



LONDONHIGHER
Promoting and Advocating London's Higher Education

Highly Skilled London

**Research Report 3: A strategy for increasing
higher education's provision of skills to
London's workforce**

Final Report

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1. The case for a London intervention strategy

Higher level skills – the skills associated with higher education – benefit the individuals who achieve them, the businesses they work in and the UK economy as a whole. They facilitate innovation, prosperity, regeneration and drive forward the competitive position of the UK.

This strategy aims to increase the volume and value of higher level skills training and development contracts that London's Higher Education Institutions have with employers, leading to greater competition in the market, with potential price and quality benefits for businesses.

1.1 The UK economy

The Leitch Review of Skills (2006) highlighted the need to increase the percentage of the UK workforce with Higher Level Skills (HLS) if the UK is to compete effectively in the global economy, particularly as competition grows from emerging economies such as India and China. Most notably, Leitch stated that the growth of skills at Level 4 and meeting the skills needs of employers could only be achieved through rebalancing higher education (HE) priorities to become more flexible and responsive to the needs of business. Leitch identified that over 70% of the UK's 2020 workforce have already completed their compulsory education and called for an increase in the number of adults qualified to Level 4 and above from 29% in 2005 to 40% by 2020.

1.2 Businesses

Historically, higher education institutions (HEIs) have not played a significant role in up-skilling individuals already in work. The private sector currently captures the vast majority of the expenditure by businesses on training and workforce development, though even this is dwarfed by the internal costs incurred by firms in providing training for their staff. As is the case for the competitiveness of the UK economy as a whole, individual businesses will require increasing levels of skills within their organisations to compete internationally. Additionally, using HEIs as one source enables business to access an untapped resource and take advantage of the expertise that exists within HEIs. Furthermore an increase in suppliers in the training and development market should drive higher quality provision and lower prices.

1.3 HEIs

HEIs already provide invaluable support to businesses through research, innovation and knowledge exchange as well as by supplying skilled graduates and postgraduates. HEIs have an opportunity to extend this support to the provision of HLS learning for those already in the workforce. The benefits to HEIs are clear: increased transactions with businesses will enable HEIs to diversify their income

streams and credible links with business can have a positive effect on the reputation of the institution as its expertise is promoted. Furthermore, a greater knowledge of business will enable academics to have a deeper understanding of the skills that undergraduates and postgraduates will need on entering the world of work and establishing links to businesses may improve an institution's success at attracting high quality students.

1.4 London

London is different from the rest of the UK. It is a global city and competes in the global market. Its high value industries, such as the financial and business services cluster, are outstanding, as is its role in the political and Government arena. The London HE sector therefore presents a different set of challenges from other parts of the country. Its HE sector shares the national agenda of closer working with business and of developing a more demand-led provision but, in this regard, employers are well placed to attract graduates from elsewhere in the country and abroad and, with some exceptions, do not face the same pattern of skills shortages. Consequently, there will inevitably be competition in the supply of graduates to the London market that is not restricted to London-based institutions, but encompasses HEIs nationally and internationally.

However there is a large potential market for employer-led skills development and scope for the HE sector to expand in this area. HEIs in London may need to adopt different market entry strategies from their counterparts elsewhere in the country, differentiating themselves on quality and value (compared to in-house/private provision) rather than meeting an incipient demand.

1.5 A successful strategy

The proposed strategy will:

- support HEIs in addressing the challenges they face in capturing a larger share of the current market for HLS
- help grow that market by demonstrating the value to employers of HLS
- help to stimulate businesses into wanting to work with London's HEIs.

Our research for the demand side indicated that the market for HLS in London is estimated to be £2.3 billion (the report can be downloaded from www.londonhigher.ac.uk/publications.html). London HEIs' income from HLS training to employers is estimated to be, very approximately, £64 million, with one institution accounting for the vast majority (44%) of this. If the remaining £36 million is used as a base point then London's HEIs have less than a 2% share of the current market. The success of this strategy will be measured by the number of transactions and the value of contracts received by HEIs as providers of HLS training to employers and an overall sustained increase in the training and development market being captured by HEIs. Although the strategy is aimed at London's HEIs it is recognised that they should and will aim to access more than the London training and development market.

1.6 Signposting

This report is set out as follows:

Chapter reference	Contents
2	Executive summary
3	The current landscape that the strategy must work with
4	Functions of the London Higher Business Development Unit
5	The outcomes of the strategy
6	The delivery of the strategy and how it will be governed
7	The costs of the strategy and how it will be funded
Appendix 1	The barriers that prevent HEIs from providing HLS to employers
Appendix 2	Drivers for intervention and themes for the intervention strategy
Appendix 3	The benefits, impacts and risks of the strategy
Appendix 4	Membership of the London Higher Skills Board (LHSB). The LHSB has overseen this project. The LHSB brings together senior business people, heads of London HEIs, and representatives from the Sector Skills Councils, Lifelong Learning Networks and the project partners.

2. Executive summary

2.1 Overview of the strategy

This research report (funded by the Higher Education Funding Council for England (HEFCE)) sets out a strategy to enable London's HEIs to capture an increased share of the HLS training and development market, to increase that market and to improve the quality and quantity of transactions within that market between HEIs and employers. The ultimate aim of the strategy is to increase the number of the workforce with HLS. The overarching element of the strategy is to provide a structural intervention: the London Higher Business Development Unit (LHBDU). The functions of the LHBDU are:

A) **identification and understanding of the market:**

- identification of supply – understanding which HEIs supply the professional development market, and identifying those HEIs who want to participate in the LHBDU and understand their current market offering, including an employer facing website to promote the registered HEIs and signpost employers to named points of contact
- identification of demand – understanding the demands of London's business sectors, identifying market gaps and identifying early adopters willing to engage with HEIs through the LHBDU

B) marketing activities – to provide a consistent message about the benefits of HEI provision and long-term marketing support for HEIs

C) provision of employer engagement information and guidance to HEIs to assist in delivery

D) facilitating collaboration to support HEIs in enhancing their offering to employers: the LHBDU will facilitate collaborative working between HEIs with other HEIs, further education colleges (FECs), Lifelong Learning Networks (LLNs) and commercial providers as well as collaborative ventures with employers or groups of employers

E) source and disseminate examples of good practice, to ensure that lessons are learned and that success stories are shared with employers and HEIs to encourage participation in the market.

The LHBDU will operate in a highly complex landscape, with a number of national and regional initiatives, sectoral and regional priorities. It will play a crucial role in co-ordinating London's HEI links with businesses and HEI links with the public sector. It will need to ensure that appropriate attention is focused on HLS development.

The overall outcome of the strategy is to:

Increase the quality and quantity of transactions between HEIs and employers thereby increasing the number of the workforce with HLS.

2.2 Delivery and governance of the strategy

London Higher, as the representative umbrella organisation for HEIs in London, is the natural host of the LHBDU. It is anticipated that the LHBDU will recruit a dedicated project team (with the number of staff rising from one in the set up phase to four by the delivery stage).

Two distinct groups will provide the strategic and operational governance of the LHBDU:

- A Strategy and Policy Board will provide the strategic direction for the LHBDU, ensuring that the views of stakeholders are represented and that the governance has a clear business focus. A key role of the Strategy and Policy Board will be to ensure that the work of the LHBDU fits strategically with other initiatives and continues to provide an effective service for both HEIs and employers. It is therefore anticipated that a member of the Strategy and Policy Board will also sit on the London Skills and Employment Board (LSEB).
- A smaller Executive Group will be responsible for the monitoring and operational management of the LHBDU and will monitor the key performance indicators and delivery targets.

The Executive Group will in effect be a committee of the Strategy and Policy Board which in turn will be accountable to the London Higher Board. The latter will be answerable to funders.

2.3 Outcomes

The success of the LHBDU will be measured principally by the value and number of training and development contracts London's HEIs attract from employers. These metrics would be developed into Key Performance Indicators (KPIs), to be agreed by the Strategy and Policy Board and funding partner(s).

The KPIs used must be able to be clearly attributed to the LHBDU and must be measurable. One concern is the ability of London's HEIs to measure the monetary value of the HLS courses delivered to employers¹. Therefore it is recommended that the LHBDU works with HEFCE and the Department for Innovation, Universities and Skills (DIUS) to establish a reliable monitoring function (potentially via the Higher Education-Business and Community Interaction Survey²) to establish and track this data.

While the KPIs for the LHBDU will need to be developed and agreed by the Strategy and Policy Board, illustrative major KPIs could, for example, be:

¹ Many of the HEIs surveyed for the supply side research (which can be downloaded from www.londonhigher.ac.uk/publications.html) reported difficulty in supplying this information or were not able to supply it.

² The Higher Education-Business and Community Interaction Survey provides the most detailed and up-to-date information on London HEIs' third stream funding received from Continual Professional Development and Continuing Education.

- a measurable³ year-on-year increase in the value of training and development contracts (attributable to the LHBDU⁴) delivered by London's HEIs
- a measurable year-on-year increase in the number of training and development contracts (attributable to the LHBDU) delivered by London's HEIs.

These will be accompanied by additional minor KPIs. For example, these could relate to the number of hits on the website and the number and type of collaborative ventures achieved.

2.4 Cost and funding

The total estimated cost of implementing the strategy is £2.2 million over the academic years 2009/2010 to 2013/2014. The majority of this (£1.5 million) is for the set-up and delivery of the LHBDU. Given the vast and complex landscape that the LHBDU will operate in, the estimated funding required is modest.

The sources from which funding will be sought for years one to six are as follows:

- In years one and two funds will be sought for the majority of the costs. Funding submissions will be made to the London Development Agency (LDA), Sector Skills Councils (SSCs), and in particular HEFCE. A small proportion of funding will initially be sought from the private sector relating to 'in-kind' funding (eg the funding of secondments and events), with a small contribution sought from HEIs.
- From year two of operation the LHBDU will see a reduction in grant funding, an increase in income streams relating to HEI subscriptions and commission on contracts sourced through the LHBDU and an increase in funds from the private sector through in-kind funding.
- By year five of operation the impact and effectiveness will be reviewed and a decision made on whether the project should continue and the level of future grant funding required.
- The LHBDU will work to achieving a substantially self-funded programme by year seven.

The proposed funding sources ensure that the LHBDU will achieve early buy-in from HEIs, which will be critical to success. The sustainability of the LHBDU will only be possible if it continues to provide value to London's HEIs, which will therefore decide whether the LHBDU is an appropriate use of funding. The success of the LHBDU may mean it will be required to be in existence for a fixed term period only.

³ For illustration, the year on year increase might be in the region of 15% - 20%.

⁴ So that the additional impact of the LHBDU can be assessed.

3. The current landscape

The strategy is based on leveraging the existing assets and strengths of London's HEIs and complementing the existing landscape.

3.1 Strengths of the London HEIs

The key strengths of London's HEIs revolve around the quality and diversity of the London HE group, which provides a strong foundation on which to build a strategy. The scale and diversity of the HE sector in London is unparalleled anywhere else in the UK. The 40 plus HEIs form a world class cluster and providing HLS to the workforce is a high priority for many of them. Around 20 FECs also provide HE in the London region. In addition London has an unrivalled offering of specialist, one-faculty institutions, which can be appealing to employers and enables the supply of bespoke provision not possible in other cities. Furthermore, for many of London's HEIs, there is strong enthusiasm for working closely with employers and there are examples of HEIs working proactively with employers to deliver HLS provision.

3.2 Barriers to engagement

There are several key barriers that prevent HEIs engaging with business in HLS provision. Cultural differences play a large part, as institutions and employers often find it challenging to engage with one another. In addition, HEIs are not traditionally set up to deliver the type of provision demanded by employers, which differs significantly from the provision demanded from the undergraduate / postgraduate market. Currently, there is little financial or other incentive to drive culture change from the top and workforce development from the bottom. Delivering HLS provision to the workforce is seen as a high risk investment, as the demand can be uncertain and the costs high compared with the more traditional undergraduate/postgraduate market. The barriers are discussed in more detail in Appendix 1.

3.3 Current landscape

Skills development is currently high on the Government's policy agenda. A successful strategy in London will need to work alongside a number of national and regional initiatives to capitalise on existing work and good practice. Specifically the strategy will work alongside:

- **The DIUS high level skills strategy - Higher Education at Work – High Skills: High Value:** The strategy was launched on 14 April 2008 and is a consultation document which runs until 7 July 2008. The consultation contains critically important policy statements and these have been considered with regard to this strategy, so that the strategies complement each other rather than conflict or overlap.

- **The LSEB's strategy:** The draft strategy was published in October 2007, and was open for consultation until January 21 2008. The draft strategy focuses on changing the public sector offer around skills and employment and includes plans for a major skills campaign and a careers and advice service. It also proposes to create a London Skills observatory to share data and labour market intelligence, a new London Employer Programme to promote the business benefits of workforce development and a new brokerage system for the largest 1,200 employers. The LHBDU will work closely with the LSEB so that the work of the LHBDU complements the LSEB's strategy.
- **The Higher Education Innovation Fund (HEIF):** Research, innovation and knowledge transfer from HEIs to businesses receives financial support through the HEIF mechanism. HEIF is a collaborative venture between HEFCE and DIUS. HEIF was established to promote the transfer of knowledge from HEIs to business, public sector and community partners within England to achieve direct or indirect economic benefits. The fund is now regarded as the core means by which knowledge transfer is supported within the English HE sector. There have been four rounds of funding since 2001 totalling over £570 million of investment.
- **HEFCE HLS Regional Pathfinders:** HEFCE have established three regional HLS pathfinders based in the north-west, the north-east and the south-west of England. The core aim of the pathfinders is to develop capacity within HEIs and to raise awareness and promote HE. Each initiative is being led by the representative Higher Education Regional Association. The pathfinders are funded through the HEFCE Strategic Development Fund (SDF).
- **Employer Engagement Pilot Projects:** In addition to the pathfinders, employer engagement pilot projects are also being funded by the SDF and HEFCE have to date awarded over £48 million of SDF to support employer engagement projects. These are occurring at individual HEIs as well as at a national level. These are being monitored by the HE Academy via the 'Exchange Group' with whom the LHBDU will develop a link in order to share good practice.
- **National Skills Academies:** Academies provide the opportunity for employers to influence directly and drive the skills provision within their sector, through the provision of both further and higher education. The Government aims to have eight academies in place by the end of 2008.
- **Sector Skills Councils:** SSCs are state-sponsored, employer-led organisations that cover specific economic sectors in the UK. There are currently 25. Their aims are to reduce skills gaps and shortages, to improve productivity, to boost the skills of their sector workforces and to improve the learning supply. Some of the SSCs carry out activities relevant to the strategy eg facilitating secondments. Therefore the strategy will work closely with SSCs throughout its development and delivery to ensure that activities complement each other.
- **Train to Gain:** Train to Gain offers a bespoke skills brokerage service to enable employers to identify and meet their skills needs. Employers work with Train to Gain brokers to identify the skills needs of businesses, identify the appropriate training, develop and agree a tailored training package and find available funding. The scheme was first established by the Learning and Skills Council (LSC) with Employer Training Pilots aimed at Level 2, but the initiative has been re-branded, has extended its coverage to Level 3 and is being rolled out nationally in a phased approach. Most recently the DIUS HLS strategy states that:

"We will ensure there is an effective brokerage service for higher level skills...HEFCE will fund a national clearing house service for Train to Gain brokers that provides a single and reliable point of access connecting them with a named co-ordinator in each HEI."⁵

- **UK Universities Continuing Professional Development Network / The Training Gateway:** This network has been awarded SDF funding from HEFCE. The Network aims to provide "a one-stop-shop for organisations and individuals wishing to source quality education and training from UK Universities to meet business needs". This strategy will work closely with the Network throughout its development.
- **HE@Work:** This is a consultancy partnership formed between the Edge Foundation and the University Vocational Awards Council (UVAC) that specialises in working with large companies to engage with HEIs to make workplace learning count as a recognised qualification.
- **Foundation Degree Forward (fdf):** *fdf* is a national body that supports the development and validation of high quality Foundation degrees. It is funded by HEFCE to support employer engagement across HE programmes generally and in relation to Foundation degrees specifically.
- **Lifelong Learning Networks (LLNs):** LLNs work to improve the coherence, clarity and certainty of progression opportunities for vocational learners into and through HE. The Networks aim to create new learning opportunities, forge agreement across institutions on how qualifications are valued and produce publicity to help people understand how they can progress through the system.

3.4 Why is a strategy needed now?

It is not possible to state conclusively the share that London's HEIs have of the £2.3 billion London training and development market, as many of the HEIs surveyed for the supply side research (which can be downloaded from www.londonhigher.ac.uk/publications.html) reported difficulty in supplying this information or were not able to supply it. The most reliable information is therefore felt to be the Higher Education-Business and Community Interaction Survey (HE-BCI), which reported that, in the 2005/2006 academic year, London's HEIs received £64 million from Continual Professional Development and Continuing Education, when spend from individuals is removed.⁶ However, 44% of this related to one HEI and so the remaining 56% (£36 million) is felt to be a more reliable base point from which to measure success. Therefore, very approximately, London's HEIs have currently less than 2% of the London training and development market. Although the strategy is aimed at London's HEIs, it is recognised that they should and will aim to access more than the London HLS market.

The Secretary of State's HEFCE grant letter published in February 2006 gave a strong steer on developing employer engagement. It asked for "radical changes in the provision of HE through a

⁵ DIUS. (2008). Higher Education at Work. High Skills: High Value. p 29.

⁶ Figures provided are from the 2007 survey HE-BCI 2007/17 which covers academic years 2004/2005 and 2005/2006. In the survey Continual Professional Development is defined as "improves an individual's skills in their current employment" and Continuing Education is defined as "could also cover curiosity-driven enrolment or re-skilling".

strategy of growth which would incentivise provision which is wholly or partly funded by employers”⁷. The Government's commitment to this approach was reiterated in 2007. In July 2007 the Leitch Implementation Plan advised that “...all HE institutions need to grow their capacity to engage on a large scale with employers in ways adapted to their different profiles and missions”⁸. The DIUS strategy, released in April 2008, further reiterates the strategic importance of this agenda and the timeliness of a London strategy. The London strategy can therefore be developed alongside the national DIUS campaign and also work to support the LSEB's strategy when it is released.

3.5 The development of the strategy

The strategy has been built around three themes: identification, information and encouraging participation. The themes all work to stimulate the key drivers of employer engagement, which aim to overcome the barriers which have limited the level of engagement to date. The barriers, drivers and themes for intervention are discussed in more detail in Appendix 1 and 2 respectively. The themes also work with the existing strengths of the HEIs and the current landscape as identified in the demand and supply reports which have informed this strategy (both these reports can be downloaded from www.londonhigher.ac.uk/publications.html).

The strategy was developed by evaluating potential actions taking into account strategic fit, financial viability (cost effectiveness), the urgency required, deliverability, risks and potential economic benefits. The full evaluation criteria are detailed in Appendix 2.

The centre piece of the strategy is to provide a structural intervention that brings clarity and focus to the London HEI provision of HLS - the LHBDU.

The LHBDU will work across the complex landscape to provide a regional coordination and facilitating role to complement and strengthen the work of existing initiatives, leverage existing assets and promote the strengths of London's HEIs as a workforce development solution.

The rationale, functions and key actions of the LHBDU are set out in the next chapter.

⁷ <http://www.hefce.ac.uk/news/hefce/2006/grant/letter.pdf>

⁸ DIUS. (2007). World Class Skills: Implementing the Leitch Review of Skills. p 50.

4. Functions of the London Higher Business Development Unit

4.1 Principles of delivering the LHBDU

Key to the success and sustainability of the LHBDU will be the support it achieves from London HEIs as organisations that register with it and the continued value it provides. In achieving its outcome to increase the quality and quantity of transactions with employers, the LHBDU will need to act equally and fairly in the interests of all the organisations that register.

The LHBDU will operate under the following principles:

- To co-ordinate the interaction of London HEIs with relevant regional and national initiatives
- To work with London HEIs and employers to achieve cultural change and a shift in perceptions towards HEIs as providers of HLS training to employers
- To provide transparency in all its activities and functions and to act equally and fairly in the promotion of London HEIs as a high quality and cost effective workforce development solution.

The LHBDU will undertake specific functions. The rationale for these, together with the actions underpinning each function, is described below.

4.2 Function A: Identification of the market

Rationale

The current market for skills and workforce development is complex, with numerous initiatives and a wide range of stakeholders. Employers who currently engage in formal workforce development are faced with a diverse offering and often a large choice of training providers to fulfil their training and skills requirements. Our research identified that employers find public sector provision in particular confusing and cluttered and are unsure of how to access HEIs' provision or what their workforce development offer might be. A key message emerging from our research is that if HEIs are able to articulate clearly the business benefits that their offering can provide, then employers would be increasingly willing to work with them.

Therefore the role of the LHBDU will be to promote London HEIs as a training and development solution. The LHBDU will be focused on the needs of employers and the interests of the HEIs and will have an employer-facing website which lists, for those HEIs who register, a single point of contact and description/overview of the specialities of those HEIs. It is important to recognise that not all of London's HEIs will consider this agenda to be applicable to their business plan and therefore only interested HEIs will be registered. The website will specifically promote them and their offering, such

as specific courses and examples of bespoke provision. The employer-facing side of the LHBDU aims to signpost employers to appropriate HEIs, by providing concise information on the particular HEIs and for example by directing them to business engagement teams. It will also include an overview of the landscape such as descriptions of HEFCE SDF funded pilot projects, FECs and different initiatives including Train to Gain.

Actions

The actions of this function are detailed below:

- Mapping of existing initiatives and activity. This will provide a strategic overview of how these projects fit and work together and a comprehensive view of the work carried out by HEIs with employers across London. Mapping these activities will enable co-ordinated planning and gap analysis and promote good practice sharing. This information can be used to help develop collaborative ventures (Function D) to fill any gaps identified across the landscape and any employer needs that are not being met by the market.
- The registration of institutions that are actively looking to engage with specific employers. This will include the nature of their potential offering and strengths.
- An employer-facing website. This will include a point of contact at each registered HEI as well as promotional descriptions. This will be the focal point of the marketing function detailed below.

4.3 Function B: Marketing

Rationale

Our research shows that the demand for training and development in London is largely being met by commercial provision and HEIs are currently only capturing a small proportion of this market. Therefore there is a need to stimulate the demand for HEI HLS training and development.

The LHBDU will stimulate demand for HEI HLS provision by promoting a consistent and coherent message about the value of London HEIs as a workforce development solution. Similar models of promotion and marketing already occur within the public sector, such as the work of London Unlimited which promotes a consistent message about London to international audiences across a number of agendas including tourism, education, business and film.

A further benefit of a consistent approach to marketing would be to mitigate the risk of employers being flooded with marketing material from individual HEIs. However, HEIs would of course be free to approach employers directly and market their offering independently and the marketing function of the LHBDU would neither replace nor take responsibility for the marketing activities of individual HEIs.

The employer-facing side of the website and the marketing campaigns will need to be of a high quality if they are to attract employers and the infrastructure must be tested (for example, the single points of contact) to ensure that the employer experience is a positive one.

Actions

The actions of the marketing function are detailed in the figure below:

- Development of consistent messages and a marketing strategy to promote London HE as a workforce development solution across the market
- Development of a campaign to raise awareness of the HE solution within the market and stimulate the demand for HEI provision
- An annual showcase event to celebrate good practice: this includes an awards ceremony that rewards and publicises HEIs' work with employers
- Market analysis ie competitor and customer analysis.

4.4 Function C: Provision of information and guidance to HEIs

Rationale

In addition to stimulating demand, the LHBDU aims to support the employer engagement activities of London's HEIs by providing relevant information and guidance to the HEIs using the principles and good practice outlined in the National Information, Advice and Guidance Framework and Action Plan⁹.

Employer engagement information and guidance would work primarily as an online resource providing HEIs with the knowledge to inform their activities. This will help HEIs overcome some of the barriers they face, such as understanding the demand that exists and knowing which businesses to target.

⁹ <http://www.lifelonglearning.co.uk/iag/npfreport.pdf>

Actions

Employer engagement information and guidance provided would include:

- Information provided and sourced from the SSCs regarding the mapping of London employers using indicators such as size, sector, turnover, etc. Further data analysis could be more detailed and look at subjects studied, employers/professions from which students come, earnings of the students and the level and type of courses followed.
- Provision of information relating to ongoing work about relevant areas. For example, updates about work ongoing in the accreditation agenda (eg *fdf's* Employer-Based Training Accreditation Project). There is much ongoing work and therefore the strategy does not propose further detailed work on accreditation but rather to watch and learn from the efforts elsewhere.
- Provision of information around costs (eg from the south-west regional HLS pathfinder that is developing a funding methodology for work-based learning). Again, work is ongoing in this area and the resource would work to provide information on costing provision rather than research the area again.
- Provision of guidance concerning support for organisational and individual development.
- Legal information and support to develop appropriate business and delivery models.
- The LHBDU will also make recommendations where further work is needed to provide information and guidance on certain areas.

4.5 Function D: Facilitating collaboration

Rationale

An additional role for the LHBDU will be to facilitate and assist HEIs in meeting market needs through collaborative ventures (HEIs collaborating with other HEIs, with FECs, LLNs and with commercial providers and the idea of collaboration with employers eg working with employers and groups of employers to develop courses). Our research shows the following benefits of collaboration:

- It gives businesses a better awareness of what HEIs can offer and HEIs a deeper understanding of business culture, which assists their undergraduate and postgraduate courses as well as courses for the existing workforce.
- It gives businesses the benefit of association with leading thinkers and researchers and access to the unique facilities of an HEI.
- If a bespoke course is delivered to a group of employers (rather than just one) then a more sustainable demand from employers could be achieved, as well as increasing access to the 'hard to get' employers, namely the small to medium-sized enterprises (SMEs). The lack of a

sustainable demand for courses is a key barrier that HEIs face (see Appendix 1 for further details).

- If HEIs collaborate together, with FECs and/or with commercial providers, there may be increased ability to address capacity issues as well as presenting a competitive and credible offering to employers.

Actions

The actions of this function are detailed in the figure below:

- The LHBDU runs new (and utilises existing) events for stakeholders eg employers, HEIs, FECs, LLNs and commercial providers. This could include attendance at Trade Shows and HR director conferences etc. The LHBDU will work with the SSCs in terms of identifying potential targets.
- The LHBDU facilitates secondments ie embedding academics in business and business people in HEIs eg via two-way secondments. This could incorporate short-term, two-way placements and could take place with ground level staff and – with a different time allocation/scale – board level employees, for instance one day a month. For SMEs that may have limited resources, the LHBDU could make grants available to encourage secondments. The LHBDU will work with the SSCs to develop secondment opportunities as there are existing initiatives in place that could be built upon.

4.6 Function E: Source and disseminate good practice

Rationale

The final function of the LHBDU is to source and disseminate good practice to tell the story of success to both employers and HEIs. This will encourage participation from both groups as the benefits will be made clear.

Our research shows that HEIs do not generally consider this market to be part of their traditional remit and there are substantial barriers for them to overcome to be active within it. Therefore, HEIs and the individuals within HEIs would benefit from further encouragement to participate in the market. On a national level these issues are being considered by the DIUS HLS strategy which states that:

"Over time, we intend the framework of aspiration, incentives and support set by government and the Funding Council will underpin a system that is world class at providing high-level skills.¹⁰

Additionally, financial incentives already exist for employers and HEIs. Previously, bespoke provision for employers by HEIs (eg short courses) tended to be provided at full-cost as an income generating activity. However, HEFCE can, via the co-funding model, fund accredited learning at up to 50% of the core cost of provision. The role of the LHBDU will be to raise awareness of this and promote these financial incentives to the market.

¹⁰ DIUS. (2008). Higher Education at Work. High Skills: High Value. p 35.

The dissemination of good practice will act as a marketing tool as well as allowing lessons learned to be shared across a wide audience so that the positives can be drawn out and recurrent mistakes avoided.

Actions

The actions of this function are detailed in the figure below:

- The LHBDU sources good practice case studies. These will include examples of collaborative provision including from the private sector.
- Best practice will be disseminated via the website, the annual showcase noted in Function B and potentially by other measures such as handbooks, video clips, etc.
- The LHBDU creates a consistent, positive and long-term message about the importance of this agenda and advocates co-funding to both businesses and HEIs.

5. Outcomes

5.1 Illustrative Key Performance Indicators

The overall outcome of the strategy is to:

Increase the quality and quantity of transactions between HEIs and employers thereby increasing the number of the workforce with HLS.

The success of the LHBDU will be measured by the value and number of training and development contracts that London's HEIs attract from employers. These metrics would be developed into KPIs, to be agreed by the Executive Group as the operational governance function and funding partner(s).

The KPIs used must be clearly attributable to the LHBDU and must be measurable. One concern is the ability of London's HEIs to measure the monetary value of the HLS courses delivered to employers¹¹. Therefore it is recommended that the LHBDU works with HEFCE and DIUS to establish a reliable monitoring function (potentially via the Higher Education-Business and Community Interaction Survey) to establish and track this data.

Illustrative major KPIs could be, for example:

- a measurable* year-on-year increase in the value of training and development contracts (attributable to the LHBDU**) delivered by London's HEIs
- a measurable year-on-year increase in the number of training and development contracts (attributable to the LHBDU) delivered by London's HEIs.

** for illustration, the year on year increase might be in the region of 15% - 20%*

*** so that the additional impact of the LHBDU can be assessed.*

These will be accompanied by additional minor KPIs. For example, these could relate to the number of hits on the website and the number and type of collaborative ventures and secondments that occur.

¹¹ Many of the HEIs surveyed for the supply side research reported difficulty in supplying this information or were not able to supply it.

5.2 Quick wins

The quick wins of the LHBDU that could be achieved by December 2010 are:

- website in place
- initial good practice on website
- first contract won that was facilitated by the LHBDU
- marketing campaign operational
- first secondments in place
- first good practice showcase and awards ceremony.

6. Delivery and governance

6.1 Phasing of delivery

The LHBDU has a staged delivery, with small steps being taken initially. Delivery is phased as follows:

- **Set up.** This stage will provide the platform from which the LHBDU will operate. It includes defining and gathering the required information and people to support delivery. It also covers the development of appropriate governance and performance management systems.
- **Development.** This stage will include the launch event and the initial promotion through the LHBDU of the value of London's HEIs as a workforce development solution.
- **Delivery.** This stage includes the long-term management and delivery of the core services of the LHBDU.

The initial start up of the LHBDU will be overseen by either the immediate appointment of the Programme Director or, if this were not possible, the creation of an interim post lasting approximately six months. This interim post would be filled via a secondment from one of the stakeholding organisations, although the opportunity could be opened up to external organisations.

Activities anticipated to be undertaken within the different stages are detailed in the table overleaf.

Set up (2008 – 2009)	Development (2009 – 2010)	Delivery (2010 onwards)
<ul style="list-style-type: none"> ▪ Recruitment of (interim) post to head set up LHBDU. ▪ Landscape mapping. ▪ Consulting with delivery partners, particularly SSCs. ▪ Collating employer engagement information and guidance. ▪ Developing a marketing strategy and consistent message of the value/benefit of HEI provision. ▪ Defining operational and governance arrangements of LHBDU. ▪ Appointing a delivery team. ▪ Defining operational targets and KPIs. 	<ul style="list-style-type: none"> ▪ Development of the LHBDU website and online resources. ▪ LHBDU launch event promoting the benefit of HEI HLS provision. ▪ Sourcing and sharing good practice. 	<ul style="list-style-type: none"> ▪ Marketing campaign. ▪ Attendance and co-ordination of employer events. ▪ Facilitating secondment opportunities. ▪ Updating and delivering employer engagement information and guidance. ▪ Sourcing and sharing good practice. ▪ Annual showcase of good practice and awards ceremony. ▪ Ongoing performance monitoring.

6.2 Delivery partners and governance

It is anticipated that the LHBDU would be hosted by London Higher, but adopt a consortium approach using delivery partners to deliver specific actions. For example the SSCs will need to be involved in enabling HEIs to have up-to-date relevant information about employers and may be able to facilitate the secondments.

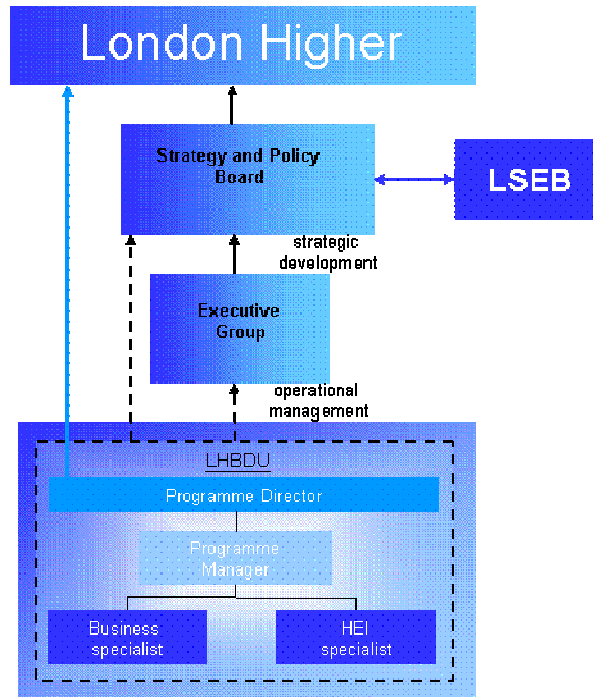
London Higher, as the representative umbrella organisation for HEIs in London, is the natural host of the LHBDU. The strategy fits with London Higher's objectives to:

- gather and analyse data and generate information on matters of common interest
- inform and add value to debate on regional HE issues, or national HE issues with a regional element
- co-ordinate a strategic pan-London-HE approach for identified campaigns or for other purposes as agreed by the members
- promote and celebrate the success of London's HEIs

- identify and share good practice across the London region.¹²

The Strategy and Policy Board and the Executive Group will provide the strategic and operational direction respectively for the LHBDU. A key part of this would be to ensure that the work of the LHBDU fits strategically with other initiatives but also continues to provide an effective service for both HEIs and employers.

The diagram below provides an overview of the proposed governance and operational arrangements for the LHBDU.



Remit of the Strategy and Policy Board

The Strategy and Policy Board will provide an essential strategic development role in the implementation of the LHBDU.

The core remit of the Strategy and Policy Board will be to:

- provide strategic direction for the LHBDU
- provide monitoring and governance of the LHBDU
- ensure the activities of the LHBDU work alongside and complement other national and regional initiatives
- advocate the LHBDU and London's HEIs across their networks.

The Strategy and Policy Board will determine the strategic vision for the LHBDU and draw on its experience in providing guidance to shape the activities to achieve that vision. A mix of business

¹² <http://www.londonhigher.ac.uk>

and HEI representatives will ensure that the vision, and how that vision is achieved, is acceptable to all stakeholders. The Strategy and Policy Board will work to ensure that the LHBDU effectively works alongside and leverages other activities and initiatives where appropriate. It is anticipated that a member of the Strategy and Policy Board also sits within the LSEB.

Remit of the Executive Group

The Executive Group is in effect a committee of the Strategy and Policy Board and will provide the operational governance for the LHBDU and will be responsible for achieving and delivering the vision set by the Strategy and Policy Board. Membership will be smaller in number than the Strategy and Policy Board but still include business and HEI representatives.

The core remit of the Executive Group will be to:

- agree measurable outcomes and KPIs for the LHBDU with funders for recommendation to the Strategy and Policy Board
- challenge, guide and support the operational team
- monitor progress against KPIs
- establish guidelines so that the LHBDU and the organisations that register do not contravene competition laws
- report to the Strategy and Policy Board on operational progress
- advocate the LHBDU and London's HEIs across their networks.

Activity against performance targets will be reviewed by the Executive Group quarterly.

The operational team

It is proposed that the LHBDU, once fully operational, is delivered by an operational team of four. This includes:

- Programme Director
- Programme Manager
- Business specialist
- HEI specialist

The Programme Director holds overall responsibility for achieving the strategic vision of the LHBDU and is responsible to the Executive Group and, through it, to the Strategy and Policy Board, for delivering agreed KPIs and financial management of the LHBDU. The recruitment and appointment of the Programme Director will be made by the Executive Group.

The Programme Manager will support the Programme Director in the design of the activities of the LHBDU but will also be responsible for delivery of activities and working with other initiatives.

Once operational the delivery of the LHBDU will be supported by two specialists each with a focus on the pro-active delivery of the LHBDU services for either businesses or HEIs.

Role of London Higher and London First

London Higher and London First carry the voice of London's HEIs and employers respectively. As such they will be able to provide the LHBDU's staff with key operational input and insight into the changing needs and priorities of each group. Additionally they could provide appropriate support in promoting the use of the LHBDU across their networks and promoting London's HEIs generally.

Acting equally and fairly and providing a service for all registered organisations

In defining and developing the governance model, board membership and KPIs of the LHBDU, it is important that the interests of all potential registered organisations are pursued. Consideration should also be given to whether it would be appropriate for LHBDU staff and board members to sign a declaration to its membership to provide a service that supports the activities and interests of all registered organisations.

6.3 Risks

As with any innovative approach the LHBDU carries elements of risk that will have to be carefully managed in its initial phases and throughout its operation. Once funding has been secured for the initial two years of operation the risks will change and a risk register for set-up and delivery of the LHBDU will have to be developed by the Executive Group.

Key risks to the successful delivery of this strategy are set out below. A more detailed risk assessment is provided in Appendix 3.

Risk	Mitigation measures
Weak support from London HEIs on the development of the LHBDU.	The functions and values of the LHBDU are clearly articulated and promoted.
Limited support and funding from funders.	The funding model ensures that operation of the LHBDU can only be guaranteed with HEI financial support, a key criteria for funders.
Availability of skills and experience of LHBDU staff.	Executive Group to define employment criteria and begin recruitment as priority. Recruitment of senior LHBDU Programme Director will be crucial and this should be the first appointment so that he/she can build the team.
Poor integration with other skills, policy and regional initiatives.	The Strategy and Policy Board membership to include members that sit within the LSEB to ensure joined up approach and awareness of other relevant initiatives.
Uncertainty of sustainability of LHBDU.	The proposed funding model will define the continued operation, sustainability and scale of operation.

6.4 Actions needed

The immediate actions needed are:

- submit a SDF bid to HEFCE, and establish/pursue other possible funding streams
- establish the initial LHBDU team
- develop a formal business plan for the LHBDU incorporating:
 - role and rationale
 - baseline position
 - strategic priorities
 - programmes and activities
 - operating infrastructure
 - KPIs and outcomes
 - financial projections
 - a fully-operational risk register.

7. Costs and funding

7.1 Costs

The indicative investment required to deliver the strategy is estimated to be in the region of £2.2 million, spread over the 2009-2014 period. This has been estimated through the development of a bottom-up cost model with detailed assumptions on the level of resources and investment required for each action.

The most significant investment of £1.5 million is directed towards the set up and delivery of the LHBDU. This is a dedicated team responsible for developing information, products and services, sharing good practice across HEIs and acting as a resource and focus to develop capability and capacity across London HEIs. Such a transformational project requires a significant amount of annual revenue funding to ensure that there are sufficient resources to make a step change in the level of engagement between HEIs and businesses. Around 60% of the costs are associated with staff wages and salaries, 20% on premises/property costs and the remaining 20% of expenditure on suppliers (events, printing, advertising, public relations, marketing, etc) and operational expenses.

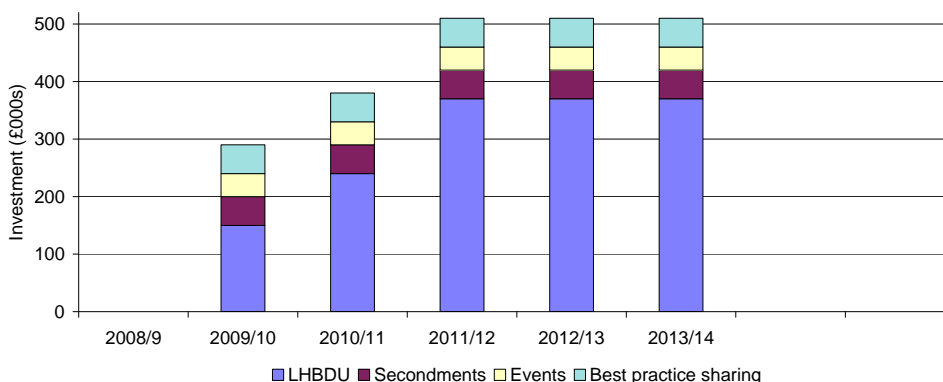
Actions and the related investment are illustrated in the figure below.

Figure 7.1: Summary of total investment by action (over 2009-2014 period)

Action / Function	Total investment (£ 000s) 2009-2014
LHBDU set-up and delivery	1,500
Secondments	250
Events	200
Best practice sharing	250
Total	2,200

The profile of expected investment is shown in the figure overleaf.

Figure 7.2: Illustrative profile of annual investment by action (over 2009-2014 period)



In terms of the type of investment, we estimate that around 95% of funding will be revenue costs and 5% capital costs, predominately the development of a web information portal for the front end of the LHBDU.

7.2 Funding

Funding is sourced from both the public and private sector and from a range of organisations. Such a mixture of funding sources helps to ensure buy-in and the involvement of a range of stakeholders and also limits the undue influence that any one provider has on the overall programme of activity, creating a more stable environment for the strategy to flourish.

Clearly, a strong leadership and funding role is required from the principal funder(s). Ongoing discussions, in particular with HEFCE, will therefore be required to determine the precise level and nature of funding which might be secured. It is understood that funding similar in nature to that provided for the HLS regional pathfinders is unlikely to be allocated to additional regions.

A small amount of funding towards the LHBDU may be secured from the private sector through advertising, sponsorship and secondments, although conservative estimates have been used initially. There may also be the potential for an element of direct and/or in-kind¹³ funding to be secured from national and regional government agencies, especially the LDA and the SSCs.

It is envisaged that London HEIs would also make a financial contribution. In year one, the contribution would be minimal but over time the level is planned to increase. In year five, it is expected that contributions from HEIs would cover up to half of the costs of the LHBDU. London Higher members having a financial stake in the LHBDU should ensure that the body has the best chance of succeeding.

It is likely that a tiered approach to HEI financial contributions would be most suitable. For instance, all London HEIs would be asked to subscribe at a basic level but some HEIs (ie larger institutions and those HEIs which consider employer engagement a priority) could pay a further and possibly variable

¹³ For example, the holding of employer engagement events with SSCs or staff time dedicated to helping the setup and delivery of the LHBDU.

7. Costs And Funding

subscription for additional services from the LHBDU. This could be linked to usage or a commission on contracts sourced as a result of the LHBDU.

After the end of year five it is intended that the LHBDU would move, in the following year or so, to becoming wholly funded by subscriptions from HEIs ie become self-financing. In effect, London HEIs will determine whether the LHBDU is delivering for them and whether they should continue to support it. The success of the LHBDU may mean it will be required to be in existence for a fixed term period only.

7.3 Next steps

The next steps are to approve the scope and functionality of the LHBDU and the scale and nature of the funding required. This can inform the SDF bid to HEFCE and the development of a full business plan for the LHBDU.

Appendix 1: Barriers to engagement

Supply side barriers

The key barriers noted from the supply side research are:

Culture

- Historically, the *raison d'être* of the HE sector has been to deliver undergraduate and postgraduate education and academic research. As a result there are clear cultural and structural hurdles to overcome to enable HEIs to respond more effectively to the needs of London's employers. The workforce development market is a complete paradigm shift for many of the institutions, whose business model is predicated predominately on 18 year olds attending full time, HEFCE funding and a whole host of other factors (including academic staff contracts, spatial organisation, teaching pedagogies, course structure, course assessment, soft and hard infrastructure etc).
- The importance of these issues will differ from institution to institution but, with regard to culture, there is a lack of common understanding of what employers need and what the HE sector can deliver. In addition, the speed at which an HEI can respond to a business requirement can be restricted by HEIs' internal processes, for example quality assurance procedures and the accreditation process.
- The importance that an institution places on the area of employer engagement in terms of HLS provision will influence the extent to which cultural issues are a barrier. This is generally felt to be the result of a top-down approach and the importance placed on workforce development by the head of the institution, senior management and the board of governors. The rate and readiness at which this top-down approach is implemented is likely to be due, in large part, to the financial incentives that exist for each institution. Similarly the rate and readiness at which the approach is accepted and implemented by the academics delivering the courses is likely to depend on the financial or other incentives available to the individual departments or the individuals themselves. Therefore the barrier becomes one of both staff development for academics, the existing incentive structure in place, and the perceptions of workforce development by management, senior management and governing bodies of HEIs.

Workforce development

- Staff development within HEIs is critical not only in terms of developing the skills of academics to apply themselves in this area but also in terms of capacity. This is due to the flexibility of provision demanded by some employers in terms of timing, location and content. Creating the ability to respond to this will have resource and infrastructure implications for HEIs, whether it is developing existing employees or recruiting new members of staff. System changes may be necessary in terms of:

- the training and communication skills of employees, for example to develop commercial acumen
- internal quality assurance systems which enable them to be responsive whilst upholding quality
- improved information technology provision, as well as the need to invest in marketing and sales techniques.

Incentives

- The speed at which such staff development and culture change can be implemented could depend in large part on the incentive structure in place. This is relevant at both an institutional level (the incentives for HEIs to enter the market) and at an individual level (the incentives for individual academics to participate in the market). For example, in the area of academic research the Research Assessment Exercise (RAE) provides an incentive framework (via both financial mechanisms and career progression) to both the academic and the institution to participate and compete. Conversely, such mechanisms and incentives do not exist in the market for supplying HLS to employers. However, there are increasing financial incentives in place, for example the increased funding available via the SDF for workforce development. If this funding can flow down to individual departments, incentives will also be there for the individual academics. For individuals within HEIs, this issue encompasses more than financial incentives and involves peer recognition of HLS provision to employers as a legitimate academic activity that can lead to career advancement.

Risk

- Supplying HLS to employers is risky for HEIs, so incentives are doubly important as they must combat/mitigate this risk. Part of this risk relates to accreditation, as the HLS provision to employers has more strands and aspects than those for traditional degree programmes. For example, there are risks to the awarding institution for awarding credit for learning which has been delivered and assessed outside the awarding institution. This is because it may be more complex to ensure the academic standards of such learning. In addition, this risk comes from the cost involved in start up (resource and systems) and the fact that the financial reward and return in this market is less certain than the traditional undergraduate market. Demand from employers can fluctuate, particularly from the SME market where employers often operate in niche markets with ever-changing needs.

Cost and price

- The pricing of such courses can also be problematic, as calculating the full economic cost of courses with such differing types of provision is challenging. HEIs may also not have a realistic view of the price achievable and therefore underestimate the potential extent of employer co-financing and income receipts. For employers, the ability of the HEI to demonstrate value for money for the price charged is also critical. Due to the fact that this can be a riskier investment for HEIs it will be imperative that an HE provider delivering employer co-funded provision develops a sustainable cost/price model which will at least cover its costs.

Demand side barriers

The key barriers noted from the demand side research are:

- **Responsiveness.** Providers need to react to the needs of employers in a fast and efficient manner and in some cases work in collaboration with employers to develop the skills of their own organisation. London employers operate in a dynamic economy, where training and development is used as a tool to attract and retain staff, but also as an investment that will lead to increased productivity and profitability. Employers need to equip staff with the skills to develop products and services and elevate the reputation and market position and value of their organisation. Providers, both commercial and public sector, have been found to work with employers in two distinct ways: either to provide immediate input and training as a reaction to business change and consequently changing skills requirements; or in a more strategic way, looking at the long-term strategic development of the business and matching the training needs with future skills requirements. HEIs also need to help employers identify these requirements, and the need for ongoing continuing professional development (CPD) and lifelong learning, as well as demonstrate the commercial advantage of their offering.
- **Relevance of provision.** Employers are more concerned with the ability of their employees to achieve and fulfil an organisational role rather than sourcing training that affords an employee a particular qualification, unless formal (professional) accreditation is required to enable them to fulfil that role. Employers are motivated to invest in workforce development that will have an impact on productivity, business performance and the employer's ability to compete in the market place. Employers therefore look for more vocationally-focused provision that is both relevant and flexible and that fits with the organisation's culture and working practices. Employers use a range of methods to achieve this, for example by breaking down learning into easily digestible modules that bridge the gap between the theory and the practical application of learning.
- **Accessibility.** Employers do not have an understanding of the offering or potential offering of HEIs. There is a perception amongst employers that HEIs are too academically-focused and would not be able to respond quickly enough to business needs. This is coupled with a perception that public sector training provision is confusing, cluttered and difficult to navigate, with employers unsure of how to access provision. Therefore HEIs will have to increase their profile amongst informal networks and clearly articulate the benefits and the added value of their provision of HLS training. In addition any intervention needs to bring a focus and clarity to HE provision across London, with the ability for employers to easily identify HEIs as potential providers.

Appendix 2: Drivers and themes for intervention

Supply side drivers for intervention

To overcome the barriers and leverage the strengths of the HEIs, certain drivers that focus on HEIs underpin this strategy:

- **Capacity and capability.** HEIs clearly need to have the capacity and capability to deliver. This is necessary with regard to both human resources (HR) and systems development. The upfront costs of investment need to be carefully considered as research shows they are often underestimated. Consideration needs to be given as to where, across the London HE landscape, upfront investment is needed, where cost efficiencies can be made and where there is scope for economies of scale.
- **Sustainable courses.** HEIs need to be confident that this upfront investment will lead to sustainable and financially viable courses, particularly when employer demand is for bespoke provision. HEIs will find reassurance in a reliable source of income with long-term benefits, although it is recognised that courses need to be tailored to employer needs and that demand cannot be as assuredly constant as the undergraduate and postgraduate market. HEIs can manage this demand risk by ensuring they have accurate knowledge to make informed commercial decisions when considering which employers they should target and what types of courses they should supply. This is fundamental to long-term sustainability.
- **Demand awareness.** In order to consider which employers to target and what types of courses to supply, HEIs need to develop a deeper understanding and knowledge of the current and future HLS demands of the London business community, and work with employers to forecast, plan and manage the delivery of workforce development to meet these requirements. This information will enable each HEI to adapt their business model regarding delivery of HLS provision to employers.
- **Pricing strategies.** In addition to knowing who to target HEIs need to develop pricing strategies that can be both competitive and provide a satisfactory return to the HEI. This has been a lesson learnt in the research where there is a high demand for courses while funding is available but that demand falls when funding stops. Striking the correct balance of public and private investment in workforce development is critical to the sustainability and success of the strategy. In addition, the perception of each HEI's offering in the market place is critical and therefore marketing and provision of information is also critical, for example the ability of the HEI to demonstrate value for money to the employer.

Demand side drivers for intervention

In addition to the supply side drivers it is equally important to consider the demand side drivers. The key influencing drivers and conclusions from the demand side research are:

- **Reputation and credibility.** London is a global city with an international and highly global workforce. Some employers often find it easier to recruit specialist skills from the global marketplace rather than train existing employees. London's economy is also highly diverse. Multinationals from across the globe base their international and European headquarters in London but it is also home to many small and medium sized businesses with 88% of businesses in London employing less than 10 employees¹⁴. Employers who currently engage in formal workforce development are faced with a sizeable market and choice of training providers to fulfil their training and skills requirements. As a result employers commonly use informal HR networks and word-of-mouth to source suitable providers, while others may use formal tendering processes. Reputation and credibility are key drivers in influencing employers when sourcing training providers.
- **Different approaches.** There is no single preferred approach used by London employers to manage, source and co-ordinate their training and development. Even within large organisations approaches across departments can differ. Flexibility and innovation are the key drivers of employers' approaches to training. Such a tailored approach ensures that learning and skill development meets employers' needs and improves competitiveness. This tailored approach also fits skills development around the working culture and practices of employees.
- **Market development and business needs.** Employers will overcome any reluctance to invest if the value of training can be clearly articulated in terms of business benefits. Large employers with greater buying power are less concerned with the cost of provision if the offering can increase the competitiveness of their organisation within the market. HE provision therefore needs to have a detailed understanding of market and sector developments and the challenges faced by business, and needs to develop courses that provide the workforce with the skills and knowledge to support the growth and competitiveness of the business. HE provision needs to offer employers solutions.

Themes for the intervention strategy

The strategy has been developed through consideration of the rationale and constraints from both the HEI and employer perspectives. Consideration has also been given to the complex London market in which an employer engagement strategy will have to operate and the strengths of HEIs. In addition an evaluation framework was applied in formulating the strategy.

Evaluation framework

The following evaluation criteria have been taken into account:

- **Strategic fit** and links with existing policy and frameworks

¹⁴ London Development Agency. (2005). London Annual Business Survey.

- **Financial viability or cost effectiveness** of the intervention, particularly whether the proposed solution is affordable, can be delivered through existing funds or leveraged from other additional funding sources
- **The urgency of the action:** some parts of the strategy will need to be executed quickly to take advantage of an opportunity or set the foundations for other related areas
- **Deliverability of the strategy**, particularly whether there is a clear delivery agency or whether numerous stakeholders have to be galvanised to deliver
- **Risks around the strategy**, particularly operational and financial risks and if any mitigation measures can be put forward to reduce these
- **The potential economic benefits** for London and the UK as a result of the intervention.

Intervention principles

The following guiding principles have been applied in developing the strategy. The intervention should:

- bring clarity and focus to the HEI landscape and promote HEIs as a training and development solution for employers; any interventions should fit with the LSEB's strategy chaired by the Mayor of London, the Leitch agenda and other reviews across the skills and employment landscape
- focus on business needs: for the opportunities to be realised from the shift to higher value-added employment, the interventions should clearly articulate business benefits
- provide flexibility and not restrict the wishes of HEIs to follow their own strategies and business plans
- focus on addressing market failure and be clear on the rationale for public sector involvement
- incentivise businesses to offer more HLS training to employees by demonstrating the value
- work towards improving London's global competitiveness.

Therefore, taking all the relevant conclusions into account the strategy needs to observe the following three themes:

- **Identification.** The London training and development market is crowded, not only in terms of commercial providers but also in terms of the number and range of HEIs. Any strategy needs to recognise that London's HEIs are autonomous and are not a homogenous group.

It is important to recognise that not every HEI will have workforce development high on their agenda or as part of their business model. The mapping of which HEIs are interested in increasing their workforce development activities and an understanding of their current offering and ability to deliver is crucial. A process of identification of interested parties should be undertaken.

A further process of identification concerns existing relationships within HEIs; recognition of work that is already being undertaken with employers is also important. This is particularly relevant as

there are a number of recent projects ongoing in London that are focused on the employer engagement agenda, for example employer engagement pilot projects funded via the SDF. This is in addition to a number of national projects, for example the UK Universities Continuing Professional Development Network / The Training Gateway. This process of identification will ensure the initial structure develops fully and existing networks are leveraged, and will help to develop a rich landscape that is not intimidating or confusing to employers.

- **Information.** Information is one of the more flexible themes throughout the strategy and works to provide support, reassurance and in some cases a deeper understanding of employer engagement. The provision of information works at a number of levels and targets a number of audiences. Information targeted at employers can work to deliver consistent messages about the value of engaging with HEIs as providers of training and development and how to access such provision. Information can also be used to support HEIs in their approach to employer engagement on issues such as pricing strategies, good practice and sector developments.
- **Encouraging participation.** HEIs do not generally consider workforce development to be part of their traditional remit. They face substantial barriers in this market and would therefore benefit from being encouraged to participate. Similarly employers need to be made more aware of the benefits of accessing HEI provision.

Appendix 3: Benefits, impacts and risks

Function	Benefit	Impact	Risks	Mitigation measures
Function A: Identification of the market	<ul style="list-style-type: none"> Provide a focal point for HLS provision and will sign-post employers to HEIs and other initiatives. Assist HEIs in identifying targets and needs and potential collaborative partners to address market need. Strengthen existing account management activities and employer engagement teams. 	<ul style="list-style-type: none"> The creation of a considered and deliberate approach towards employer engagement. Provision of support to target appropriate employers and a more tailored approach to meet employers' needs. Employers have an initial point of contact and an understanding of which HEIs they should contact. Enhanced knowledge of activity across the landscape. 	<ul style="list-style-type: none"> An evolving landscape requires constant updating of information to ensure its value and use. Set up and maintenance costs likely to be high. Achieving buy-in from HEIs may be challenging particularly as competition exists between them. 	<ul style="list-style-type: none"> Board membership to include appropriate HEI and business representatives, as well as LSEB member to ensure strategic fit with other regional initiatives. Landscape map to be reviewed at regular intervals and resources to achieve this planned accordingly. Benefits of the LHBDU to be clearly articulated to ensure and encourage buy-in from HEIs; success to be celebrated to highlight value of engagement. Feedback from registered organisations to ensure information is of value.
Function B: Marketing	<ul style="list-style-type: none"> Stimulate demand by developing consistent messages and promotional campaigns for employers, identifying the benefit of HEI provision and engagement. 	<ul style="list-style-type: none"> Increase in awareness of the benefits of using HEIs as providers. Encourages employers to consider opportunities they may not have otherwise. Creates a consistent London message. 	<ul style="list-style-type: none"> The challenge of marketing events is sustaining the effectiveness and impact of activities. If the campaign directs employers to the website and then on to HEIs, a quality service must be assured. 	<ul style="list-style-type: none"> KPIs to be developed to ensure value and impact of marketing events is achieved both at and after events. Website development to be tested appropriately and approved by the Executive Group before release. Feedback sought from

Function	Benefit	Impact	Risks	Mitigation measures
				registered organisations to ensure marketing activities are of value.
Function C: Provision of information and guidance to HEIs	<ul style="list-style-type: none"> Reduces cost to individual HEIs. Greater understanding of individual business needs. 	<ul style="list-style-type: none"> May encourage more HEIs to enter market and assists them in understanding the market. 	<ul style="list-style-type: none"> Information and guidance requires ongoing and regular management and updating. High initial resource input (time and cost). Time consuming and difficult to gather information and maintain accurately. 	<ul style="list-style-type: none"> Feedback from registered organisations to ensure information is of value. Information to be reviewed at regular intervals and resources to achieve this planned accordingly.
Function D: Facilitating collaboration	<ul style="list-style-type: none"> Facilitate culture change and understanding of what HEIs can deliver. Opportunity to learn from good practice. Upfront costs can be shared, producing potential for economies of scale. Demand risk is shared between HEIs. Commercial providers have the flexibility to respond and HEIs can add accreditation and status. Flagship courses developed with larger employers rolled out to SMEs. Groups of SMEs represent lower demand risk. Facilitate and stimulate relationship-building between employers and HEIs at 	<ul style="list-style-type: none"> Relationships facilitated and therefore likely to stimulate demand and increase the number of market participants. Collaborative provision is more likely to lead to increasingly responsive provision. Improved and increased working relationships should lead to increased level of work. SMEs have increased access to sustainable training (due to more consistent demand). Offerings can be more flexible as there is a larger pool of academics to draw on. 	<ul style="list-style-type: none"> Difficult to persuade both sides of the benefits of giving up an employee for a certain amount of time. Developing the action and finding willing parties may incur a high start-up cost (time and money); examples of good practice difficult to obtain. Lessons learned from good practice not effectively extrapolated; events poorly attended. Difficult to attribute success (eg collaborative ventures) to the events. Reluctance of HEIs to collaborate with competitors particularly as the risk relating to reputation can be seen as being very high and inherent. Concerns around intellectual property. Commercial providers difficult to 	<ul style="list-style-type: none"> Skills and established networks of LHBDU staff critical in forging these relationships and collaborative ventures. Appropriate input from the Executive Group to ensure appeal and approach fits with HEI and business perspectives.

Function	Benefit	Impact	Risks	Mitigation measures
	networking events.		<p>get on board.</p> <ul style="list-style-type: none"> SMEs have less resource for training, making courses unsustainable in terms of the price achievable. 	
Function E: Source and disseminate good practice	<ul style="list-style-type: none"> Assist interested HEIs in developing their strategy by learning from others. Promote working with employers as a positive concept. Enable good practice and ideas to be shared. Increased awareness will enable interested HEIs to consider the potential impact on their institution and assist in raising the profile of potential beneficial opportunities. 	<ul style="list-style-type: none"> Increased awareness of this agenda within HEIs and employers. HEIs and staff at HEIs more motivated to act in this agenda. This should lead to improved relationships with employers. Employer engagement recognised as a valid route for career progression so individuals more active in this market. Increased number of market participants. 	<ul style="list-style-type: none"> May have minimal impact. Difficult to attribute any developments to the strategy and therefore difficult to assess. Change likely to be slow and piecemeal. 	<ul style="list-style-type: none"> Feedback from registered organisations to ensure information is of value. Ensure information is analysed and tailored to draw out transferable lessons that could fit with London landscape and activity.

Appendix 4: The London Higher Skills Board

	Representation	Name	Institution / Organization	Position
A	Chair	Anthony Salz	NM Rothschild & Sons Ltd	Executive Vice Chairman
B	HEIs	Professor David Latchman	Birkbeck, University of London	Master of Birkbeck and elected Chair of London Higher
		Professor Deian Hopkin <i>(member until January 2008; replaced by Brad Coales, Director of Employer Engagement for remainder of project)</i>	London South Bank University	Vice Chancellor and Chief Executive
		Professor Adrian Smith	Queen Mary, University of London	Principal
		Professor Robin Baker	Ravensbourne College of Design and Communication	Director and Chief Executive
C	Lifelong Learning Network	Noel Otley	Havering College of Further and Higher Education	Principal
D	Business/LSEB/SSC	Kate O'Connor	Skillset	Deputy Chief Executive
E	Business	Peter Navin	Lloyds TSB	Managing Director
		Tracey Hahn <i>(member until December 2007; replaced by Kate Richards, Head of Compensation & Benefits, for remainder)</i>	Merrill Lynch	Managing Director

	Representation	Name	Institution / Organization	Position
		<i>of project)</i>		
		Dick Coldwell	Foundation Degree Forward	Chair
	Co-opted	Jackie Lawlor	Royal Mail Group	Head of People Development
		Amanda Whiteford	Tube Lines Ltd	Head of Learning and Development
		Dave Podmore	Accenture	Head of Master Vendor Service (Learning)
F	Project Partner Representatives	John Stone	Learning and Skills Network	Chief Executive
		Baroness Jo Valentine	London First	Chief Executive
		John Attree	London First	Director
		Jane Glanville	London Higher	Chief Executive
G	HEFCE (non voting)	Clair Murphy	Higher Education Funding Council for England	London Regional Adviser
H	GLA (non voting)	Tony Evans	Greater London Authority	Policy Adviser
I	Secretary to the Board	Naz Khan	London Higher	Projects Officer

The London Higher Skills Board acknowledges the input from the following:

Project Manager	Naz Khan	London Higher	Projects Officer
Project Manager	Graeme Duncan	London First	Business and Education Manager
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Consultants	Stephen Gifford	Grant Thornton	Director
Consultants	David Edwards	Grant Thornton	Director
Consultants	Julia Rich	Grant Thornton	Manager
Consultants	Peter Smith	Grant Thornton	Manager
Consultants	Dan Farag	Grant Thornton	Manager



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