3 Underlying the training effort is the education system. Unless it is delivering people with the right education, the investment in training will not have enough to build on. Employers need to be involved in helping the education system to provide a solid basis for skills training, and also for good citizenship in general. Business-education links have an important role to play.

Business-education links

4. In the UK, business involvement in education has seen marked increases in the quality and extent of engagement over the last 30 years. The various government initiatives to engage businesses in education have demonstrated that governments can affect the amount of corporate community involvement, depending on whether business feels genuinely consulted, is given a clear specification for how and why it should be involved and, when it does come forward, it is treated professionally and promptly and as a partner that can both contribute to and benefit from relationships with education.
5. Employers – from the largest plc to the smallest corner shop – give time and energy to help young people prepare for adult life. They help with many parts of the curriculum, from learning to read and write through to complex projects in the arts, science, engineering and languages. They support competitions for budding entrepreneurs. They provide work experience for teenagers, and industry placements for their teachers. They train young people through apprenticeships. They help skilled young people go further at work, for example by helping them study for Foundation Degrees and specialist diplomas.
6. Employers have a vested interest in helping young people develop the attributes and attitudes needed in adult life: they are, after all, the workforce of the future. That is why the Government has asked employers to lead the design and development of vocational qualifications, apprenticeship programmes, sector skills agreements and most recently, specialised diplomas.
7. In short, employers are involved at every level – national, regional and local. There's no doubt about the value of their work. And there is no doubt about their goodwill and commitment. Some employers are working at the national level to design new programmes and qualifications. Other employers are working with schools, colleges and young people at the local level; but how do they talk to one another?
8. There has been an increase in the number of business-link organisations and in the number of companies supporting education in a variety of ways, both corporately and from staff volunteering. Corporately, companies are involved in partnerships with and sponsorship of schools, producing curriculum resources, developing qualifications and skills, providing training for teachers and providing CPD for their own staff. In the field of employee volunteering, they are providing pupil support (e.g. careers advice, role models, work experience), supporting learning (e.g. numeracy, literacy, enterprise, specialised diplomas), helping with school management (e.g. serving as Governors and providing specific advice and expertise).

9. There is a growing realisation that links are not always as effective and efficient as they might be, and that the landscape is unnecessarily complicated: if it were simplified and clarified more employers could be expected to become involved in helping schools.
10. It is therefore sensible to see how business-education links could be improved. It should be made easier to monitor the quality and quantity of activity taking place, regionally and nationally, so as to provide information about the impact of such links. We need to harness the enthusiasm and commitment of employers to make sure that real benefits are felt by the education system.

The proposal

11. We request that the Chancellor supports the commissioning of an independent study to develop recommendations as the basis of a future national strategy on how businesses and education can work together more effectively. The study would look at how existing education business links could be improved, simplified and clarified, to the benefit of potential beneficiaries. It could build on work already done pro bono for BITC and NEBPN by PwC, which has examined quality standards for education-business-link providers; and also pro bono by KPMG, which has produced a directory of organisations and initiatives relevant to education for BITC and a summary of key education statistics. BITC, Edge and NEPNB have established a taskforce which aims to simplify employer engagement in education and have appointed Freshminds to undertake research to map the current education business links landscape, best practice and gaps in provision.
12. The main elements of the study could be as follows:
 - a) Initial research: map quantitatively what businesses are doing nationally and regionally with schools, their form of engagement, corporate and employee volunteering (Edge, NEBPN and BITC); map business-education-links organisations (KPMG); map what schools are doing in business-education links in the three main thematic areas of Employability, Enterprise, and Leadership and Management Skills; aim is to calculate the percentages of target students involved in education business link activities by theme;
 - b) Examine quality standards for education-business-link organisations (continuing PwC work);
 - c) Identify the best delivery programmes in each thematic area looking at what projects and programmes have worked best, and develop proposals to build penetration of the target audience further;
 - d) Consider how different existing organisations could work more together and how businesses can co-ordinate more effectively with the DfES and others in facilitation and support;
 - e) Examine whether Government funding is spent most effectively;
 - f) Develop a set of proposals to increase penetration of the target audience, increase the effectiveness of public spending and to ~~and~~ form the basis of a possible future national strategy.

The recommendation

That the work be supported by the Chancellor and that suitably senior officials in HMT and the DfES be asked to join a Steering Group led by Bob Wigley and John Griffith-Jones to lead the work.