

SKILLS NEEDS IN ENGLAND

THE EMPLOYER PERSPECTIVE

Background

Hiring people with a higher-level education is an increasingly urgent priority for business. This is because our economy and the world of work is changing, making more flexible and new routes to higher-level education more important than ever.

The CBI’s most recent education and skills survey found as a result of the changing jobs market, by 2024 almost half of all jobs will require workers to have completed some form of higher-level education (level 4 and higher, though not necessarily at degree level (level 6)).¹ Upskilling necessitates much more flexible ways of learning. Meeting the needs of the economy therefore rests on widening access to higher-level education and promoting routes that appeal to people for whom a traditional, three-year university degree may not be the best option. As such, policymakers will increasingly need to focus on developing more flexible learning opportunities to allow people to balance studying with other commitments.

The decline in part-time students is therefore alarming. Research by the Sutton Trust has shown, part-time study in England has collapsed over recent years, with numbers falling by 51% between 2010-2015.² This matters not just for businesses who are looking to hire people with a higher-level education to raise productivity or adapt to economic change, but also for the individual, for whom studying is often an important chance for personal development or to change careers and retrain. The importance of flexible learning to improve social justice should also not be underestimated. Encouraging lifelong learning will therefore grow in importance in the coming years.

To complement the CBI’s role on the Government’s National Retraining Partnership, the CBI has partnered with Universities UK (UUK) to better understand the economic case for flexible learning. This project considers the extent to which the UK’s economic potential is constrained by a lack of flexible learning opportunities. This new partnership between UUK and the CBI is important given ensuring we have a workforce with the education and skills to succeed is a responsibility shared equally by government, education institutions, and business.

When considering “levels of education”, this project refers to the Regulated Qualifications Framework:

RQF Level	Example qualification
8	Doctoral degree
7	Master's degree, Higher, or Degree Apprenticeship
6	Bachelor's degree, Higher or Degree Apprenticeship
5	Higher National Diploma, Higher Apprenticeship
4	Higher National Certificate, Higher Apprenticeship
3	A-levels, Advanced Apprenticeship, <i>(and proposed T-levels)</i>
2	GCSE (grades A*–C), Intermediate Apprenticeship
1	GCSE (grades D-G)

¹ *Helping the UK to Thrive: CBI/Pearson Education and Skills Survey 2017*, CBI, July 2017

² *The Lost Part-Timers: The Decline of Part-Time Undergraduate Higher Education in England*, The Sutton Trust, March 2018

Key findings

Responses were primarily sought through the CBI's Trade Association membership in order to get an industry-wide perspective across a wide range of different sectors and regions. These were then supplemented with individual employer interviews as well as discussion at various CBI boards and regional councils. In total, responses from the consultation represent the views of circa 5,500 organisations.

Five key themes have emerged from these discussions which are explored in greater detail below:

1. Employers are experiencing shortages across all education levels
2. Businesses are addressing predicted future shortages of highly educated people through recruitment, whilst meeting current needs through upskilling existing staff
3. Businesses increasingly value higher-level and degree apprenticeships when recruiting
4. When looking at graduates, employers value attitudes and aptitudes alongside qualifications, such as creativity, leadership, or teamwork.
5. Where employers do look to upskill or retrain existing staff, universities do not currently play a significant role.

1. Employers are experiencing shortages across all education levels

Businesses are reporting skills shortages across varying education levels, from level 2 all the way to level 8, with these shortages holding businesses – and the economy – back.

When looking at meeting current shortages, the biggest concern was a lack of level 3 qualifications amongst employees, however, with the world in which we live growing increasingly complex and fast-paced, a lack of people qualified at level 4 and 5 was frequently cited as a major concern for meeting future skills needs. That is why the CBI supports the Government's review of level 4 and 5 provision to ensure that provision is developed on the scale needed by businesses, as well as feeding into the creation of T-levels at level 3.

Whilst most firms anticipated the need for people with higher education levels to increase over coming years, current skill needs are leading to severe shortages amongst employers, with many respondents referring to the situation as critical (or close to). There were three main drivers cited as the causes of these shortages, with the relative importance varying depending on industry or sector:

- Technological advances.
- Concern over future access to skilled migrants.
- An aging workforce.

On top of this, many respondents made clear that the problems related to shortages were not just related to the post-18 education and training system but started much earlier. Better information, advice, and guidance for those under 18 was often singled out for needing improvement to make people aware of the range of different options available to them.

2. Businesses are addressing future shortages of highly educated people through recruitment, whilst meeting current needs through upskilling existing staff.

Given the main drivers of shortages of highly educated people, businesses tend to be placing greater emphasis on addressing future shortages through their recruitment processes whilst meeting current needs through upskilling staff. Two of the main drivers of skills shortages – concern over future access to skilled migrants and an aging workforce – could be considered as types of 'replacement demand' meaning that recruitment provided a more obvious way of addressing the shortages which many firms referenced.

This greater emphasis on recruitment, also appears to be a result of behaviour being driven by the Apprenticeship Levy. With apprenticeship starts down compared to last year, it's clear that we are some way off having a system that works, however with the Levy representing a significant intervention in the skills

system, employers are increasingly looking to use apprenticeships to create new routes to higher skills (discussed more below).

3. Businesses increasingly value higher level and degree apprenticeships when recruiting.

Despite difficulties reported with the design of the Apprenticeship Levy and delays in approving new apprenticeship standards, the Levy is driving a change in behaviour when it comes to the education system and has reshaped what many businesses do on training.

With more higher level and degree apprenticeships being developed year on year, including at levels 7 and 8, employers are viewing them as a prestigious alternative to the traditional academic route. One of the attractions of the apprenticeship route, over that of an undergraduate degree, is that it allowed business to play a more active role in the education of students and ensure they are 'work-ready'.

Despite this, significant concerns remain over the design of the Levy and apprenticeship system. To their credit, the Government is listening and the Chancellor's recently announced reforms to increase flexibility within the operation of the Levy alongside a more review of the levy's effectiveness is welcome. But we need to go further – particularly in relation to greater flexibility on the types of high quality training funds can be spent on, and simplification of the system used to access funds.

4. When looking at graduates, employers value attitudes and aptitudes alongside qualifications, such as creativity, leadership, or teamwork.

On the whole, when asked about university graduates, employers focused on the attitudes and aptitudes that enable them to be effective in the workplace. Nonetheless, the value which university graduates bring to business is clear and recruitment remains strong.³

Employers highlighted that graduates, when compared to apprentices, tended to have better communication, teamwork, negotiation and creativity skills – something was regarded as particularly important when considering the increased use of artificial intelligence and automation in the workplace.

Very few of those interviewed raised the decline in part-time students proactively, however, which is likely due to the fact that firms tended to rely on higher education institutions for recruitment, rather than for upskilling or learning and development (i.e. through part-time, or flexible modes of study).

5. Where employers do look to upskill or retrain existing staff, universities do not currently play a significant role

Relationships between firms and universities, with regard to provision, was varied, with some companies having well developed relationships and others keen to increase their engagement. Firms tended to reference external training providers, not universities, when asked about current approaches to upskilling and retraining.

This was due to a range of different reasons, however, responses tended to focus on the fact that external training providers were perceived to be able to be flexible in delivery, tailor their provision to the specific needs of the industry and be competitive on price. Two specific concerns were frequently cited when discussing the barriers to greater engagement with universities:

- Length of courses - firms did not want to lose their talent for an extended period of time. As such, they much preferred short-courses and tailored provision which can be a few days / weeks over several months.
- Cost of provision - when compared to external training providers, universities were often more expensive.

³ *Helping the UK to Thrive: CBI/Pearson Education and Skills Survey 2017*, CBI, July 2017

Flexible learning in the university sector:

Lancaster University's Centre for Education, Training and Development (CETAD)

CETAD (Centre for Education, Training and Development) at Lancaster University is a specialist centre for Work-based Learning, providing flexible negotiated postgraduate degree programmes to meet the needs of learners in work and their employers. CETAD works in partnership with employers to provide 'up skilling' in areas such as leadership and management, innovation and change and advanced generic professional skills such as collaborative working and project management. CETAD is now offering the Senior Leader Degree Apprenticeships which incorporates a Master's Degree into the apprenticeship framework in leadership and management. The programme builds on the principles described above and provides a real opportunity for employers to effectively use the Government scheme to develop higher level skills in their workforce.

Birkbeck, the University of London

For almost two centuries Birkbeck has been extending education to working people and broadening access to the benefits of learning. The College has a unique model of evening teaching which enables students to pursue full-time jobs while furthering their education, and operating flexible entry requirements to encourage greater participation. The benefits of Birkbeck's approach are manifold. With the majority of full-time and part-time students in employment, they already make an economic contribution to the UK. Not only is Birkbeck skilling students for the future but they are helping to pay for vital services. Graduates are also job-ready with the necessary level of experience and maturity (three fifths of undergraduates are over the age of 25) employers seek.

Birmingham Business School, the University of Birmingham

The Birmingham Business School online MBA is different to other MBAs. As the world's first wholly online program to be accredited by the Association of MBAs, it allows students the flexibility to fit study alongside work, with most other distance learning MBAs requiring students to balance a blend of online as well as campus delivery. At Birmingham, courses are delivered through the University's online learning platform and bring together top academics with the latest teaching methods, so students benefit from a world-class educational experience. The Birmingham MBA is offered in four variants: Online, Full-Time, or as a modular / part-time Executive variant in both UK and Singapore. The MBA portfolio is structured so that students have some mobility amongst the different methods of delivery (or location). The "One MBA" approach enables students to effectively combine their studies with their personal and professional lives – regardless of where they live in the world.

The Open University

For nearly 50 years, The Open University (OU) has worked in collaboration with employers to provide flexible, innovative and high-quality education to re-skill and up-skill the workforce. The OU uses distance learning technology and blended learning, underpinned by academic excellence and industry insight, to work in partnership with more than 1300 organisations. The flexible 'earn whilst you learn' model is offered across more than 600 short modules (hence better value for money), which can be adapted to fit organisational need. Due to the distance learning nature of OU study, its training solutions mean minimal disruption for the business and maximum productivity which is why 60% of all FSTE 100 companies sponsor staff on OU courses. 3 in 4 of all OU students are in work and employee learning can be applied to the workplace the next day. In addition, the OU's flexible model is scalable. It is the UK's largest university with 174,000 students and it can deliver university-level flexible skills training locally, nationally and internationally.