

# THE ECONOMIC CASE FOR FLEXIBLE LEARNING

## MAIN FINDINGS AND POLICY RECOMMENDATIONS

### INTRODUCTION

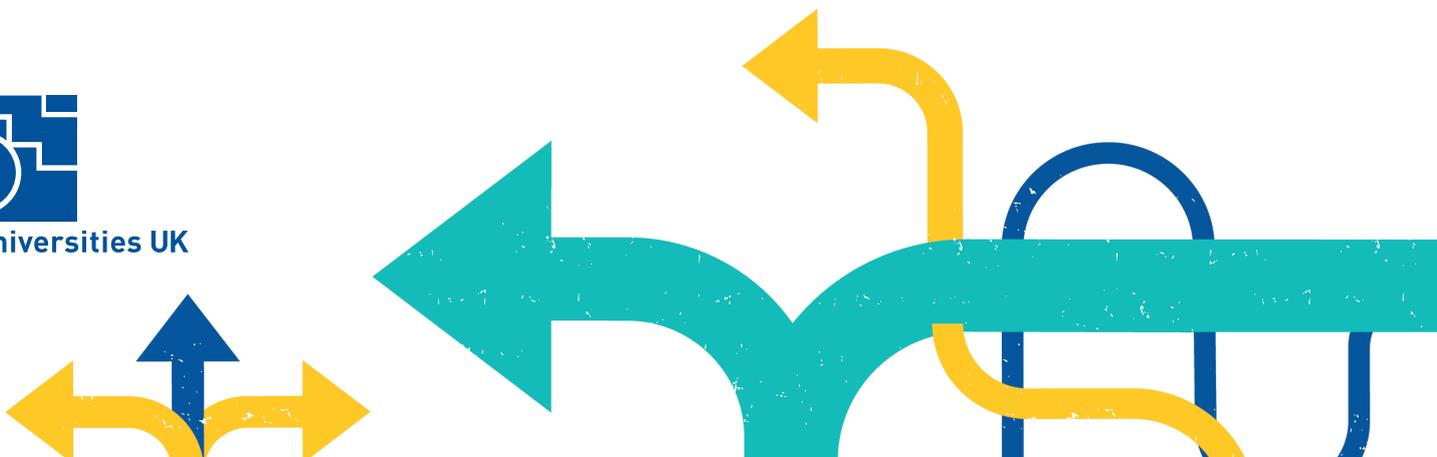
As the UK's economy grows, in the context of global change, the needs of employers, employees and learners will also change. For the UK to prosper economically, compete internationally, and reduce economic disparities, the UK's skills base will need to be responsive and meet these changing needs. More flexible learning approaches have the potential to help address current and future skills shortages and/or mismatches.

In December 2017, Universities UK commenced work on a project to examine how the UK's productivity could be improved through greater flexible learning opportunities in higher education. The project would identify the main issues, covering perspectives from learners, providers and employers, and develop policy recommendations.

This briefing sets out the main findings of the project, and the policy recommendations. Evidence on the employer perspective was produced in partnership with the Confederation of British Industry (CBI). An advisory group of Vice-Chancellors, led by Professor Julie Lydon, Vice Chancellor of the University of South Wales, has provided evidence and views to shape the project. The members of the advisory group are:

- Professor Liz Barnes, Staffordshire University
- Professor Chris Day, Newcastle University
- Professor Jenny Higham, St Georges, University of London
- Professor Debra Humphris, University of Brighton
- Professor Mary Kellett, The Open University
- Professor David Latchman, Birkbeck, University of London
- Professor Kathryn Mitchell, University of Derby
- Professor Craig Mahoney, University of the West of Scotland
- Professor David Phoenix, London South Bank University

Guild HE and the Association of Colleges were observers on the advisory group. The project's scope covers taught provision only, including levels 4 and 5 and upwards, and considered provision outside of the three-year, full-time model across different intensities of study (from two-year degrees to part-time study). The focus was on the student funding system in England and therefore the policy recommendations relate to England only. Examples of best practice with UK-wide relevance have been included in the evidence from providers wherever possible.



## EVIDENCE FROM LEARNERS, PROVIDERS AND EMPLOYERS

The project has considered evidence from three main perspectives:

### THE LEARNER PERSPECTIVE

A report 'Lost learners' by Portland Consulting surveyed the views of 835 adults who considered part-time study since 2010 but decided not to enrol or complete their studies. Their report covers the characteristics of this group (age, intended qualification, reason for considering part-time study), why they did not pursue or complete part-time study, and their career outcomes following their decision.

### THE PROVIDER PERSPECTIVE

Evidence was gathered from advisory group members (including observers GuildHE and the Association of Colleges), the wider UUK membership and from a public call for evidence. This evidence, alongside analysis of the most up to date data sources, is summarised in the briefing [Flexible learning in the UK: the current state of play in higher education](#), which outlines how flexible current provision is, covering both pace of study and different ways of learning, across higher education, further education and alternative providers. Challenges and opportunities faced by higher education institutions in delivering and developing flexible learning opportunities are highlighted.

### THE EMPLOYER PERSPECTIVE

Views from employers were primarily sought through the CBI's trade associations, supplemented with views from various CBI boards and councils, and some additional employer interviews. Responses represent the views of around 5,500 different organisations across different industries, from manufacturing and engineering through to the creative and digital sectors. These views are summarised in the briefing [Skills needs in England – the employer perspective](#). A joint UUK and CBI roundtable between advisory group members and employers was held to discuss policy recommendations.

## MAIN FINDINGS FROM THE EVIDENCE

### *The learner perspective – Lost learners*

- There are significant lost opportunities to the career development of learners from not being able to study alongside their other life commitments. Nearly two-thirds of those who considered part-time study, but ultimately did not complete their studies, were motivated to change or develop their careers (43% and 23% respectively).
- Lost learners are most likely to be aged between 25–44 years of age (55% of the sample), hold a level 2 or 3 qualification as their highest qualification (48%), and to be in full-time work (54%).
- Since choosing not to enrol or complete their studies, most lost learners have not improved their careers. Very few chose to study full-time instead. Three quarters did not change their job position, and a quarter moved up one income bracket. Two thirds of lost learners have a household income of under £35,000 p.a.
- The top three reasons for not choosing to enrol in part-time study were not being able to afford tuition fees (44%), not being able to afford the cost of living while studying (42%) and the course not being flexible enough to fit alongside other life commitments (26%). A lack of flexibility was given as the main reason for dropping out of part-time study (33%).
- Other factors cited for not choosing to enrol in part-time study were changes in personal circumstances (22%), lack of clarity on benefits outweighing costs of study (19%), lack of employer flexibility (9%) and lack of employer financial support (8%).
- When asked what changes would encourage them to study in the future, reduced tuition fees, improved course and employer flexibility and more funding for living costs were of greatest importance to those wishing to change or develop their careers.

## *The provider perspective – Flexible learning in the UK* *– the current state of play*

- Many higher education institutions are developing more flexible ways of learning. However, there are significant barriers to making provision even more flexible. The regulatory environment does not support flexible learners. There is also a need for significant investment and funding to change IT systems and other infrastructure, retrain staff and change processes internally, and to develop different support systems for those learning more flexibly.
- The uncertainty of future demand for flexible courses makes it difficult for institutions to commit to larger-scale delivery of more flexible courses. Changes to the funding system (for example, towards a modular-based system) could help in the longer-term but in the shorter term could lead to increased complexity and uncertainty for students and institutions.
- Employer demand and perceptions of flexible learning were also cited as a barrier, including scepticism from some employers over the value of some online courses, the extent of support given to employees to pursue flexible study or upskill, and compatibility of IT infrastructure for the delivery of courses. More could potentially be done to help employers understand how their skills needs can be met through higher and further education provision.

## *The employer perspective – Skills needs in England* *– the employer perspective*

- Businesses are reporting current skills shortages across all levels, from level 2 all the way to level 8, with the biggest concern on a lack of level 3 qualifications. A lack of people qualified at level 4 and 5 was frequently cited as a major concern for meeting future skills needs.
- Businesses tend to be placing greater emphasis on addressing future shortages of highly educated people through recruitment whilst meeting current needs through upskilling staff.
- Where employers do look to retrain or upskill existing staff, there are barriers to working with universities which mainly relate to the length of courses, with cost a secondary consideration. Firms tended to reference external training providers, not universities, when asked about upskilling and retraining.

## POLICY RECOMMENDATIONS

The findings from the evidence show there is a strong economic imperative to improve flexible learning. There is significant potential to:

- improve the life chances and employment outcomes of those who hold level 2/3 qualifications, wish to undertake further study later in life while working full-time, in order to change or improve their careers.
- increase productivity in businesses through addressing skills shortages and greater use of upskilling.

However, the barriers to more flexible learning identified include:

- the regulatory and funding system are not designed to promote more flexible ways of learning, particularly in relation to shorter courses and less intensive learning, and undertaking further study at older ages.
- the extent of investment that is needed to scale up more flexible provision in institutions combined with uncertainties in projecting future demand for more flexible ways of learning.
- the emphasis from employers in addressing future skills shortages is through recruitment rather than through upskilling, and where upskilling of staff is favoured shorter courses are required.

The CBI and UUK have published a joint statement with the following policy recommendations to address these barriers:

- **The apprenticeship levy needs to better support flexible learning.** Government should:
  - ensure 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
  - reduce the non-levy payer co-investment from 10% to 5%
  - set out a roadmap on how the levy could be reformed into a more flexible 'skills levy.'
- **The post-18 education system must move towards providing more flexible course options and shorter courses.** Government and higher education providers should work together to consider how a modular or credits-based system for undergraduate study could increase flexibility in the long term.
- **Government, education institutions and employers must work together to help learners progress from levels 2 and 3 study into levels 4, 5 and beyond.** Government should support collaborative activity targeted at sectors in need of level 4 and 5 skills, through changes in the regulatory environment, funding new partnerships and collaborations and/or facilitating sharing of information on the need for level 4 and 5 skills.

While in the longer-term, the post-18 education system should move to a modular or credits-based system, we must also ensure higher education institutions can deliver more flexible options as soon as possible. Evidence from our project suggests that while institutions are developing innovative and more flexible methods of course delivery there is a limit on the extent they can test the market and/or roll these out due to financial constraints.

Therefore, Universities UK recommends **greater government support being given to higher education institutions wishing to innovate, scale up activity or further develop systems for flexible learning** in order to overcome financial barriers and future uncertainties relating to these activities. This could be through targeted funding by government. Targeted funding could help institutions achieve greater clarity on the extent of market demand and how best to tailor their courses to meet the needs of students, so that over time more flexible courses become a central part of the institution's offer.

