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Lambert review of Business-University
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Dear Mr Lambert

I am pleased to provide the written submission to the Lambert Review from the Sector Skills Development Agency

Our response has been informed by constituent Sectors Skills Councils. Because of their diverse nature SSSDA would not claim to represent their perspective except where we have used the term Skills for Business which is the combination of SSCs and SSSDA acting where there is no SSC. The Sector Skills Councils are by design strategic bodies owned by employers & licenced by the Secretary of State.

In addition to the submission I am also pleased to offer further help to you and your team from the Skills for Business Network. The Skills for Business Network currently covers something like half the UK work force in licensed SSCs, trailblazer SSCs and those in development. They are substantial and important and can be reviewed on our web site www.ssda.org.uk. Familiar names include SEMTA; e-skills; Skillset; SkillSmart. The list in due course will include Health and Justice Sectors.

We have a policy network that is drawn from the Policy Principals (Senior Manager or Director) of these strategic bodies. Between the network and SSSDA we offer unrivalled skills & policy intelligence based on current and emerging needs of the sectors. The policy network is currently engaged in producing influential responses to the HE White Papers, and the National Skills Strategy.

The Sector Skills Councils would encourage me to offer access of the review team to the network to allow you to test ideas & seek quick employer informed reaction to inform and influence your analysis.

I hope you find the submission of help. I shall be pleased to be contacted with regard to future follow up discussion, and will be even more pleased if you are able to take up my offer from the network!

Yours sincerely

Paul R Litchfield

Improving the relationship between Universities & Business

A response from the Sector Skills Development Agency to the Lambert Review of Business University Collaboration

Introduction

Thank you for giving the Sector Skills Development Agency (SSDA) the opportunity to reply to this review on behalf of Sector Skills Councils (SSCs) in the Skills for Business Network (SfB).

As the UK economy and the world economy become increasingly knowledge-based and competitive the raising of skill levels will become ever more important to the economic success of the United Kingdom. This exposes the particular importance of the tri-partite relationship between: the *employer demand* side for high level skills & knowledge in a rapidly changing labour market; the supply of new knowledge and skills typically associated with Higher Education; and, the *effective transfer & deployment* of such new skills and knowledge in work itself.

The Skills for Business Network

The Skills for Business Network comprises the SSDA and a network of SSCs licensed by the Secretary of State for Education and Skills. It has been created as part of a new government commitment to develop a demand led approach to skill development which develops a mutually reinforcing relationship between the demand for skills and their supply. The Skills for Business Network will be central to this change in policy approach, and to subsequent implementation.

The Importance of Skills

Before giving evidence to the review we would wish to re-emphasise that our rationale is based upon “the importance of skills”

Our Vision is for a workforce with world beating skills which enables the highest levels of business performance across all levels of the economy.

Our Mission is to develop and sustain an employer driven Skills for Business Network which will significantly contribute to a better system for work force development, the elimination of skills shortage, increased productivity, and create opportunities for everyone.

The raising of skills levels is a key part of the process of increasing UK economic performance and prosperity which whilst improving, remains below that in many other countries.

Skills are valuable:

- They make a difference to organisations' performance. Together with investment in physical capital, innovation, and technological progress they serve as a driver of productivity performance.
- The possession of skills makes a difference to the prosperity of individuals in the workforce. It increases their value in the labour market.

The demand for high level skills is a critical issue. Investment in skills is crucially linked to innovation and organisational flexibility. At least a third of organisations that experience skills shortages or skills gaps also report negative impacts on performance. The "skill intensity" of employer demand is rising, and nearly 80% of the new jobs that are likely to be created over the next 10 years will be at level iii or iv, with corporate managers, professionals and associate professionals demonstrating the greatest growth.

Demand Influence

Developing skills to meet the challenges of raising performance and productivity involves managing an agenda covering:

- the full range skills contexts including craft, intermediate manager, and generic skills including those concerning ICT;
- the varying skills needs at national, regional, local and sectoral levels;
- changing the participation rates in job related education and training;
- the need to secure employer commitment to driving the nature of the provision;
- developing employers' ability to deploy skills to best effect;
- re-balancing the linkage between economic, labour market and workforce development needs as a *key driver* of supply drive provision.

The White Paper "the Future of Higher Education"

The employers who own and lead the SSCs in the Skills for Business network are the major "employers" of skills and knowledge developed in HE. In developing the SFB response to the White Paper the "Future of Higher Education" these same employers have stressed unequivocally that they will:

- welcome attempts to secure a modern, diverse, inclusive, innovative, relevant and sustainable Higher Education approach to help public and private sector organisations to compete and prosper with the best;
- encourage HE to better engage with and respond to the demand side agenda articulated by SSCs and SFB;
- emphasise the informative and influential role that SSCs must have at regional and national levels.
- encourage HE and others to involve SSCs in strategic decisions because of the high quality understanding that SSCs will have of their labour market, and about the technical and economic changes facing the sector;
- be proactive in securing strategic demand side engagement in the development of the new knowledge exchanges and sector related Foundation degrees

The benefits of University – Business collaboration on skills

Economic.

A more successful collaboration between HE & Business should lead to a better flow of skills into work, and subsequent better management and maintenance of UK skill levels there by reducing skills gaps and shortages.

This can lead in turn to better funding of HE through a virtual circle which systemically increases the output per worker in the employed work force; increases the number of economically active people in the workforce; and through this the sustainable rate of growth of GDP.

Key message Better collaboration with business on skills should increase the attractiveness of HE & HE skills as a place for employers to invest.

Skills

HE and Business can work together to improve initial skills supply by:

- Increasing demand side influence in managing the planning and funding of FE and HE;
- helping young people and adults make more informed career & personal development choices;
- creating innovative, and attractive approaches to make the prospect of undertaking higher education more attractive to the talented and best from all backgrounds
- developing more inclusive approaches to foster cross sector and generic skills,
- supporting the development and changing requirement to improve productivity of sector workforces; and,
- acting to address equal opportunities and the skills needs of sustainable development.

Closer working will also have benefits for the supply and relevance of qualifications and the adoption of credit recognition processes. Skills for Business anticipates work to foster a better correlation between continuing professional development, national occupational standards, & vocational qualification frameworks.

We also see the value of securing a better correlation between University research and innovation, and, skills deployment & the design of foundation degrees. This will increase the currency of provision, speed up technology transfer, and increase the immediate relevance of skills developed to work.

Key messages. Employers are formulating a more powerful voice. Through the Skills for Business Network they are saying they want HE providers in Universities and elsewhere to:

- embrace flexibility and loosen the current rigidities between levels, institutions, academic & vocational qualifications, and learning approaches especially work based learning;
- give greater emphasis to the qualities that develop the employability of HE student outputs. Qualified people emerging from higher education must be able to apply their skills and knowledge in a practical work environment;
- make better arrangements to foster access, and progression as a basis for lifelong learning in all sectors;
- achieve “dynamic” stability. Universities, HE in general and qualification structures have to simultaneously achieve balance and change if they are to maintain employer support in developing the UK work force.

Enterprise & Innovation

We believe the benefits of HE and Business working together are immense. New, small and medium size enterprises are frequently the catalyst and centre of innovation in the UK. Although a significant number of new enterprises do emerge from University based research e.g. in science, IT and new technology they are by no means the majority.

SSDA believe that it is important for HE & Sector Skills Councils to foster sector and local innovation and enterprise breakthroughs by ensuring that there is local support to enable both enterprise development & the deployment of technical skills and knowledge.

Key messages

A successful sector requires a dynamic, innovative and creative culture. HE and Universities can help develop these for sectors by:

- increasing the employability skills of researchers;
- working with Sectors to establish centres of “vocational skills & performance excellence” to give a skills & productivity imperative to complement New Technology Institutes; Regional Centres of Manufacturing Excellence
- fostering a greater interchange of knowledge and skills in sector and local communities through working with Sector Skills Councils to promote secondment, partnership, Teaching Company Schemes, knowledge exchanges and research “spin out” companies.

Competition & Investment

Greater collaboration will also benefit the UK and employers in a similar way to that envisaged by Rosabeth Moss Kanter in “World Class.” Developing successful, competitive sectors and local business communities that attract investment requires more than just a core competence. Success in a global economy needs “world class” connectivity, local & international communications;

access to innovations and adaptability; and the ability to grow markets, not just market share.

Key message. In this context the development of collaborative business links between University & Business is more likely to be fostered at an institutional rather than departmental or faculty level.

The Barriers to University – Business Collaboration on Skills

Developing better collaboration between business & universities is a continuous improvement task with no single, optimal outcome. It is to quote Deming “ a journey with no end!”

It follows that it is easier to say that the key enabler for better university – business collaboration is a passion & commitment to meeting the mutual needs of collaborating partners. Behind this are a number of critical success factors:

- **a clear purpose.** In setting up the Skills for Business Network SSDA & SSCs need to work with a range of partners. Each relationship is predicated on a clear agreement. The process of reaching agreement has enabled us and strategic partners to clarify assumptions, ways of working, and establish clear expectations.
- **A forward view.** Short term profit is not the best basis for sustainable University & Business Collaboration.
- **A common set of values.** This is paramount in the current skills context. Better collaboration is for example likely to emerge in HE contexts where:
 - HE notions about what produces a “quality graduate” are aligned with employer expectations about what is a “quality graduate”; and.
 - Vocation & business are given similar regard to things “academic”
- **A bias to act.** Business and employers expect to see action and movement in the short term in spite of the need for the collaborative relationship to focus on the longer horizon
- **A broad focus.** Employers and SSCs are increasingly beginning to expect that providers will take a more inclusive perspective that deals with the broad sectoral view; the increasing cross sector nature of work; the disproportionate importance of new technologies & the crucial importance of small and medium size enterprises.

The Opportunities for Greater Collaboration

As the section on the benefits of greater collaboration between business and universities has highlighted a number of areas of opportunity. We will concentrate on three themes only in this final section.

The expansion of HE

There is a clear common interest in expanding HE to meet sector/ business needs. Because of this, and the government commitment to expansion of higher education there are opportunities to work with employers to identify the need for, and subsequently develop *flexible* work focused programmes based on vocational sub degrees.

These could include developing:

- flexible e-enabled, credit based learning mechanisms in a continuum from particles and granules of learning through to post graduate qualification;
- arrangements and mechanisms to guide, market and influence young people into sector based & generic advanced modern apprenticeship and foundation degree provision;
- mechanisms that draw older people already in the workforce into the scope of government targets for expanding higher education, and increasing work force capability

Developing Sectors of Excellence

The creation of successful sectors requires more than rectification of a perceived market failure between skills supply and demand.

There is scope for Universities to work with Sector Stakeholders including SSCs on the key drivers other than skills that make a successful sector. Those drivers are innovation, competition, investment & enterprise.

There is also potential opportunity to work with SSCs to identify the need and subsequent action to;

- develop HE Sector Centres of Vocational Excellence using Foundation Degrees, and Progression Pathways. These might emphasise: credit, learning through work itself, & just in time delivery
- increase the employability of products of HE courses by “hall marking” the employability component of provision as relevant to sector business needs;

Regional & Local Dimension

Universities, employers and Sector Skills councils should be key strategic players in regions and cities.

- If the potential of excellent LMI understanding, excellence in teaching, and excellence in research, and local control over funding is to be realised there is a need to work together strategically to:
 - Support RDA and FRESAs;
 - Support inward investment strategies in cities;
 - Build local business communities
- There is increasing likelihood that Business Sectors, Universities & FE will need to work together to deliver regional and city focused centres of

excellence; and knowledge exchanges, and to diversifying access mechanisms & the knowledge base for those creating corporate academies & universities like those planned in the NHS and Ceramics sector .

Conclusion

We are pleased to be able to respond to this review as we believe that answering question “***how can universities best serve the needs of employers in public, private and social sectors***” is central to securing a prosperous, fair, inclusive and sustainable future.

In creating Skills for Business and the Productivity Agenda the government has given employers a precious responsibility. SSDA & Skills for Business believe that employers (including universities); the workforce; and the government should be key partners in creating that future and that it is vital to integrate the sector perspective owned by SSCs into key decisions, especially those that influence the creation of a genuine lifelong learning culture.