

THE ECONOMIC CASE FOR FLEXIBLE LEARNING – JOINT STATEMENT BY THE CBI AND UNIVERSITIES UK

As the UK's economy grows, in the context of global change, the needs of employers, employees and learners will also change. There is a strong economic imperative to improve flexible learning opportunities¹ to improve the life chances and employment outcomes of those wishing to change or improve their careers, as well as increasing productivity of businesses through addressing skills shortages and upskilling existing employees.

Working with our respective memberships, Universities UK (UUK) and the Confederation of British Industry (CBI) have gathered and reviewed evidence on the economic case for flexible learning, identifying the following issues relating to increasing flexible learning opportunities:

- While there are many good examples of employers working with universities to upskill staff, employers who do not have existing relationships with universities find it difficult to begin engagement.
- Employers are placing a greater emphasis on addressing future skills gaps through recruitment rather than upskilling, driven by concern over future access to skilled migrants, an ageing workforce, and operation of the Apprenticeship Levy.
- Where employers do look to upskill existing staff, there are concerns on working with universities related to the length of available courses, with cost a further consideration.
- Universities face challenges in determining employer demand for flexible learning, due to employer needs often changing rapidly; scepticism from employers over the value of some courses; and the extent of support given to employees to pursue flexible study. This makes it difficult to commit to investment over the longer term to scale up flexible learning opportunities.

¹ UUK, 2018, The economic case for flexible learning – main findings and recommendations

RECOMMENDATIONS

Together, the CBI and UUK support the following recommendations to address these issues, to grow the availability of flexible learning opportunities, and unlock economic potential.

1. The Apprenticeship Levy needs to better support flexible learning

Higher and degree apprenticeships are a relatively new form of flexible learning. Evidence from our project shows employers are using them to play a more active role in the education of learners. At least 60 universities in England are implementing (or planning to implement) degree apprenticeships in 2017-18. However, growth is limited by difficulties in accessing levy funding, including the lengthy process by which standards are approved and in agreeing sustainable levels of funding.

Therefore, we want to see tangible short-term changes to the levy, combined with a long-term discussion on greater flexibility post-2020.

To their credit the Government is listening and the Chancellor's recently announced reforms to increase flexibility within the operation of the Levy is welcome. But we need the up-coming Budget to go further, including more detail on the promised full review of the levy and how non-levy payers can be better supported. We propose that, as far as possible, government ensures the Institute for Apprenticeships has the capacity to accelerate the process of approving apprenticeship standards, including higher and degree apprenticeships, while making the process much more transparent to employers and apprenticeship providers, including universities. In addition, we also recommend that, to support non-levy payers and SMEs, government should reduce the non-levy payer co-investment from 10% to 5%.

In the long-term, we propose that the government sets out a roadmap on how the levy could be reformed into a more flexible 'skills levy', covering a wider range of high-quality flexible learning and training that helps to address skills shortages and gaps. The government's full review of the levy must achieve this.

2. The post-18 education system must move towards providing more flexible course options and shorter courses

Evidence from our project shows a clear demand from learners and employers for more flexible, and particularly for employers, shorter courses. Evidence from institutions on shifting towards a system of funding by module was mixed. Though most agreed that in the long-term such a system was preferable, there were concerns that imposing such a significant change in the short-term could be destabilising to both students and institutions alike.

Therefore, we propose that government and higher education providers work together to consider how a modular or credits-based system for undergraduate study could increase flexibility in the long term, with regard to the funding and regulatory environment, and meeting the needs of employers.

This could support learners in switching between different types of learning and routes to progression as their needs change over their lifetime. As a result, learners could access multiple learning units over their lifetime to build up to a full qualification, progress to higher levels of study, and credits could be transferred and accumulated. The level of granularity would meet the needs of learners and employers while being feasible for, and protecting the autonomy of, providers.

Consideration needs to be given to how learners, especially those from disadvantaged backgrounds, could be supported through a modular funding system, covering both tuition fees and living costs, to undertake study over their lives with the aim of equity of support with full-time students.

3. Government, education institutions, and employers must work together to help learners progress from levels 2 and 3 study into levels 4, 5 and beyond

Evidence from our project, and interim evidence from the government's review of level 4 and 5 education, shows employers value and place a significant emphasis on level 4 and 5 education delivered through higher education qualifications below degree level.

The government's evidence stated that the reasons for a lack of demand from learners to study level 4 and 5 are not altogether clear. Our project shows that a significant proportion of potential part-time learners that planned to study at level 4 or 5, many aged 25-44 and working full-time, were put off by the cost of provision, inability to meet living costs, or course options not being sufficiently flexible.

There is a strong case for greater support for employees wishing to progress into level 4 and 5 and provide a clear pathway into higher levels should they wish to progress further. This could be achieved through government supporting collaborative activity between employers, higher and further education, targeted at sectors in need of level 4 and 5 skills. Universities UK has recently published a report 'Routes to high-level skills' which looks at how partnerships between higher and further education meet the needs of the economy.

Collaborative activity could include developing and providing flexible courses at levels 4 and 5 to meet the needs of learners and employers, backed and co-designed with employers. This approach could help to build long-lasting partnerships between higher and further education institutions and employers, while stimulating learner demand for level 4 and 5 skills. It could also be linked to other government industrial strategy-related

initiatives, including sector deals, the National Retraining Partnership, Local Enterprise Partnerships, and Metro-Mayors.

Support from government could take the form of changing the regulatory environment to support collaborative activity; funding new partnerships and collaborations; and/or facilitating sharing of business sector-wide information between employers, higher and further education institutions on the need for level 4 and 5 skills.