



LONDONHIGHER
Promoting and Advocating London's Higher Education

Highly Skilled London

Research Report 1: The demand for higher level skills by London employers

Final Report
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1. Executive summary

London Higher is working with London First and the Learning and Skills Network to develop a strategic approach to implementing increased engagement between business and higher education.

This report sets out the evidence around the demand for Higher Level Skills (HLS) available (the so-called demand side) and provides an analysis of the market characteristics, current and future trends, good practice, key barriers and what employers look for in provision.

1.1 The importance of employer engagement

With the emergence of a knowledge-led economy, a highly skilled workforce is seen as a necessity for the UK if it is to continue to compete in the global economy. The UK skills base remains weak by international standards and development is essential if the UK economy is to remain competitive and to reduce social deprivation.

The Leitch Review called for an increase in the number of adults qualified to Level 4 and above, from 29% in 2005 to 40% by 2020, with a focus on economically valuable skills. The responsibility for skills development should be shared between the beneficiaries of such economically valuable skills, namely employers, individuals and the Government.

Most notably, Leitch stated that the growth of skills at Level 4 and meeting the skills needs of employers could only be achieved through the rebalancing of higher education (HE) priorities to the needs of employers.

The Government's role in this agenda is to act as a catalyst for what is described as a skills revolution. Higher education institutions (HEIs) are being encouraged to enhance levels of engagement with employers as providers of demand-led HLS learning that supports the development of business and the UK economy.

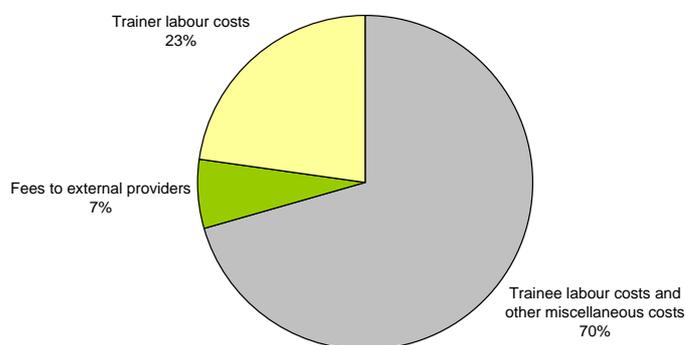
1.2 The market for HLS

The Grant Thornton survey¹ of 500 businesses in London suggests that the London market for HLS is worth around £2.3 billion in 2008 and a total skills (HLS and non-HLS) market of £5.9 billion (or around £1,500 per employee).

Of the total skills market of £5.9 billion, we estimate that around £350 million was spent with external providers². HEIs capture only a small share of this expenditure (roughly 5-10%).

But this is a significant opportunity for HEIs. Trainer labour costs facing businesses for in-house provision amounted to £1.32 billion. With a change in behaviour and innovative approaches to employer engagement, HEIs should be able to capture a greater proportion.

Figure 1.1: Breakdown of spending and investment on HLS in London



Source: Analysis of figures from LSC (2007), The National Employer Skills Survey

1.3 London – a unique environment

London represents a unique environment, an appreciation and consideration of which is key to developing effective approaches to HE employer engagement that achieves the Government's skills vision. Key considerations that influence the demand for HLS are:

- The London economy is international in nature and a focal point for high value industries, the UK Government and political arena
- The London landscape has a high concentration of multinational companies but also a vast number of small and medium-sized enterprises (SMEs)
- London has the highest concentration of HE providers in the UK with over 40 HEIs and over 20 Further Education Colleges (FECs) providing higher education

¹ See Appendix 1 for details of the Employer Survey undertaken by Grant Thornton.

² Based on a breakdown of categories of cost provided by the Learning and Skills Council (LSC) based on the National Employer Skills Survey, LSC 2007.

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- The London economy is made up of a mix of thriving established and emerging sectors and has a reputation for being the world's leading centre of commerce and a centre of academic excellence
- London is a global city that attracts a highly skilled international workforce and offers employers access to a vast pool of highly qualified staff
- London's transport infrastructure and connectivity to other regions in the UK and Europe enables employers to commute or recruit the skills they cannot access in the London labour market
- London is the only region of the UK where the percentage of employees already qualified to National Vocational Qualification (NVQ) Level 4 or above exceeds the percentage of employees training at this level.

1.4 Skills gaps

London employers overall do not suffer from significant skills gaps or shortages, as the distinctive London landscape provides them with access to the skills they demand.

The needs of employers are largely focused on softer, 'employability' skills and sourcing or training staff to meet the specific challenges and demands of the business. Factors that influence the use of training providers in meeting the skills demand of their workforce:

- Employers look for providers that provide more than just training and are motivated to use providers that add value to their business and competitiveness in the market
- Employers do not perceive qualifications as a priority; rather they demand employees that are versatile with strong interpersonal skills coupled with technical ability
- Employers look for training providers that offer pragmatic and practical training that is both relevant to the role and bridges the gap between theory and the practical application of learning
- Heavily-regulated industries, such as utilities and transport, are driven to source providers to train staff along competency frameworks, using flexible delivery methods to cater for their needs, culture and working practices.

1.5 Barriers

The barriers to training faced by employers differ according to the sector and size of the business.

Common barriers include:

- time and cost: both the direct expenditure as well as the financial and opportunity costs from lost time and lost productivity
- the reluctance of some employers to invest (especially SMEs who do not perceive training as a priority)
- the need for providers to demonstrate the value of training to business, and an understanding of the challenges the business faces

1. Executive Summary

- the quality and relevance of training in meeting the needs of the business and providing skills specific to the role of the employee
- the cluttered landscape of public and private sector provision, and a lack of understanding of what institutions provide and how to access this provision.

1.6 Implications for the Strategy

The challenge in developing a strategic approach to increasing HE employer engagement will be in generating an approach that is not only business focused and demand-led but complements the diversity of the London economy and the employers and HEIs within the space. The strategy should also be regionally-focused and leverage existing initiatives operating in the space.

Employers are driven to engage with providers, either public or private, if they see value and benefit from using a particular training provider. There is no homogeneity in the demand and each will have differing needs as they compete in increasingly competitive international markets.

London employers operate in dynamic markets and expect training providers to respond quickly and efficiently to their needs. There exists a perception that public sector provision is a cluttered and confusing landscape with employers unsure of HEIs, their offerings and how to access them. Any intervention that makes HEIs more accessible and can clearly articulate the value of using HEIs as providers will work to enhance levels of engagement across London.

2. Introduction

2.1 Background

Grant Thornton has been commissioned by London Higher, London First and the Learning and Skills Network to develop a strategic approach to employer engagement for HE in London, in order to increase the volume and value of HLS training and development contracts that London's HEIs have with employers. The London Higher Skills Board (LHSB) has overseen this project. The LHSB brings together senior business people, heads of London HEIs, and representatives from London Higher, London First and the Learning and Skills Network. Membership of the LHSB is included in Appendix 4.

The aim of the project (funded by the Higher Education Funding Council for England (HEFCE)) is to build a robust evidence base, incorporating as appropriate new and purpose-specific research, to explore both the supply of and demand for HLS in London, identify main barriers that need to be overcome to drive greater and more effective interaction between London's businesses and HEIs, and then to consider possible strategic solutions and advise how these may be implemented to ensure that the economic potential of HLS provision in London is maximised.

The development of the strategic approach to employer engagement for HE in London involves three distinct projects (all three reports can be downloaded from www.londonhigher.ac.uk/publications.html):

- **Project 1:** The demand for HLS by London employers (this report)
- **Project 2:** The supply of HLS provision in London
- **Project 3:** Development of strategic solutions that will give employers efficient access to relevant HLS provision within London's HE sector and enable the sector to meet this demand and increase their market share.

This report sets out the findings from a review of key studies, statistics and background documents concerning the demand and nature of demand from employers for HLS provision within London. A series of case studies based on interviews with employers have been carried out in addition to a survey of 500 London-based employers.

2.2 Methodology

Our approach to the demand side research consisted of the following tasks:

- A desk review of existing research into skills, labour markets and employer engagement, particularly focused on London
- A wide consultation process, involving around 20 interviews of businesses, both face-to-face and telephone interviews
- The preparation of 11 case studies of employers to ascertain the processes which businesses follow, including non-London HEIs (see Appendix 6)
- Workshops with representatives from businesses

- A survey of 500 businesses in London, stratified by size and sector. This survey was used to complement the direct consultation exercise in order to draw out a wider range of responses.

The survey was jointly developed by Grant Thornton and market researchers Ci Research, with the close support of London Higher. A detailed analysis of the results is presented in Appendix 1.

The characteristics of the survey respondents by size of business are detailed in the table below.

Table 2.1: Sample size

Type	Number of businesses surveyed
Small businesses	80
Medium businesses	88
Large businesses	332
Total	500

The scope of this study refers to businesses with a physical presence (eg office, factory, workshop, etc) located within the Greater London Authority (GLA) region, which comprises 32 local authorities and the City of London. These businesses may have operations and a workforce located either within or outside of the London region.

2.3 Definition of HLS

HLS are defined as those at Level 4 and above under the National Qualifications Framework (NQF). More detail on the NQF is presented in Appendix 5.

The definition of HLS used in the survey of businesses and for the purpose of this report is:

Training at degree or equivalent level or above and executive and professional development courses, including short courses.

This includes training leading to the award of:

- qualifications accredited at NVQ Level 4 or above (including university degrees, Masters degrees, PhDs, etc)
- professional qualifications (such as accounting, engineering, law and advanced medical qualifications)
- MBAs
- Certificates and Diplomas delivered by HEIs
- short courses delivered at HEIs which are accredited by the HEIs (as being equivalent to Level 4 or above)
- executive development courses (whether delivered internally or externally) ie management development programmes

- other professional development courses (delivered internally or externally), including advanced presentation skills courses, financial and business skills, team working and communication skills
- Information Technology (IT) user training at an advanced level (including advanced courses in Microsoft Office and other software but excluding introductory software courses).

2.4 Report structure

The structure of the report is as follows:

- Overview of the key characteristics of the market for training in London (Chapter 3)
- Summary of the relevant policy context and skills agenda (Chapter 4)
- Overview of the distinctiveness of the London economy and the skills context in the region (Chapter 5)
- Detailed analysis of the market for HLS in London (ie employer demand for training) (Chapter 6)
- Processes used by employers in engaging with HEIs and arranging training for staff (Chapter 7)
- Gaps in HLS provision facing London employers and projected demand for skills in the future (Chapter 8)
- Barriers constraining effective engagement between employers and HEIs within London (Chapter 9).

2.5 Employer engagement

Employer engagement can cover a range of agendas for HEIs, for example consultancy work and collaborative research, as well as the provision of HLS to employers. These agendas are considered in more detail in Chapter 4 of the Supply side report.

In terms of this report, the focus is on HLS training provision. Nonetheless, employer engagement in its other contexts should not be disregarded, as HEIs may be able to form linkages and work with employers across agendas.

3. Key characteristics of the London training market

3.1 Market for training in London

Primary research³ undertaken for the current project found an average spend per employee on training of £1,481. Based on the number of employees in London (c.4m) this indicates the market is worth in the region of £5.9bn per annum. The research identified that London employers direct an average of 39% of their training budget towards higher level skills development, suggesting that the London market for higher level skills is worth in the region of £2.3bn per annum.

The value (£) of the training and development market

Analysis of the expenditure data collected by the survey reveals that the average-per-employee spend on training and development is £1,481. This figure can be used to calculate the monetary value of the London training and development market. Using employment data from the Office of National Statistics Annual Business Inquiry and the survey data for spend per employee, the estimated value of the London market is £5.9 billion, as shown below.

Figure 3.1 Value of the London training and development market

(a) Average employer spend per employee	£1,481
(b) Indicative number of employees within London	3,995,991
(c) Value of the London training and development market (a) multiplied by (b)	£5.9bn

This figure can be used to give an indication of the value of the HLS training and development market.

The survey data reveals that on average 38.5% of London employer budgets are spent on HLS (a full breakdown is shown in table 3.1). Using this figure and the total value of the London training and development market, it is possible to calculate that an indicative value of the HLS training and development market is £2.3 billion, as shown overleaf

³ For details of the employer survey undertaken, see Appendix 1 Employer Survey Analysis.
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Value of the London HLS training and development market

(c) Total value of the London training and development market	£5.9bn
(d) Average budget spend on HLS	38.5%
(e) Value of the London HLS training and development market	£2.3bn

The table below summarises the categories of costs incurred by businesses in arranging training for their employees.

Table 3.1: Employer Investment in Training

	London £ million	UK £ million
Off-the-job training (course-related)	2,369	16,174
Off-the-job training (non course-related: labour costs and fees to external providers)	395	2,369
On-the-job training: trainee labour costs	1,808	11,886
On-the-job training: trainer labour costs	1,350	8,404
.....of which total fees to external providers (both on and off -the-job)	397	2,629
Total off-the-job	2,764	18,543
Total on-the-job	3,158	20,290

Source: Figures for London based on Grant Thornton survey data, figures for UK based on National Employer Skills Survey (NESS), 2007

A detailed disaggregation of NESS 2007 figures for both London and the UK is provided in Appendix 4.

In addition to the £397 million that we estimate employers spend on fees to external providers for both course and non course-related training within London, employers face an additional cost of £1,350 million for trainer labour costs associated with on-the-job training. This figure represents the implied wage costs of staff delivering internal training sessions for staff and is a substantial element of the total cost of training (23%).

With a change in behaviour towards increasing provision of off-the-job training, a proportion of this £1,350m could be captured by external providers (ie there could be a substitution in the costs facing business for providing training, from bearing the trainers' implied labour cost to the cost being incurred as a fee paid to external providers).

Key findings relevant to the scale of the market are that:

- the vast majority (c.80%) of training in London is delivered in-house
- The Voice of London Employers⁴ survey indicates 21% of employers in London use HEIs for training and development services
- London has the highest percentage of staff trained to Level 4 of any region of the UK.

3.2 Employer demand for training

The size of the market that London's HEIs can compete for is constrained by employers' preference for in-house training. The London First Voice of London Employers survey indicated that 86% of training in London is delivered in-house. This is supported by the employer case studies and survey completed as part of this study, within which businesses identified a range of reasons why they prefer to undertake the majority of training in-house. Details on the findings from these case studies can be found at Appendix 6.

Among the financial services companies interviewed, one of the key drivers for running internal training courses related to the rapid pace of development of frequently complex products and services within the sector, requiring staff to be kept up-to-date by other individuals and specialists within the firm.

For most firms however, there was a balance between offering staff access to both internal and external training courses. In some instances the motivation for the degree of internal versus external provision related to cost (especially important for SMEs), but for most businesses the most important factor was having access to training that was the most relevant for their business and the most suitable for their employees' specific requirements.

Furthermore, the majority of the employers interviewed indicated that they were already well-served by training providers and would not necessarily need to look beyond the providers with which they had existing relationships. In addition, other research has highlighted that the percentage of employees in London that are in training at Level 4 is the lowest of any region in the UK.

3.3 Approach to training management

The case studies and survey identified a range of processes by which employers seek out and arrange for training to be delivered. These include one-day courses delivered internally, short courses delivered as tutorials towards the end of the working day, sponsorship for employees wanting to undertake a Masters programme relevant to their role and online, virtual learning arrangements. Apart from the sponsored Masters programme, none of the training consisted of traditional classroom-based lessons.

A key feature was the tendency for training to be arranged to fit the needs of the individual employees participating. As such, the flexibility of the training arrangements was frequently identified as being particularly important.

Analysis of results from the employer survey is consistent with the case study findings. Employers used a range of different methods to organise their training and development requirements. The appraisal

⁴ London First.(2007). *Voice of London Employers Survey*.
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process was identified as a particularly important method for organising training, with over 60% of respondents identifying that they either always, very frequently or fairly frequently used appraisals for this purpose. The important role of historical connections is demonstrated by the fact that 72% of respondents said they would look to use providers that they have worked with before when trying to identify a training supplier.

Much of the contact and the arrangements in place between employers and training providers tends to be based on existing knowledge of the provider or an existing relationship. The reputation of the provider was identified as an important factor in lending credibility to the training provision and providing confidence in the quality of the course or programme.

In general, however, employers will use multiple approaches and processes to find and work with providers of training. It should be noted that the case studies undertaken within this research are dominated by larger employers and so may not be as applicable to smaller companies which may not have the capacity (eg management time) to use multiple approaches to identify and purchase training that is appropriate for their business.

One of the key training drivers identified by businesses was the competitive environment in which they operate. This leads to a desire to remain market-leading in terms of the training delivered within a business. The quality of training provided was also identified by businesses as a key factor in attracting and retaining highly competent staff.

An important feature of interaction with suppliers of training, as identified by the businesses interviewed, was the ability of suppliers to understand specific business requirements and tailor training to fit those needs. Accordingly, there is a strong preference for bespoke rather than off-the-shelf training provision.

A crucial benefit that HEIs can offer employers is the ability to accredit training provision. Accreditation provides employers with confidence in the quality of the course and lends credibility to the training received. This is seen as being of benefit to both the employer and employee, as it is considered that employees will be more willing to participate in training that is accredited by a HEI. This appears to be especially valuable in the context of the London economy, with its focus on the service sector and requirement for HLS, where it can be more difficult to assess the value of training than in more traditional economic sectors.

Previous research has identified that training provision is becoming more learner-centred with individuals rather than employers playing the main role in determining their own development needs. Data from a previous survey of London HEIs also indicated that employers are involved in course development and reviewing curricula to some extent.

3.4 Skills gaps and future demand projections

One of the main messages identified from the case studies and analysis of the survey results is that, currently, large employers in London do not have substantial skills gaps or face skills shortages which cause significant problems for their businesses. In London, businesses are able to access a large and

well-qualified pool of labour. They are also able to draw on an international labour force; for example Merrill Lynch draws an increasing proportion of new entrants into the business from HEIs in India, Poland and Moscow where the quality of graduates in maths and engineering surpasses that which is available from UK HEIs.

One of the features of the skills situation in London is the ability of businesses to import skills and to utilise technology to help overcome emerging skills gaps. Although employers identified a range of methods of addressing skills gaps of varying significance, the overall picture is that businesses are sophisticated and find solutions that work for them.

Recent research undertaken by the London School of Economics has identified that migrants coming in to London tend to share the characteristics of being relatively young and having above average qualification levels⁵. These better-educated new arrivals into the London labour market are displacing London workers from the lower end of the labour market. It is suggested that, over time, this effect will move into the higher end of the earnings scale, as immigrants are able to integrate and take greater advantage of their skills and education.

Where skills gaps were faced this was often the result of a time lag resulting from a fast-moving market place with dynamic skills requirements outstripping the pace at which skills levels had been updated. This leads to a range of responses by businesses including the need continually to up-skill their employees to maintain their competitive position in the market place.

Earlier research has identified that skills gaps in London tend to relate to employability or softer skills. Figures from the GLA project that employment creation in London over the next 20 years will be concentrated in the business services sector.

3.5 Barriers to effective engagement

Businesses expressed frustration with the lack of flexibility on the part of HEIs when approached with specific training requests. This lack of flexibility referred to both course content and delivery (for example, course content tends not to be flexible or customisable and the method of delivery will typically be fixed). Where businesses had worked effectively with HEIs, this was typically explained by the willingness of the provider to be flexible and to tailor a programme to fit the employer's specific needs. This was the case with a programme developed by a London based HEI for Thames Water under a sponsorship arrangement.

Businesses also highlighted that it is often not clear who within an HEI is the appropriate contact to go to with enquiries when seeking training for staff. Similarly, it was noted that HEIs' websites are not designed to help an employer find out information about the training that is on offer, but are rather designed to help prospective students learn about the institution and the courses on offer.

Few of the case study companies interviewed mentioned that cost was a barrier to training, although it should be noted that the majority of businesses interviewed were large employers. This differs from the findings of the National Employer Skills Survey 2005 which identified the cost of courses as the main

⁵ London School of Economics and Political Science (2007). *The Impact of Recent Immigration on the London Economy*.

barrier to training, followed by loss of staff time and relevance of courses. Cost also emerged as less of a barrier to training when employers were asked to consider the differences between barriers to working with HEIs compared to working with commercial providers.

An important challenge for HEIs is how they can demonstrate the benefits to businesses of using them as training providers, given that businesses expressed the view that they are already satisfied with the training provision arrangements they have in place (whether that is internal or external training). Suggestions in this area centred on the need for HEIs to demonstrate they can offer the latest thinking, knowledge and understanding of developments in the sector, to support businesses in retaining a competitive edge.

The ability of businesses to buy into and be associated with the reputation of HEIs was also identified as a potential benefit that they could not achieve through internal or private sector provision and which would increase their profile in the market. It was stressed however, that HEIs need to be pro-active and effective if they are to be able to convince employers of the benefits of working with them.

The fact that employers already consider themselves to be reasonably well-served by training providers and that they use a range of sophisticated, effective methods to train staff, represents a significant barrier for London's HEIs in accessing more of the potential market.

Earlier research has identified additional barriers to effective engagement:

- Cost is even more of a barrier for SMEs than for larger firms
- The role of cultural differences between HEIs and businesses
- The fact that London employers say they can fill skills needs through recent recruitment and that in-house training is frequently considered sufficient
- The landscape of public sector provision is considered cluttered and confusing by employers and even harder to navigate for SMEs than larger employers that may have more capacity (eg dedicated Human Resource (HR) functions).

3.6 Conclusion

There exists a significant market for training and development in London, with employers adopting different approaches to how they manage and coordinate their training and development needs.

The importance of different barriers to training vary according to the size of the organisation and the sector in which it operates. Employers adopt innovative approaches to overcome these barriers where the value of training is well understood and where it will support further development of the business.

The international nature of the London economy, and the connectivity afforded by the transport infrastructure, enables London employers to source the skills requirements of their business from outside the region if appropriate.

4. National policy context and skills agenda

4.1 National policy context

Skills development has moved up the Government's agenda in recent years and the issue is subject to increasing levels of political interest, with two White Papers on Skills published in 2003 and 2005⁶. The Leitch Review of Skills was followed by the 2007 Department for Innovation Universities and Skills (DIUS) led World Class Skills: Implementing the Leitch Review of Skills in England.

The skills agenda is being driven by a number of broad social and economic factors:

- An ageing working population and the need to provide opportunities for lifelong learning to enable the workforce to remain productive for longer
- The rise and intensity of economic competition with the emerging markets of India and China
- The shift to a knowledge-based economy and the accelerated pace of innovation and technology contributing to a labour market in need of HLS.

From April 2008 the UK skills agenda will be driven by the newly-appointed UK Commission for Employment and Skills. The Commission will take on many of the functions of the Sector Skills Development Agency and National Employment Panel and aims to ensure the structures and systems are in place to raise the UK skills base⁷. The remit of the Commission will be to:⁸

- advise Ministers on the strategy, targets and policies needed to increase employment and skills rates
- assess progress towards our world class ambition in the UK
- monitor the contribution that each part of the employment and skills system makes to sustained employment and career progression, challenging performance and recommending improvements in policy and delivery
- ensure that employment and skills services in the UK are integrated and are meeting the needs of individuals and employers, and to advise Government on whether further institutional change is required
- have responsibility for the performance of Sector Skills Councils (SSCs), advising Ministers on re-licensing. Detail on the coverage of each SSC is provided in Appendix 3.

⁶ DFES (2003). *21st century Skills: Realising our potential*.

DFES (2005). *Skills: Getting on in business, getting on at work*.

⁷ DIUS *Business leaders appointed to the board for UK Employment and Skills Commission*, press release last accessed. 22/01/2007 <http://www.dius.gov.uk/press/10-12-07.html>.

⁸ Last accessed 22/01/07, <http://www.cfes.org.uk/>.

The Commission will play a vital role in realising the UK ambitions for skills development and achievement at all levels.

The Leitch Review highlighted that the UK skills base remained weak by international standards and that development was essential for the UK economy to remain competitive and reduce social deprivation. 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 HE priorities to become more flexible and responsive. The Review calls for an increase in the number of adults qualified to Level 4 and above from 29% in 2005 to 40% by 2020. The Review emphasises the importance of economically valuable skills and advocates that the responsibility for skills development should be shared between employers, individuals and the Government.

Leitch identifies that over 70% of the UK's 2020 workforce have already completed their compulsory education. As a result of this, the focus for ensuring that the economy has the skills required to remain globally competitive is on training and retraining people within the workforce. This represents a shift in focus, with a movement away from the situation whereby the bulk of the growth in HLS was based on 18 year-olds undertaking tertiary education. In future years, the provision of continuing professional development will become increasingly important for the UK economy to remain competitive and for businesses to have access to the skills they require. An ageing workforce, particularly in certain sectors, represents a substantial challenge in this regard.

The Leitch Implementation plan recognises the role of skills in protecting and improving the environment. To compete in the global economy the paper identifies that a highly skilled workforce is an economic necessity and that the Government's role is to act as a catalyst for what is described as a skills revolution.

National Skills Academies are being established and provide the opportunity for employers to directly influence 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.

Regional Skills Partnerships (RSPs) were announced in the 2003 21st Century Skills White Paper, and bring together businesses and skills organisations to meet the regional economy skills requirements. RSPs are tasked with ensuring that the appropriate structures for skills development and delivery are best suited to support regional economic strategies. Partnerships aim to achieve the following objectives:

- Ensure employer needs are central
- Raise ambition in the demand for skills
- Support learners to re-engage in learning
- Ensure colleges and training providers are responsive to employers' and learners' needs
- Stimulate better working across business support and skills development agencies⁹.

⁹ London Development Agency. *Specification for Regional Skills Partnerships*, last accessed 22/01/07. http://www.lda.gov.uk/upload/doc/27_492_Part2Item11Annex2DraftSpecification.doc.

RSPs are led by the Regional Development Agencies and have been established in each of the nine regions. London has established the London Skills and Employment Board (LSEB) which replaces the RSP. The LSEB is chaired by the London Mayor with 18 members from London's leading employers. The Board has influence over the strategic direction of the Learning and Skills Council (LSC) adult skills budget in London (c£560 million per annum).

In February 2007 HEFCE announced the allocation of 5,000 Additional Student Numbers (ASNs) to be made available on a co-funded basis with employers.

HEFCE's approach to employer engagement uses existing structures and initiatives such as Train to Gain and Lifelong Learning Networks to achieve a demand-led system with employers rather than students driving demand. HEFCE is encouraging an approach to developing HLS whereby costs and risks are shared by the institution, employer and employee.

Increased focus has been given to Train to Gain as a skills brokerage model, as a means of achieving a demand-led system. The 2007 HEFCE Grant Letter referred to the expansion of the initiative for higher education to be informed by the Higher Level Skills Pathfinders. In addition, Learndirect run a scheme called Learning through Work. These existing initiatives are described in the boxes below.

Box 4.1: Train to Gain

Train to Gain is 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
- find available funding.

The scheme was first established by the LSC with Employer Training Pilots aimed at Level 2, but the initiative has been re-branded, its coverage extended to Level 3 and it is being rolled out nationally in a phased approach. The service aims to engage with those employers that are not working with training providers ('hard to reach employers'), to enable their employees to achieve vocational qualifications.

Box 4.2: Lifelong Learning Networks

The Lifelong Learning Network (LLN) initiative aims to improve the coherence, clarity and certainty of progression into and through higher education.

Networks are groups of institutions, including HEIs and FECs, that come together to develop collaborative arrangements to offer progression opportunities for vocational learners. Networks aim to increase the number of learners from vocational programmes or from the workplace into HE to enable lifelong employment in the industry of choice.

LLNs were announced by HEFCE in 2004 and have been developed in partnership with the LSC as part of its Progression Strategy. Networks are funded through the Strategic Development Fund. There are 29 funded LLNs, with at least one in each English region and two national networks.

Across London, five LLNs have been funded representing around £16 million of investment: Linking London (led by Birkbeck, University of London), South London (led by Kingston University London), West London (led by Thames Valley University), South East London (led by King's College London) and The Creative Way (led by the University of East London).

Box 4.3: Learning through Work

Learning through Work is a scheme run by Learndirect, in partnership with participating HEIs and colleges. The scheme allows employees to work towards and study for a university qualification (undergraduate or postgraduate) without taking time off work. The scheme integrates learning with relevant work-based projects to the benefit of both employer and employee.

The scheme focuses on the individual and employer learning needs, providing a flexible approach to learning. Participating HEIs and colleges work with employers and learners to:

- agree an individual's learning objectives
- plan their learning schedules
- collect and demonstrate learning.

The scheme enables learning to be tailored around the needs of the individuals and the specific needs of employers, providing a platform for employers to develop a study programme for a group of employees to develop their skills to the benefit of the business.

Employees can also complete shorter programmes, which can count as credits towards a university qualification.

5. London's skill base and economic context

5.1 Introduction

This chapter describes and analyses the key features of the London skills base and the region's economy.

The Greater London economy holds a unique position within the UK economy. London accounts for approximately 15% of total UK jobs, with employment dominated by a limited number of sectors. London generates 19% of total UK Gross Value Added (GVA) and constitutes 12% of the country's population¹⁰. Financial and professional services account for 72% of the GVA of the City of London and 29% of Greater London's GVA, compared with a UK figure of 14%.

London accounts for 21% of UK employment in financial services, 21% of UK employment in law, accounting, architecture and other business activities not elsewhere classified, and 20% of UK employment in publishing, printing and reproduction or recorded media. The Corporation of London has recently estimated that the City of London's financial district alone made a contribution of close to 4% of the UK's GVA in 2007¹¹.

5.2 Distinctiveness of the London labour market and business population

London has a distinctive labour market and business population, which is likely to lead to differences in London employers' demand for HLS. Key differences include the following¹²:

- London has relatively more people working within larger organisations than other regions. London also has high levels of employment within sectors not covered by the existing SSC network, such as the business services sector. Employers within sectors represented by Skills for Justice, Skillset and Creative and Cultural Skills are especially likely to be based within London, with around two-fifths of employers in these sectors located in the capital. London's share of skills shortage vacancies (13%) is below its share of employment (18%);
- London has a larger than average proportion of employment within managerial and professional roles but a lower than average representation within elementary and machine operative roles. London also has a very small number of employers within the Lantra SSC (agriculture and land-based industries) footprint.

¹⁰ Oxford Economics Limited. (2007). *London's Place in the UK Economy, 2007-2008*.

¹¹ City of London Economic Development Research Programme. (2007). *Review of 2007*.

¹² LSC. (2005). *National Employment Skills Survey 2005 Annex G* presents a further regional breakdown of results from the survey.

- The international client base of London businesses.

One of the distinctive features of the London economy is the contribution to economic output that is based on net commuting into London. GLA Economics estimates this by comparing the difference between workplace and residence-based output figures (GLA 2005): net commuting to London contributed 11% to London's economy in 2003. The corollary of this is that for both the south-east and east of England regions, the effect of commuting on regional economic output is negative, as more workers from these regions commute into London than vice versa.

London has a reputation for being an international hub of research excellence, with a vast and diverse pool of talented and skilled employees. London is not faced with a massive skills gap, instead Londoners are competing internationally for jobs within the London market.

One of London's strengths with respect to skills supply is the international nature of its workforce and the willingness of individuals to locate here. London has been described as the world's leading centre of commerce¹³ and is a centre of academic excellence. The strength of London's sectors and economy attracts a talented, highly-skilled international workforce. London's talent pool remains one of its biggest assets in attracting businesses to operate in London, which has been voted (in a Cushman and Wakefield Survey of European Cities) the best European city for access to qualified staff (for 16 years running)¹⁴.

Over one-third of London's workforce has a degree¹⁵ and London is a centre for excellence for many sectors such as the creative industries, IT and health. Nearly half of the UK IT workforce is located in London¹⁶ and nearly half of the UK's medical students are trained by London institutions¹⁷. Compared with other UK regions, London does not suffer from a severe skills shortage among its workforce, rather London offers employers a pool of highly-qualified and talented staff; skills gaps and development needs do however remain within this resource pool.

The figures below illustrate the trends in both employment and unemployment within London, selected additional regions and the UK as a whole. Although it has increased in recent years, London's employment rate, measured as a percentage of working age population, remains substantially below the rest of the UK and the South East region. This represents the relatively high rate of economic inactivity within London (25% of the working age population) compared with the national average (21.5%).

¹³ *London was ranked 1st in the 2007 MasterCard Worldwide Centers of Commerce.*

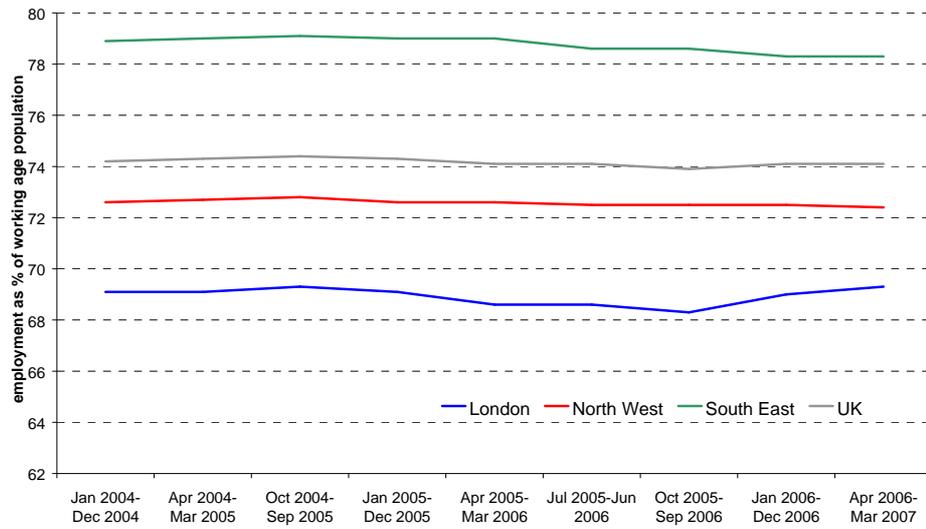
¹⁴ Think London. (2007). www.thinklondon.com - using Cushman & Wakefield European Cities Monitor.

¹⁵ London Chamber of Commerce. (2007). www.londonchamber.co.uk.

¹⁶ UKTI. (2007). www.uktradeinvest.gov.uk.

¹⁷ London Higher. (2006). *Leading Health.*

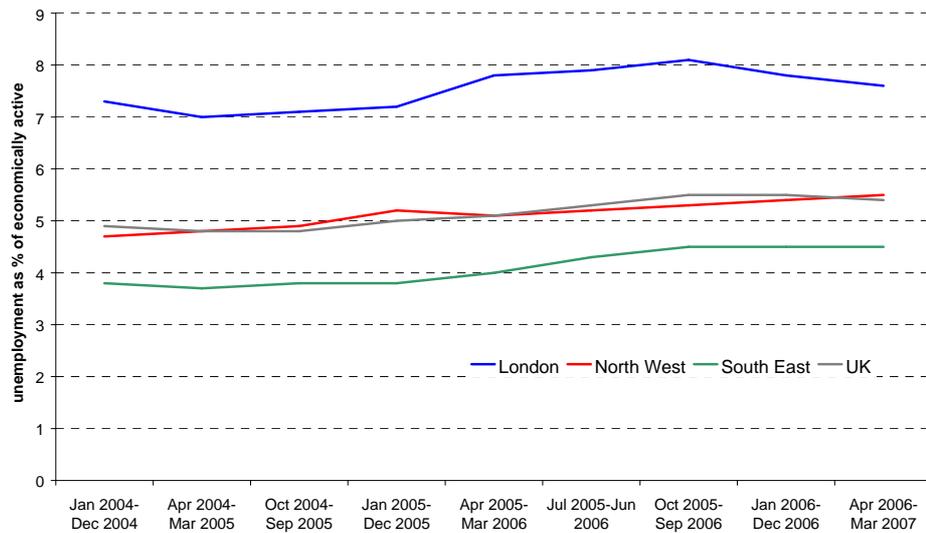
Figure 5.1: Employment rate in London and selected regions



Source: Annual Population Survey, 2007

Unemployment among working age individuals is higher in London than in all other regions and the UK-wide average, as indicated in the figure below.

Figure 5.2: Unemployment rate in London and selected regions



Source: Annual Population Survey, 2007

5.3 London policy context

The London Plan recognises that London's success has occurred despite an under-investment in skills¹⁸. Looking ahead, the plan recognises that London's growth will be inhibited unless a number of supply side issues, including skills development, are addressed.

The Plan anticipates that the emergence of the information society will demand that London becomes a 'learning city' to an even greater extent, which will place heavy demands on education and training resources.

From a London perspective, the Plan identifies the requirement for integrated policy intervention to address three key aims:

- Overcoming barriers to accessing the labour market
- Improving the competitive labour market position of London's resident population
- Encouraging more of London's employed to become residents in London.

The Plan stresses that the shortage of affordable housing in London is creating a serious skills shortage in many key public sector institutions. In terms of HLS, strengths in London's HEIs are recognised as contributing to ensuring the region remains a globally competitive city.

The London Skills and Employment Board (LSEB), chaired by the London mayor, has been established and is responsible for the preparation of a long-term strategy for adult skills, training and employment within London. The LSEB consists of top London business leaders, representatives of major employers and unions within London and education specialists. The LSEB's primary responsibility relates to the strategic direction of the LSC's adult skills budget within London and in making recommendations to the Mayor of London, the Secretary of State, the LSC and the London Development Agency (LDA). The LSEB launched a consultation on its strategy in November 2007.

¹⁸ GLA. (2004). *The London Plan*.

Box 5.1: Draft strategy of the London Skills and Employment Board

The focus within the proposed LSEB Strategy (which is subject to public consultation and not yet finalised) is to address the high levels of worklessness within London by increasing the opportunities for Londoners to improve their skills and become better equipped to compete successfully in the labour market.

The LSEB is proposing a series of targets to achieve this ambition:

- Increasing London's employment rate to 72% by 2013
- Closing the gap for those that have low rates of participation
- Reducing the proportion of Londoners with no qualifications to 11% by 2013
- Increasing participation in training among those in work to 15% over the same period.

The strategy presents five key challenges which the LSEB considers will be necessary to achieve these aims:

1. A fundamental change to the employment and skills support available for Londoners
2. An ambitious new Employer Programme for London employers
3. A new level of responsiveness from London's learning and skills providers to ensure that skills provision is focused on meeting genuine needs
4. An integrated skills and employment infrastructure
5. Public funding for skills and employment in London.

5.4 Supply of HLS in London

Around 35%¹⁹ of all London's employees receiving job-related training did so at NVQ Level 4 or above, which was the second lowest percentage of any region in the UK (Northern Ireland had the lowest percentage of employees receiving training at this level). Forty-three per cent of employees in London are qualified to NVQ Level 4 or above, the highest region in the UK.

The London market for HLS is particularly distinctive for two reasons:

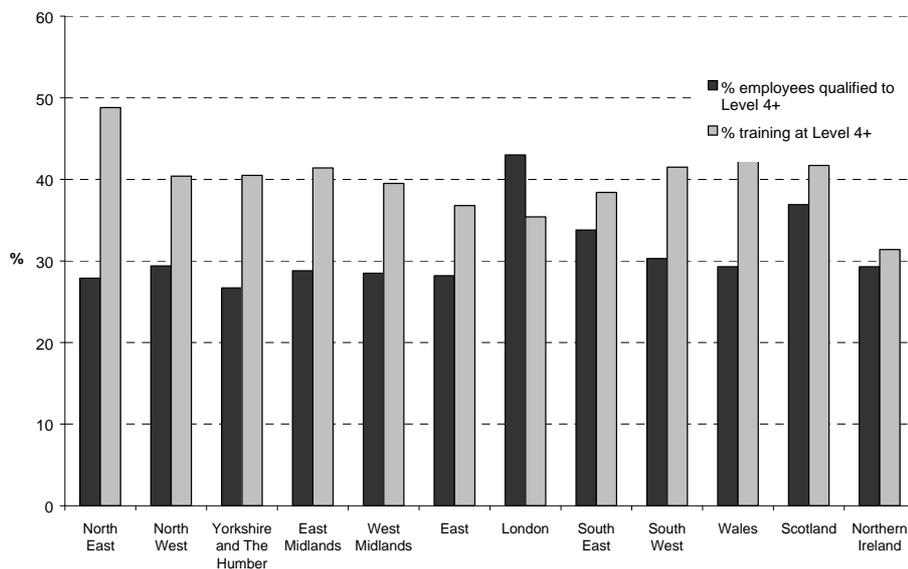
1. The existing supply of Level 4+ skills: a relatively high number of employees in London are already qualified to Level 4 or above, alongside a relative under-representation of employees training at this level

¹⁹ Office for National Statistics. (2006). *Annual Population Survey*.

- The percentage currently training at Level 4+: London is the only region of the UK where the percentage of employees qualified to NVQ Level 4 or above exceeds the percentage of employee training at Level 4 or above.

There is likely to be a relationship between these two issues. For example, it may be the case that London employers have a lesser need to provide or encourage higher-level training for staff either because they already have a sufficient skills base on which to draw or because they can fill gaps from within the labour market.

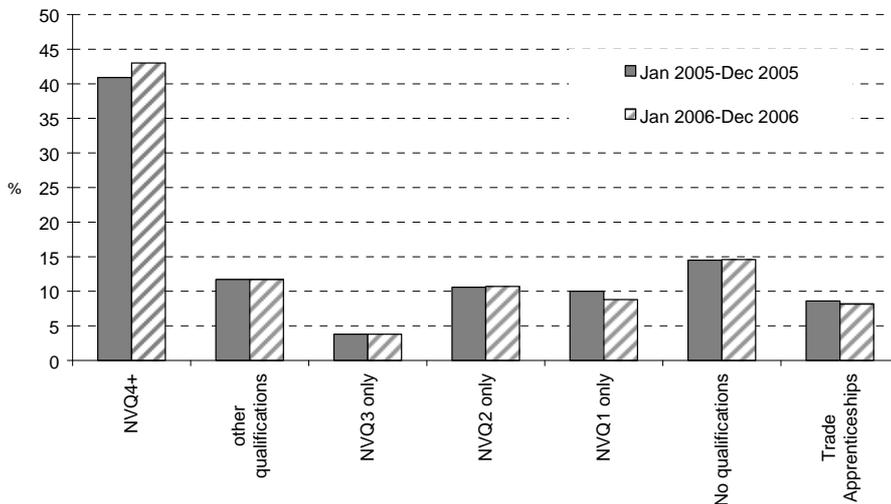
Figure 5.3: Level 4+ qualifications in London's working population



Source: Annual Population Survey, 2006

As figure 5.4 highlights, London has a highly-qualified workforce, with the majority (43% in 2006) of London's working age population qualified to Level 4 or above. This figure rose by approximately 3% from 2005 to 2006, while the percentage of those with lower qualifications remained stable.

Figure 5.4: Qualification levels in London's working population

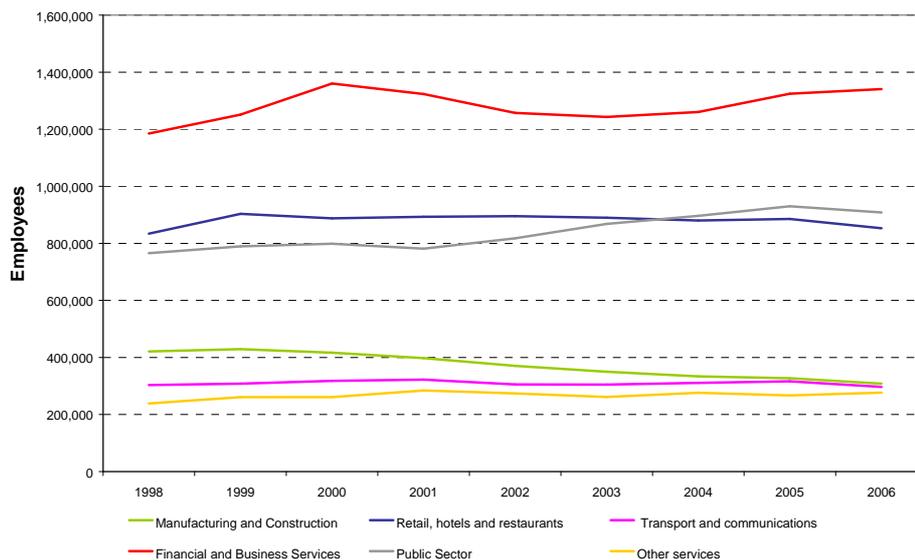


Source: Annual Population Survey 2005 and 2006

5.5 London sector context

The figure below demonstrates the dominance in terms of numbers of employees of three key sectors: finance and business services, the public sector and retail, hotels and restaurants. Over the period 1998 to 2006, there was substantial growth in employment in both the financial and business services sector and in the public sector, while there was a substantial decline in the numbers employed in manufacturing and construction.

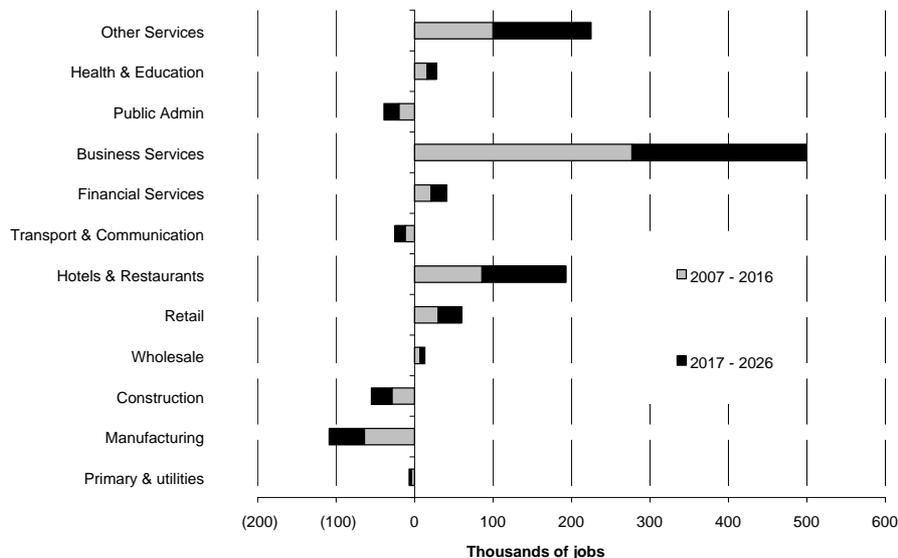
Figure 5.5: Employment in selected London sectors



Source: Annual Business Inquiry, 2007

The figure below reveals that while some sectors, such as manufacturing and construction, are expected to see a decline in employment, the largest growth in employment is forecast to be in business services.

Figure 5.6: Forecast change in London's employment 2006-2026

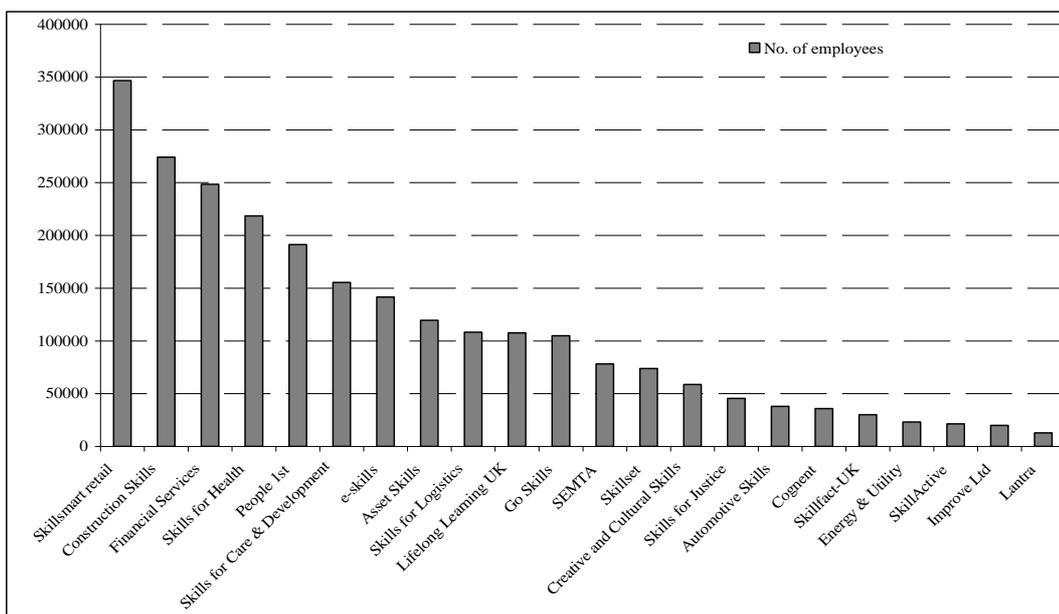


Source: GLA, 2007

Labour Force Survey data highlights that the largest sectors in terms of employment are covered by the following Sector Skills Councils; Skillsmart Retail, Construction Skills and Financial Services Skills Council. Whilst most Sector Skills Councils are active in the London region, it is dominated by 11 of the 25 sectors, through employment of 100,000 plus employees (as seen in Figure 5-7 below).

1. Skillsmart Retail
2. Construction Skills
3. Financial Services
4. Skills for Health
5. People 1st
6. Skills for Care and Development
7. e-skills UK
8. Asset Skills
9. Skills for Logistics
10. Lifelong Learning UK
11. GoSkills

Figure 5.7: Levels of employment across Sector Skills Councils within London²⁰



Source: Skills for Business Network, Labour Market Information, 2005

Those sectors that have forecast significant growth in employment are covered by e-skills UK (51%), Asset Skills (35%) and SkillsActive (21%). The largest sectors in terms of workplaces are covered by the councils of Skillsmart Retail, People 1st, and Creative and Cultural Skills. The three sectors with the most ageing workforce are covered by Lifelong Learning UK, Skills for Care and Development and Energy and Utility Skills.

The London economy is also characterised by the diversity of the size of its employers, with a large number of multinational companies headquartered in London, but also a large number of SMEs and sole traders. Businesses in Greater London have the highest rate of registrations and de-registrations, indicating an economic dynamism that is positively correlated with a higher level of GDP per head²¹.

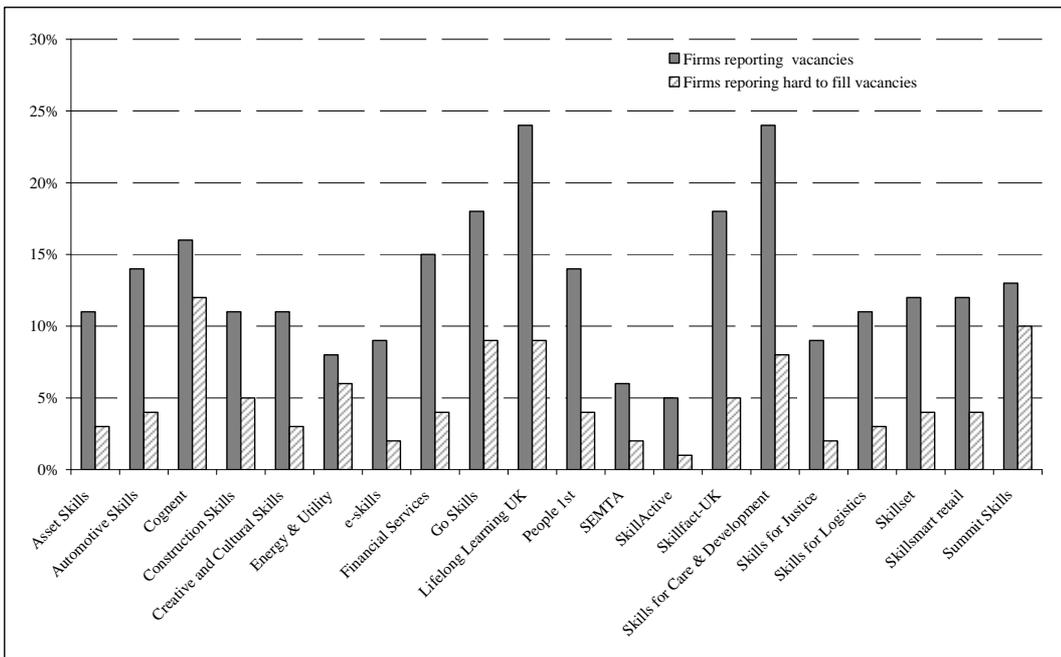
5.6 Demand for skills across the London region

The demand for skills across the region and sectors is complex. With 43% of London's working age population qualified to Level 4 or above, London already has a highly-qualified workforce. However, there still exists a demand for skills with many firms reporting vacancies. Cogent, Go Skills, Lifelong Learning UK and Summit Skills report the highest levels of hard-to-fill vacancies.

²⁰ Skills for Business Network. (2005). *Greater London - Regional Sector Overview*.

²¹ Sector Skills Development Agency. (2007). *Sector Skills Almanac*.

Figure 5.8: Percentage of firms reporting vacancies and hard-to-fill vacancies²²



Source: Skills for Business Network, Labour Market Information, 2005

Appendix 2 presents a snapshot (where available) of the nature of skills demand (gaps/shortages) across each of the Sector Skills Councils and the proportions of employees qualified at Level 3 or above within London, compared with national levels.²³

5.7 Conclusion

The London economy is a dynamic and mixed economy making a significant contribution to the UK GVA. It is characterised by a diverse range of established and emerging sectors, each with different forecast employment growth and differing demands for skills development.

The London labour market offers employers access to a highly-qualified and international workforce. However with an ageing working population and a fast-moving economy, training and development is of paramount importance to employers across the region.

²² Skills for Business Network. (2005). *Greater London - Regional Sector Overview*.

²³ Sector Skills Development Agency. (2005). *regional Labour Market Information Summary sheets*.

6. Employer demand for training

6.1 Introduction

This chapter considers the size and nature of the market for HLS development within London.

Included within this is the expenditure by employers with London's HEIs and professional training organisations. In addition, this study examines the research to identify instances in which employers quantify the amount of higher-level training they provide for staff internally.

The key findings are as follows:

- Thirty-five per cent of London's employees who received training did so at Level 4 or above: the second lowest of any region in the UK. London has the highest percentage of its workforce qualified to Level 4 or above.
- There appear to be inconsistencies in the results from different surveys: one identifies that the vast majority of training is delivered in-house, while another indicates an even split in expenditure on in-house versus off-the-job training.
- A recent survey of London employers identified that 21% use HEIs.
- Large firms are more likely to make use of HEI provision than SMEs. One suggested reason was that it is harder for SMEs to navigate and understand the offering of the HEI sector than it is for larger employers who may, for example, have more staff capacity with which to identify and make contacts with appropriate providers within the HEI sector.

6.2 Employer expenditure on skills development

According to the National Employer Skills Survey (NESS) 2007, the annual costs to employers of providing training in the UK in 2007 stood at £38.6 billion, roughly split evenly between on-the-job and off-the-job training (with the bulk of this cost being labour - ie the staff time associated with both providing and receiving training). Fees payable to external providers for 'off-the-job' training stood at £2.6 billion (7% of total training costs) comprising £1.9 billion in fees for course related training and £0.7 billion relating to other training including seminars, workshops, etc. Spend per trainee is lower among larger firms²⁴. A breakdown of the costs facing business for providing training both at London and national levels is presented in Table 6-2.

²⁴ LSC. (2005). The National Employer Skills Survey. *The National Employer Skills Survey is a key source of data on training expenditure, with the survey undertaken bi-annually. Latest figures are from the 2005 survey, as the 2007 edition is currently in progress.*

6. Employer Demand For Training

Within London, NESS suggests that the annual training costs incurred by business in 2007 are estimated at £8.1 billion, representing 21% of national expenditure, with an average training cost per employee of £1,736. Whilst the overall UK figures are statistically robust, the figures for London and the regions should be treated with caution as they have been calculated from a relatively small sample, they fluctuate from one year to the next. For example, the annual training costs figure for London in 2006 was £5.7 billion.

Table 6.1: Total training costs incurred by businesses

Region	Total £million	Off-the-job £million	On-the-job £million	% of total expenditure	Spend per employee
Eastern	£3,747	£2,000	£1,746	10%	£1,625
East Midlands	£2,470	£1,169	£1,301	6%	£1,350
London	£8,055	£3,757	£4,298	21%	£2,075
North East	£2,015	£1,110	£905	5%	£2,000
North West	£5,655	£2,594	£3,060	15%	£1,950
South East	£6,113	£2,501	£3,612	16%	£1,700
South West	£3,478	£1,767	£1,711	9%	£1,600
West Midlands	£3,654	£1,686	£1,786	9%	£1,575
Yorks & Humber	£3,461	£1,590	£1,871	9%	£1,575
Total	£38,648	£18,174	£20,290	100%	£1,736

Source: National Employer Skills Survey, 2007

The expenditure figures presented above include the various elements associated with managing, procuring, delivering and attending training.

At a national level, fees spent on external providers account for 6.8% of total training costs, whereas in London the equivalent figure is marginally lower at 6.7%, indicating that London employers are slightly less inclined to use external providers than is the case in other parts of the country.

The table below extracts data across the different categories of costs from the NESS at both the London and national levels.

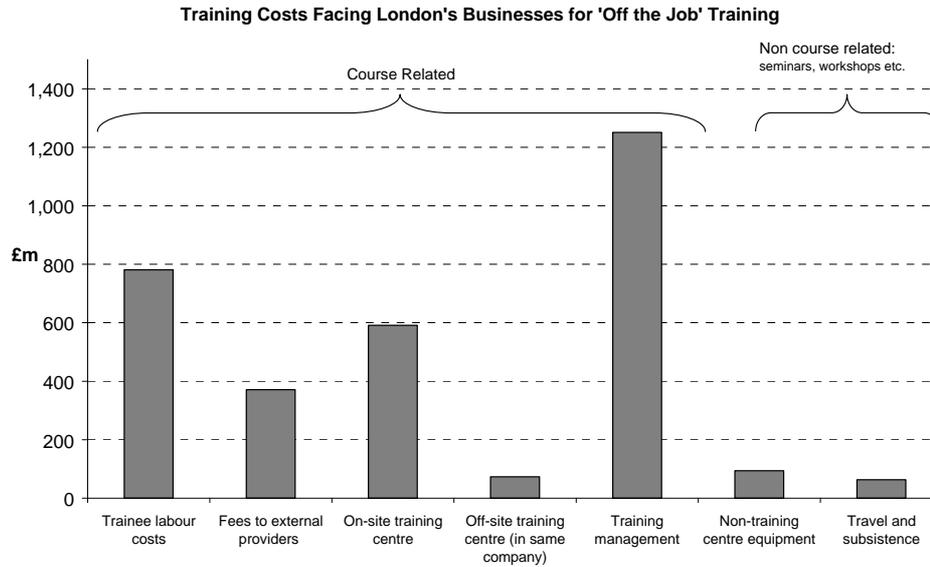
Table 6.2: Cost breakdown of employers' training provision: London and the UK

	London		UK	
	£ million	% of total	£ million	% of total
Off-the-job - course related training				
Trainee labour costs	781	10%	4,633	12%
Fees to external providers	371	5%	1,893	5%
On-site training centre	591	7%	2,551	7%
Off-site training centre in the same company	73	1%	446	1%
Training management ²⁵	1,251	16%	5,766	15%
Non-training centre equipment and materials	94	1%	475	1%
Travel and subsistence	63	1%	410	1%
Off-the-job - other training (seminars, workshops, etc)				
Labour costs	369	5%	1,633	4%
Fees to external providers	169	2%	736	2%
Total off-the-job training cost	3,757	47%	18,358	48%
On-the-job training				
Trainee" labour costs	2,461	31%	11,886	31%
Trainers' labour costs (Q22-Q24)	1,837	23%	8,404	22%
Total on-the-job training cost	4,298	53%	20,290	53%
Total training Cost	8,055	100%	38,648	100%

Source: National Employer Skills Survey, 2007: London breakdown supplied by the LSC

²⁵ 'Training management' represents the costs associated with managing the provision of training within a business including for example organising and arranging training, liaising with providers, briefing people etc.

Figure 6.1: Training costs facing London's businesses for 'off-the-job' training



Source: National Employer Skills Survey, 2007: London breakdown supplied by the LSC

Analysis of the above training costs incurred by businesses (from the NESS 2007) suggests that the potential annual training expenditure by London employers consists of:

- total fees paid to external providers for both course and non-course training delivered 'off-the-job', totalling £540 million per annum plus
- the internal trainer labour costs incurred by employers associated with providing 'on-the-job' training for staff, totalling £1,837 million plus
- some additional proportion of the total costs incurred for the provision of 'off-the-job' training, which totalled £3,757 million (in addition to that described under paragraph one above). A substantial element of this remaining figure consists of the costs associated with the management of training (£1,251 million) and the implied costs of the labour of recipients of training (£781 million), for which there is probably less scope to be translated into expenditure by employers than the categories relating to training centre costs.

The extent to which the scale of the potential market can be translated into actual expenditure by employers on training (rather than being incurred as a cost) depends on a range of factors including:

- the extent to which employers may choose to switch away from incurring the costs of internal training and pay for the service to be delivered externally
- the extent to which some of the existing costs facing firms in arranging 'off-the-job' training can be translated into direct expenditure with providers for training. (For example, firms may be willing to pay a fee for training management if their internal costs, in terms of the amount of staff time spent dealing with arranging and evaluating training, could be reduced, or if they were to switch to an externally-provided training centre).

As such, the figures from the NESS can only be used to provide an estimate of the potential scale of the market for training in London because the exact figure will depend on the strength of the effects identified above.

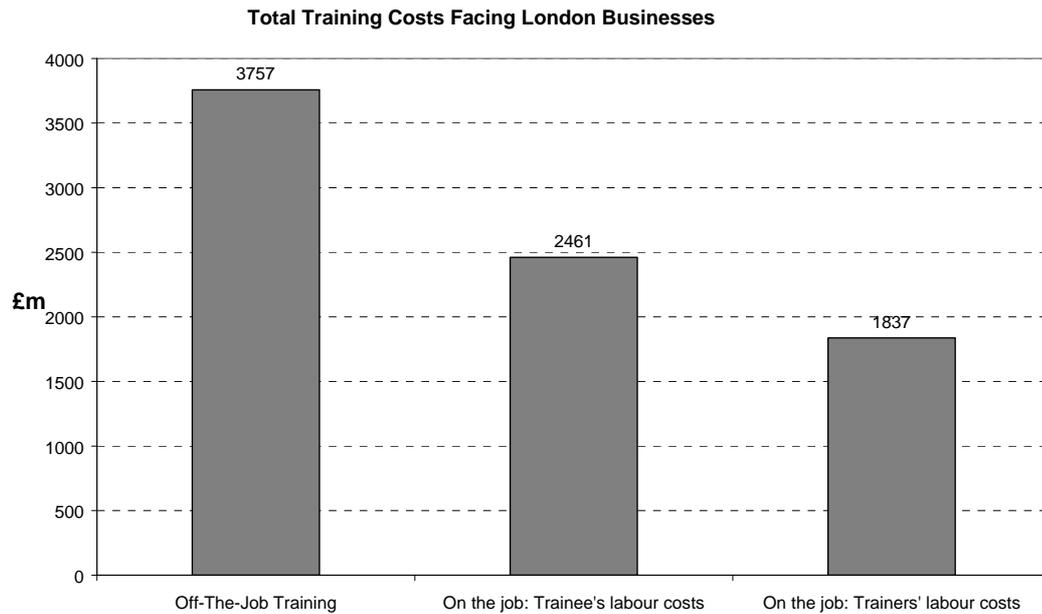
A comparison of the costs facing business in London with the average costs facing business at a national level reveals a number of differences. Overall, London employers' total training cost of £8.1 billion represents 21% of the national cost of £38.6 billion indicated by the NESS.

In London, the total costs associated with 'on-the-job' training represent 53% of total training compared to 52% at a national level. As a proportion of the total costs of training, London employers tend to spend slightly less on fees to external providers: course-related training represents 4.6% of the total costs whereas the national percentage spend on this category is 4.9%.

Interestingly, London businesses incur proportionately slightly higher costs for arranging the management of training than do businesses in other parts of the country. In London, the costs associated with training management represent 16% of total training costs compared with 15% nationally.

6. Employer Demand For Training

Figure 6.2: Total training costs facing London businesses



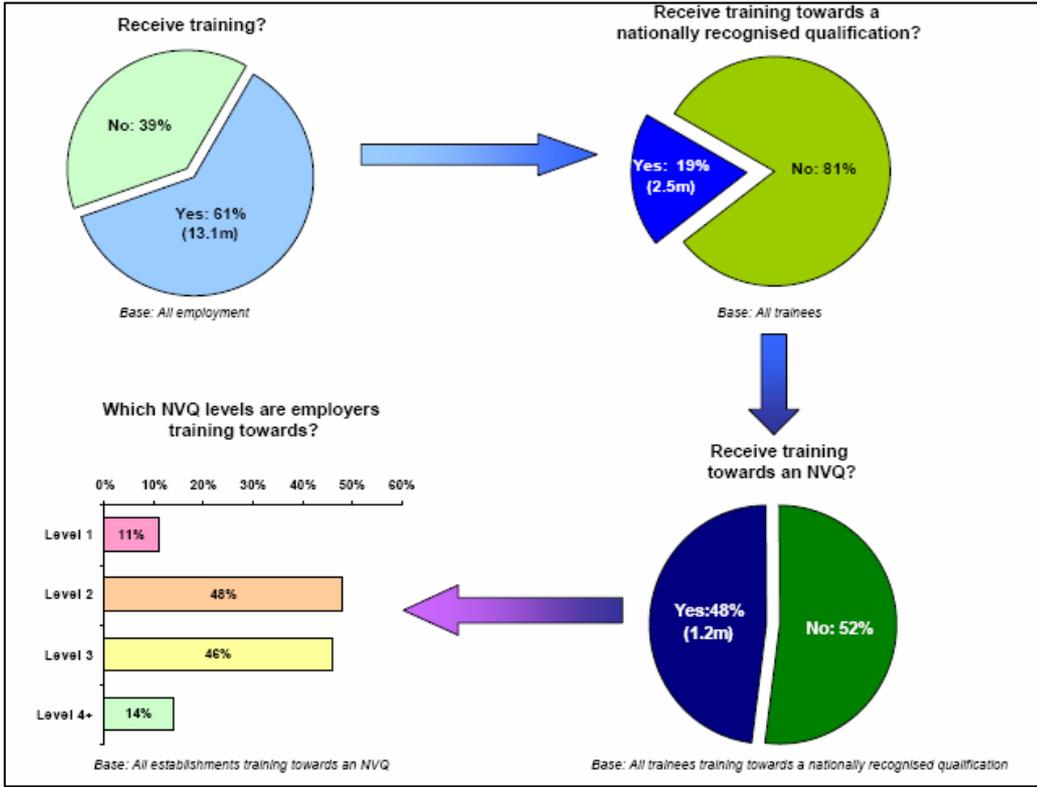
Source: National Employer Skills Survey, 2007: London breakdown supplied by the LSC

The figures are not divided into different levels of provision so it is not possible to determine from the NESS the expenditure on HLS development.

Although the survey does not identify how the costs relate to the level of training being arranged, detail is provided on the levels at which training towards nationally-recognised qualifications takes place. From this, it is identified that 14% of employees training towards an NVQ do so at Level 4+. For training other than that towards nationally-recognised qualifications, the survey does not detail the levels at which the training takes place.

Research Report 1: The demand for higher level skills by London employers
 6. Employer Demand For Training

Figure 6.3: Summary of UK training propensity and skills development in the UK



Source: Reprinted National Employer Skills Survey, 2005

The DIUS (previously DfES) has estimated that the market for employer expenditure with HEIs across all levels of training and development is £5 billion. It is also estimated HEIs capture £300 million of this expenditure²⁶.

Other sources have indicated that only 12 HEIs account for 50% of all the Continual Professional Development (CPD) and Continuing Education (CE) expenditure at all English HEIs²⁷. In the 2005/2006 academic year, HEIs within the UK received over £400 million from the provision of CPD and CE²⁸.

²⁶ The Council for Industry and Higher Education (2007), *Workforce Development - Employer Engagement with Higher Education*.

²⁷ HEFCE. (2007). *Higher education - business and community interaction survey*.

²⁸ HEFCE. (2007). *Op Cit*.

6. Employer Demand For Training

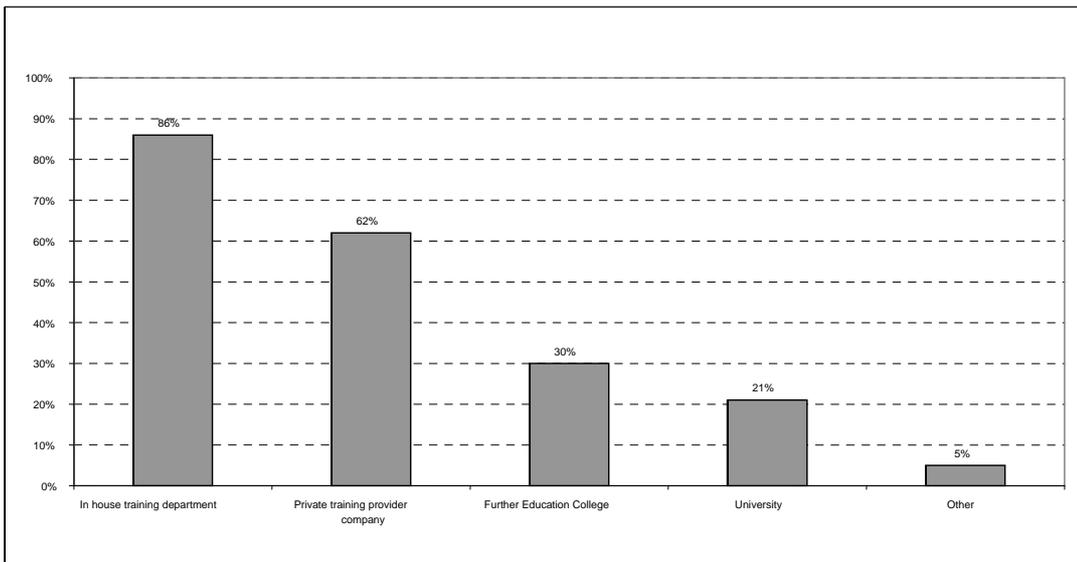
6.3 Method of training delivery

The key findings from the Voice of London Employers Survey (see page 10) include the following:

- The vast majority of employer-funded training is delivered in-house
- Eighty-three per cent of respondents indicated their skills needs were very well met by recent recruits
- Larger employers were significantly more likely to make use of HEI provision than were smaller firms.

The figure below presents the breakdown of provision into the sources used.

Figure 6.4: Training provision used by London employers



Source: London First, Voice of London Employers Survey, 2007

As highlighted in the figure above, employers have a preference towards in-house training. There are benefits in using both external providers and in-house provision, depending on the needs of the individual or the requirements of the job role. Larger employers generally tend to mix in-house provision with external provision according to need, as the case study described below illustrates.

6. Employer Demand For Training

Box 6.1: Lloyds TSB University

Lloyds TSB adopt a decentralised approach to training and development, with Lloyds TSB University monitoring quality standards and building a core curriculum. In 2006 the university provided 33,250 training days for employees.

The university uses a mix of internal and external providers to deliver courses blending delivery methods such as face-to-face training, web-based learning and workbooks.

Lloyds TSB uses internal trainers, with each business division having a number of dedicated trainers and regional training teams. The benefit of using internal trainers is that they understand the infrastructure and culture of the business, with significant time savings made in negotiating with external providers.

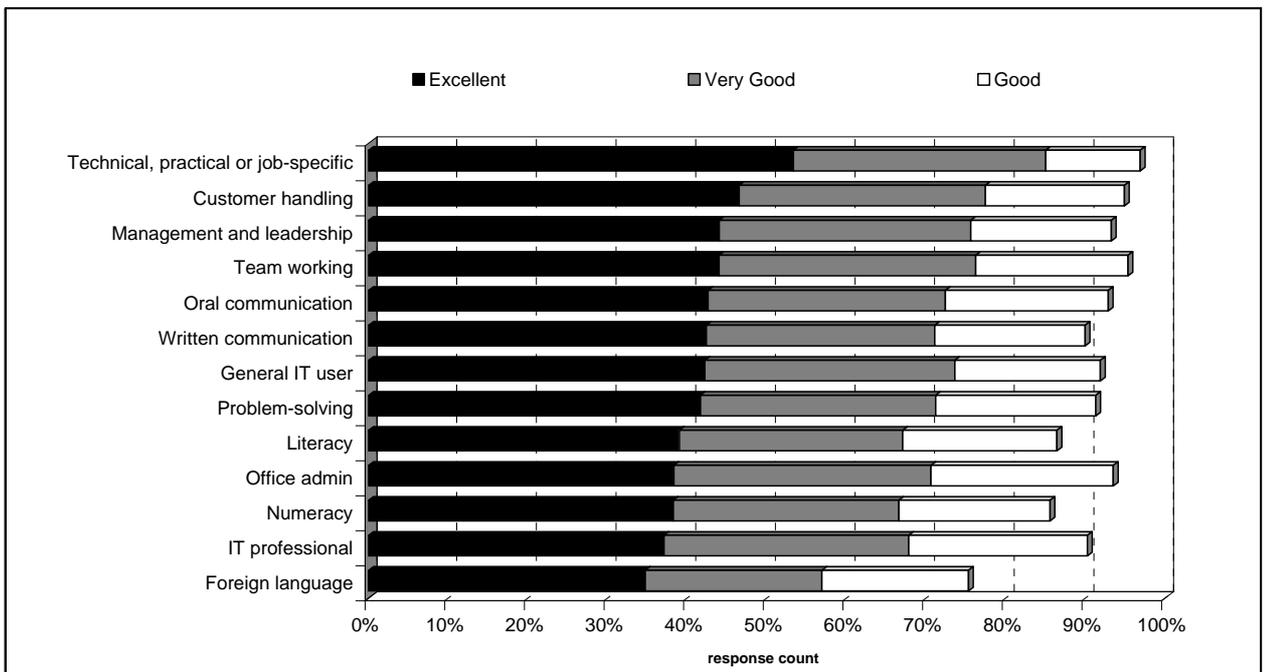
Lloyds TSB offers a number of accredited off-the-shelf courses. Some off-the-shelf courses are delivered by external providers, sourced through a tendering process and beauty parade. Preferred supplier lists are used and provide economies of scale for some programmes.

There are circumstances in which training can be more effective without peers and colleagues as fellow learners. Employees can benefit from being taken out of the work environment where they may feel less peer pressure.

Survey research evidence on employer skills requirements

London employers are faced with a broad range and choice of training providers. The Grant Thornton survey reveals that over 60% of employers believe that their higher level skills training needs can be met by providers within London and that there are few areas where employers feel they are poorly provided for (figure 6.5).

Figure 6.5 Employers' training needs met within London by topic



6.4 Conclusion

Despite the London market offering London employers access to a highly-skilled workforce, the demand for external training and development remains, as demonstrated by significant employer expenditure on training and development.

Employers show a preference for in-house training, with larger employers more likely to use HEIs to meet their demands. The demand for training and development across the market is met using a number of different and often innovative approaches.

7. Approach to training management

7.1 Introduction

This section identifies and describes the main processes and methods by which employers engage with HEIs. This takes many forms, including:

- distance learning for businesses
- continuous work-based learning
- short bespoke courses for business on campus
- short bespoke courses at companies' premises
- accreditation of in-house training.

A Council of Industry and Higher Education (CIHE) survey²⁹ has identified that training provision is becoming more learner centred, with individuals having increasing responsibility for identifying their own training and development needs. The research also describes how companies are becoming facilitators of learning rather than providing training directly. This study supports these findings: for example, at the Peabody Trust, individual employees are responsible for identifying a suitable Masters course and institution to enhance their career progression.

7.2 Delivery channels

The percentage of HEIs within London that offers each of the approaches to employer engagement is detailed in the table below³⁰. It should be noted that this does not represent the percentages of businesses that engage with HEIs through these different delivery channels, nor has the study identified quantitative research that specifically covers this.

Table 7.1: Delivery channels

Delivery Channel	%
Distance learning for businesses	49%
Continuous work-based learning	51%
Short bespoke courses for business on campus	74%
Short bespoke courses at companies' premises	70%

Source: HE BCI 2007/17

²⁹ Council of Industry and Higher Education. (2007). *Workforce Development - Employer Engagement with Higher Education*.

³⁰ HEFCE.(2007). *Higher Education - Business and Community Interaction Survey*.

7. Approach To Training Management

The case studies reveal that large employers in particular use a wide range of approaches and methods to deliver training:

- End-of-the day tutorials on hot topics to keep staff up-to-date with latest developments in their industry
- One-day courses bought in and provided on site by external providers
- Sponsorship of Masters degree programmes.

The range and scope of provision is demonstrated within the case study boxes detailed below.

Box 7.1: BT

BT utilises various approaches to training delivery

BT ensures that any training undertaken is outcome-focused and specific to improving a learner's role within the organisation. BT has adopted an approach whereby training is brought to staff and built around staff days and role requirements (especially with high-skilled, high-value staff). Such an approach was found to be more productive and effective than sending staff into a classroom environment.

BT Operate (a business unit within BT that demands a high level of technical skills and expertise) adopts an approach to training and development that is largely organised and managed by professional communities. It has created communities of learning that use a number of approaches to development including: mentoring, on-the-job learning, procuring off-the-shelf courses (such as Prince 2), and specific technical and non-technical training.

BT provides access to e-learning training modules via its enterprise-wide LMS and Learning Portal: Route2learn (R2L). In 2007, R2L delivered 310,000 online and 21,400 instructor-led courses. Flexible and blended learning solutions were essential to BT and technology-enabled learning interventions are part of the blend.

Box 7.2: Peabody Trust

Day-release MSc Programme

The Peabody Trust sponsors staff to study for an MSc in Housing Management.

The Trust funds approximately 50% of the course fee, with the student providing the rest via payroll deductions. The University of Westminster is often selected by students to study the MSc primarily because the course has a good reputation.

Staff are given day-release to attend the course.

Box 7.3: Lloyds TSB University

Lloyds TSB University was created in 1996, following the merger of Lloyds and TSB. It works by identifying the needs of the company first and then providing training around these requirements. The University has worked with academic institutions such as the Chartered Management Institute and Nottingham Business School, whereby 'it adds value by having (programmes) accredited by external organizations.'³¹

Box 7.4: Merrill Lynch

Due to the complexity of the business and rapid pace of development in which Merrill Lynch operates, the company needs to ensure that staff are trained frequently and kept up-to-date with latest developments in order to remain competitive across the market.

Merrill Lynch uses a wide range of internal and external programmes. Training often takes the form of evening tutorials running from 5-7pm or 6-8pm. These sessions will tend to be on hot topics and aim to keep staff up-to-date with the latest issues relevant to their roles. This training is extended to the internship population through Lunch & Learn initiatives.

Box 7.5: John Lewis Partnership

Training is an integral part of John Lewis' ambitious business expansion plans, with a target of doubling sales over the next ten years. The company requires that staff are versatile and able to adapt to changing requirements within their roles. Such attributes are seen as increasingly important, more so than high levels of technical skill, as the partnership grows and the need for adaptability increases.

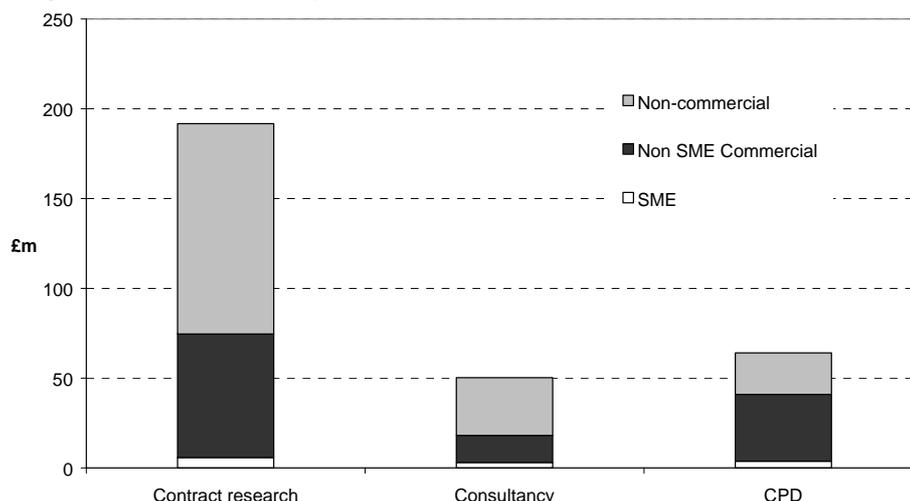
To equip staff with a diverse set of business skills, the company offers the opportunity for staff to manage projects within another business to expand their horizons and skills, under a scheme arranged by a private company.

The key element they look for in sourcing training is a pragmatic approach from course providers, with relatively little interest in highly-academic courses. Accreditation of training is not a particular priority, rather the emphasis is on meeting specific business needs.

³¹ Financial Times article 20/03/07. quoting Martyn Levitt, Head of Performance, Talent and Learning Directorate, Lloyds TSB.

Looking more widely at the interaction between businesses and HEIs, the bulk of the expenditure by businesses with HEIs relates to the provision of contract research services. The chart below details the breakdown of HEI income within London, demonstrating the level of employer engagement with HEIs across the range of services. Income from contract research is substantially higher than for the other methods.

Figure 7.1: London HEIs receipts from business



Note that these income figures exclude income received from: Collaborative research, facilities and equipment related services, IP and licensing

Source: HEFCE, *Higher Education - Business and Community Interaction Survey 2007*

The Higher Education-Business Community Interaction Survey (HE-BCI)³² also asks HEIs the extent to which employers are actively involved in the development of content and in undertaking regular reviews of the curriculum. The results for the London HEIs are presented below.

Table 7.2: Employers' development of content

To what extent are employers actively involved in the development of content and regular reviews of the curriculum?	% London HEIs
1. No links with employers in development of locally orientated courses or overall shaping of the curriculum	8%
2. Between 1 and 3	0%
3. Some dialogue with employers and other bodies about the nature of courses, but limited for example to specific vocational areas or one-off exercises	21%
4. Between 3 and 5	33%
5. All departments regularly consult with employers and other partners on curriculum where relevant. Specialist subjects are kept up-to-date and relevant to the labour market. More generic skills developed in all courses as required.	38%

³² HEFCE (2007). *Higher Education - Business and Community Interaction Survey 2007*. Grant Thornton UK LLP

There is also some discussion of an additional form of engagement – the accreditation of in-house programmes – within the CIHE reports. This is the process whereby HEIs accredit the training delivered by others, for example by employers within the workplace. Since in-house staff development constitutes the vast majority of training, this is an important area and it is noted that “most in-house schemes ... do not carry any external recognition of achievement, though some may link to professional qualifications”³³. The case studies within this study revealed substantial enthusiasm for HEIs to provide accreditation for training delivered internally within businesses.

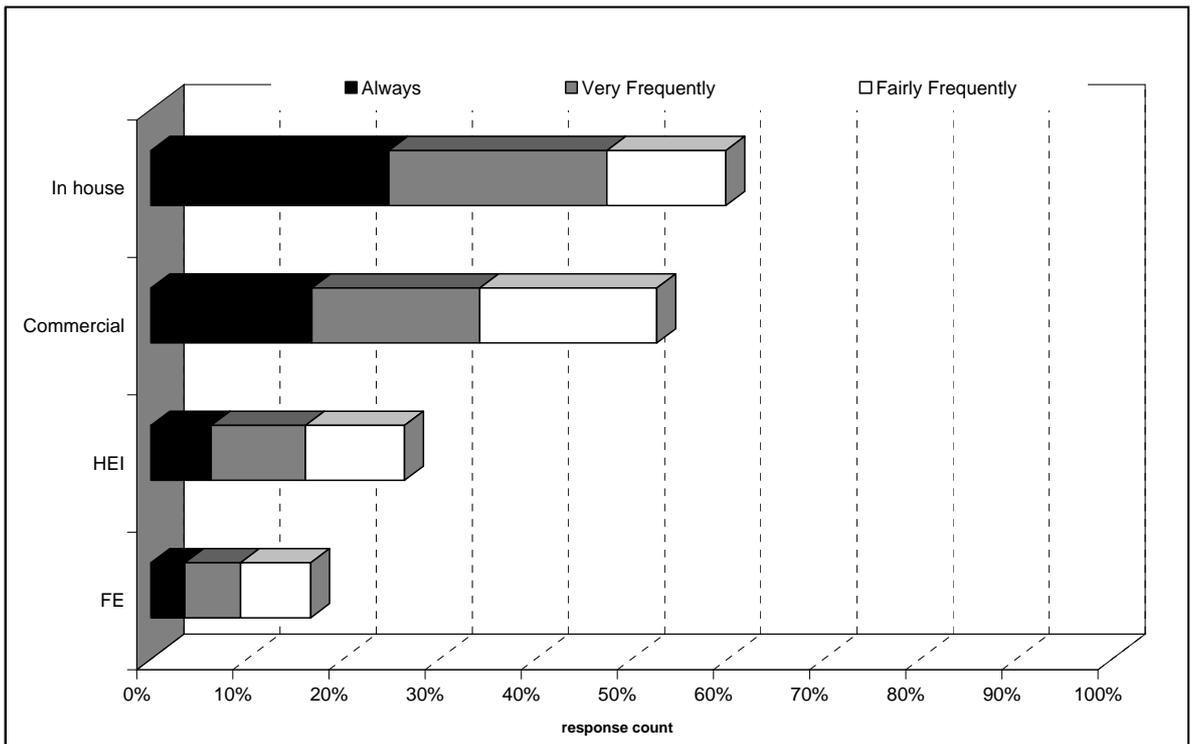
One example of this is Teesside University's Accredited Pathways to Excellence (APEX) project, which maps the university provision to in-company training programmes in order to provide credits for the individuals participating in company-delivered training.

Results of the Grant Thornton Survey

Evidence of types of training

The survey supports existing evidence that all employers, except those in the utilities sector, have a preference for in-house training. The strength of preference is shown below.

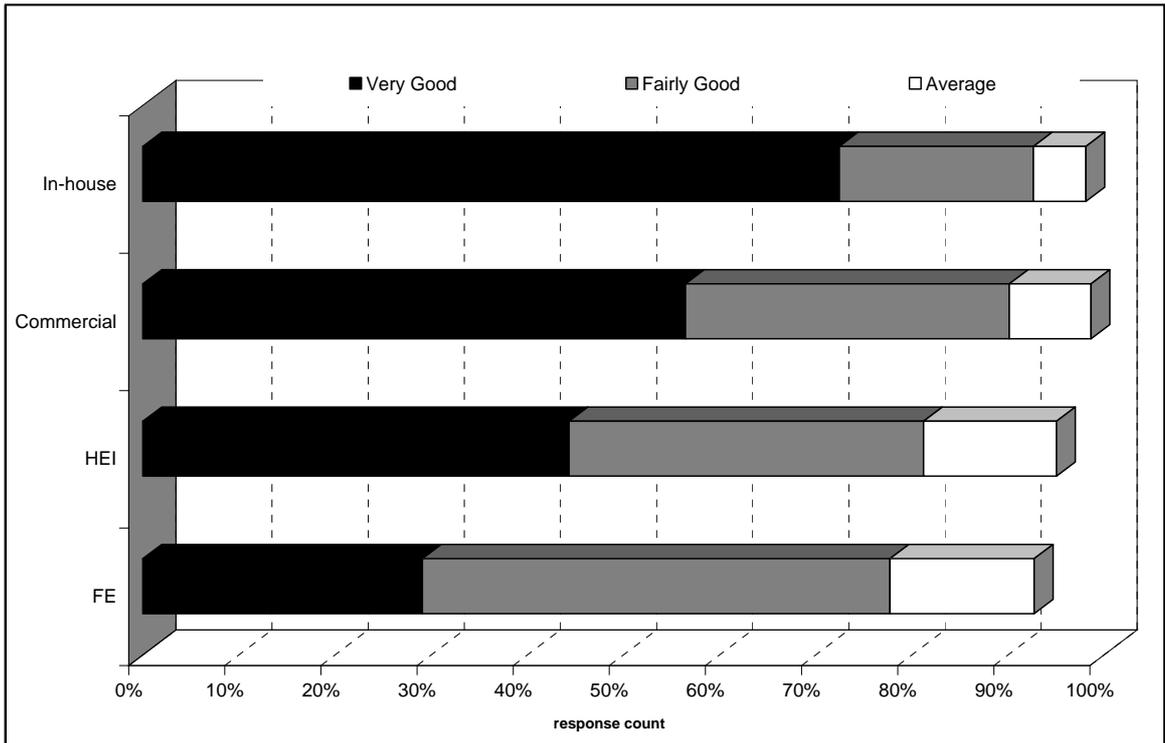
Figure 7.2 Types of training provision used



³³ Council of Industry and Higher Education. (2007). *Workforce Development - What works and why?*

70% of employers indicated that in-house provision was very good compared to 41% indicating that HEI provision was very good.

Figure 7.3 Perceived effectiveness of types of provision

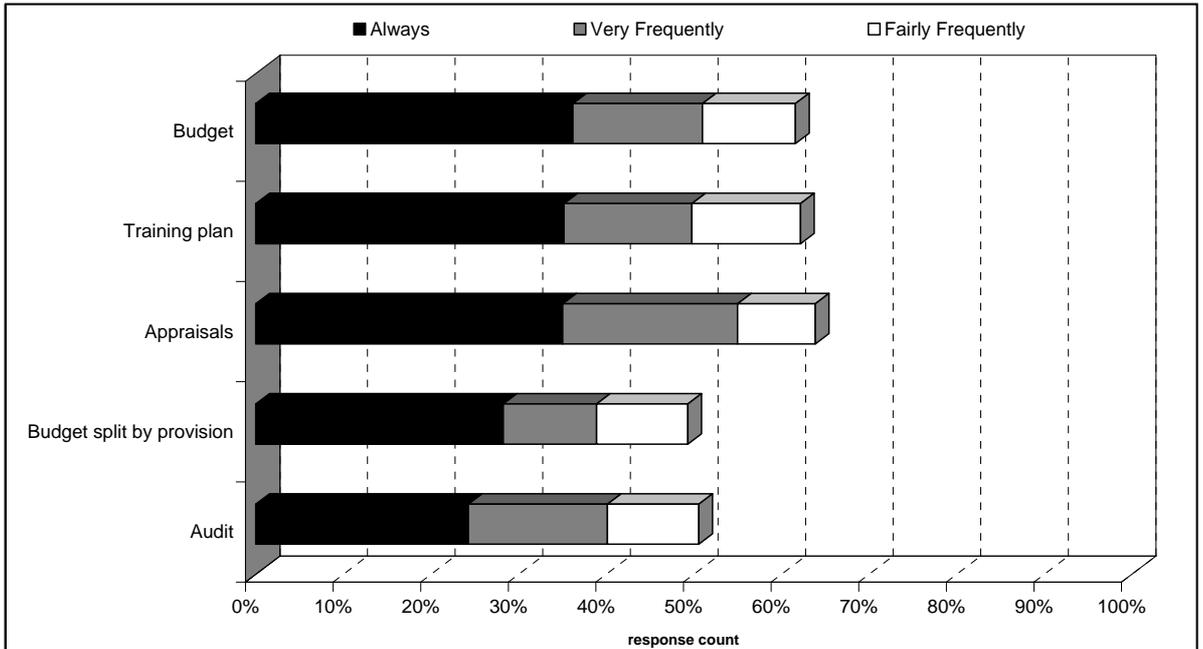


Evidence of training management

The existing demand research highlighted that there is no one preferred method used by employers to organise and manage training and development. The Grant Thornton survey reinforces this finding and does not reveal a significant preference for using a single method or tool.

Training budgets (total budget and split by provision), training plans, appraisals, skills audits are all used, however a slight preference overall is shown for budgets (when looking at respondents that stated it was a method they always used). This highlights not only that providers need to aim to influence employers and ensure that training provision fits with the aims and objectives of a business, but that marketing activities should also aim to influence employees, who are responsible for their own personal development and the negotiation of training provision within their appraisals.

Figure 7.4 Methods used to organise training and development



7.3 Conclusions

There are numerous and wide-ranging examples of effective collaboration between employers and providers of HLS. Processes of engagement that are tailored and flexible to employer requirements tend to be the ones highlighted as examples of good practice. On the basis of the findings from case studies and survey evidence, engagement with HEIs or other providers frequently originates through existing employer knowledge of the institution or of the individuals within the relevant organisation.

There is no one-size fits-all approach adopted by employers in the management of training and development. Across large organisations different methods are used to fit with the working practices and needs of various teams and departments.

8. Skills gaps, shortages and future demand projections

8.1 Introduction

In this section we describe the situation with respect to gaps in the supply of HLS within London and the projections of employers' demand for skills in future years.

This is based on a high-level overview of the issues, gaps and demand drivers at both the national level and where possible, analysis of the specific distinctive issues within the London context. The analysis and findings are also informed by relevant points from the case studies and survey of London-based employers.

The key factors in considering London employers' demand for skills include the following:

- London has a vast, highly-qualified labour market
- Employers are able to find the skills within London or transport them
- Soft skills rather than qualification characterise the market demand, though there are differences across sectors
- Employers value the access to academia
- Policy drivers in recent years have tended to focus on lower-level skills development.

8.2 Skills gaps and shortages

Existing policy and research on the gaps and future demand for HLS provide an insight into the current skills gap within the UK economy. Little robust quantitative information is offered on the London-specific HLS gap. A number of reviews have been commissioned in these areas but these do not offer a quantitative analysis of the gaps and future skills demand that are specific to London³⁴.

The skills gap in London is below the average for England (13% of firms reporting a skills gap) and in many respects the skills picture in London is distinctive from other regions (which in many respects tend to be similar)³⁵.

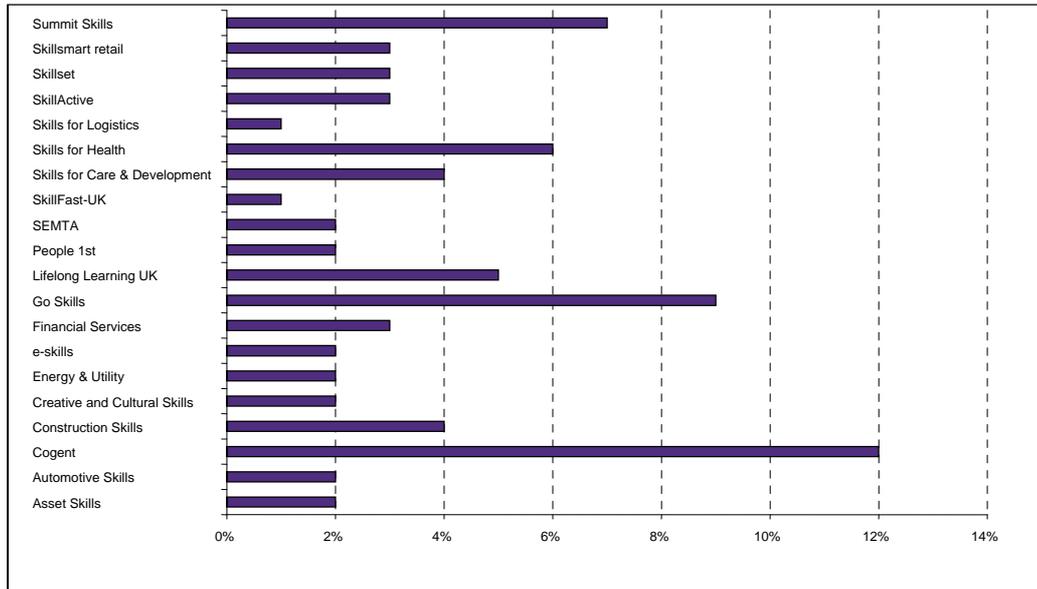
The figure below illustrates the reported skills shortages and gaps within London across each of the Sector Skills Councils. Data was not available for Go Skills, Improve Ltd and Skills for Justice.

³⁴ Such as the Leitch Report, the Lambert review, research commissioned by the Council for Industry and Higher Education and other bodies do not.

³⁵ LSC. (2005). *National Employment Skills Survey*.
Grant Thornton UK LLP

8. Skills Gaps, Shortages And Future Demand Projections

Figure 8.1 Percentage of firms reporting skills shortages



Source: Skills for Business Network - Labour Market Information, 2005

Skills shortages are defined as vacancies that are proving hard to fill because of skill shortages in the labour market. Skills gap describes the situation where employers have employees who are not fully proficient at their job³⁶.

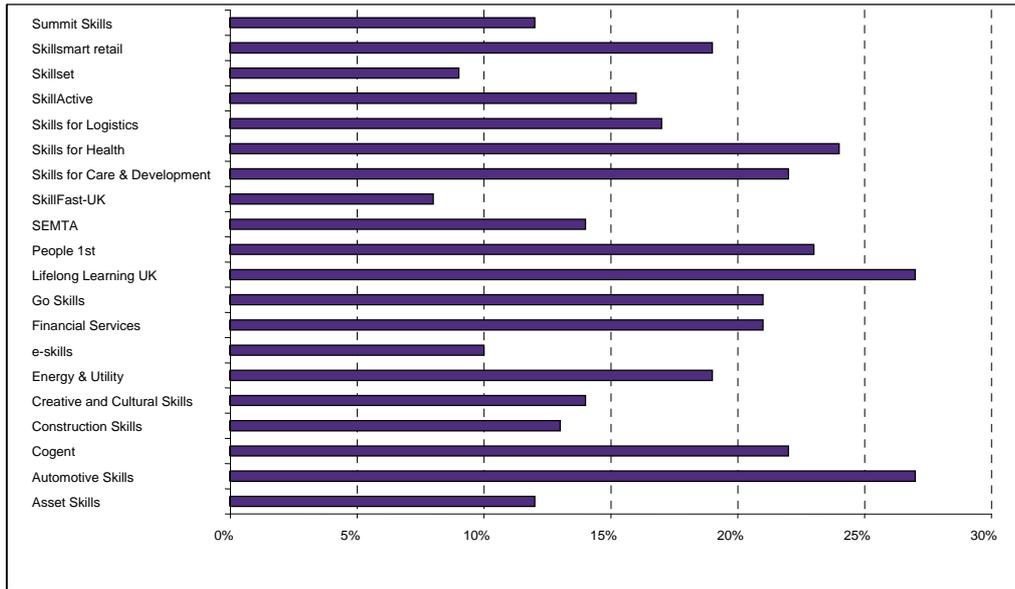
The small proportion of firms reporting a skills shortage in the majority of sectors demonstrates that employers from these sectors are largely able to recruit or commute the skills they require, whereas the firms reporting skills gaps demonstrates that firms still have skills needs within their workforce.

It should be noted however that the business services sector, the largest source of employment within London, does not have SSC representation.

³⁶ LSC. (2005). *National Employment Skills Survey*.

8. Skills Gaps, Shortages And Future Demand Projections

Figure 8.2: Percentage of firms reporting skills gaps



Source: Skills for Business Network – Labour Market Information, 2005

It should be noted that the proportion of skills gaps reported by employers has been decreasing since 2001³⁷.

The diversity of London's sectors and clusters creates a complex skills agenda within London. London's skills market and skills pool has an international reputation, a key element of which is its HEI network and its increasing ability to commercialise research.

8.3 Employability skills

Existing research reveals that the skills requirement within London tends to be characterised by a demand for soft skills ie those defined as employability skills, such as team-working and communication skills. On a similar note, the research reveals that employers' concerns are not to increase the number of qualified staff, but rather to up-skill their existing workforce in what can generically also be defined as employability skills.

³⁷ LSC. (2005). *National Employment Skills Survey*. Grant Thornton UK LLP

Box 8.1: SMEs in the manufacturing sector

A mix of technical and business skills symptomatic of success across manufacturing SMEs

"A mix of business skills with required technical skills is characteristic of successful companies (particularly SMEs) in the sector. Many manufacturing companies have failed due to the inability to properly manage the business" (consultee).

The skills shortage across the manufacturing sector in London can be characterised by:

- technical skills: the use of specialist equipment and techniques that are specific to the sector and sub-sectors
- business skills: many SME owners have inherited businesses or work their way up to set up a business through experience and therefore lack the skills required to run and manage a business.

The nature of the demand for HLS is not for more staff with particular qualifications, rather the skills gap remains in the skills required of a workforce to operate and compete in a fast-moving and increasingly competitive global market.

The demand for employability skills differs across sectors, ranging from particular needs for customer service skills to communication skills. For example in the creative industries, there is a skills gap for advanced IT skills that capitalise on an individual's creative capabilities using IT applications. The Lambert Review revealed that this is most apparent for employers operating in the science, engineering and technology space who "find it difficult to recruit graduates of suitable quality"³⁸.

Box 8.2: BT's demand for graduates with technical and commercial skills

BT Operate (a business unit within BT that demands a high level of technical skills and expertise) has a preference for recruiting graduates with relevant industry experience, or MBA graduates from some of the world's top business schools. This is in response to its experience of graduates lacking the mix of technology expertise and business skills.

"It is hard to find technology-aware graduates with the commercial acumen and business skills required" (consultee).

Employers are increasingly looking at using competence-based testing and core skills as key components of their recruitment process. Employers are assessing applicants' characteristics, cultural fit and core competencies, in addition to qualifications, as indicators of employability. Employers believe that HEIs could do more to develop employability skills in graduates and embed core competencies within the curriculum³⁹.

³⁸ HM Treasury. (2003). *Lambert Review of Business-University Collaboration*.

³⁹ City of London and Financial Services Skills Council. (2007). *Graduate skills and recruitment in the city*. Grant Thornton UK LLP

"Recruiters are more interested in how graduates do things rather than what they do and select graduates on the basis of their behavioural characteristics rather than specialised knowledge"⁴⁰.

The 2005 NESS revealed that the skills that most frequently reported as lacking were:

- technical and practical skills (53% of skills shortages)
- customer handling (38%)
- communication (35%)
- team working and problem solving (34%)⁴¹.

8.4 Ability to recruit or commute

The transport linkages that connect London with the rest of the UK and to European markets have also connected employers with a diverse skills resource, creating a dynamic and internationally-connected labour market. London employers can access labour from London, the rest of the UK, Europe and even globally.

It has also been identified by research commissioned by the London Skills and Employment Board that higher earnings potential leads to increased commuting times of staff, as it is more worthwhile for individuals to travel further for higher-paid employment opportunities.

London's labour market is fuelled not only by the capabilities and skills resources available within the region but also by those across the UK, with a large number coming from the east or south-east regions. Around 91% of all commuters into London are from these regions⁴².

Employers who cannot find the skills they demand from their workforce have the option to commute a skills resource.

"In-commuters account for nearly a third of the workforce in London's financial sector and nearly a quarter of its public administration workers and transport and communication workers"⁴³.

If employers in London identify a skills gap they are in a unique position due to the connectivity and transport links within London to be able to fill their skills requirements from other regions or countries.

⁴⁰ City of London and Financial Services Skills Council. (2007). *Graduate skills and recruitment in the city*.

⁴¹ LSC. (2005). *National Employment Skills Survey*.

⁴² GLA Economics. (2007). *The London Story*.

⁴³ GLA Economics. (2007). *The London Story*.

Box 8.3: Merrill Lynch: Requirement for staff with a global outlook

Merrill Lynch finds it relatively easy to attract staff to London and find the regulatory regime accommodating to bringing staff into the UK from overseas. As a result of this, and the nature of the business, the staff working for the bank within London tend to be global in outlook and experience.

As the financial products that their staff are working with are getting ever more complex, they need very high-level skills, especially in maths, and individuals qualified in engineering related fields. Merrill Lynch has identified and sourced graduates from two HEIs in Moscow, two in Warsaw and two in India (IIT Delhi and IIT Bombay) and from technical universities in France that offer DEA qualifications. The competition to get into these latter universities is exceedingly high and as such the calibre of the graduating students is described as phenomenal.

The strength of the financial services sector in London also enables employers to attract highly-qualified and capable staff to work in the sector. Merrill Lynch has found that increasing numbers of its new analyst and associate level positions are being filled by graduates from overseas HEIs. The reasons for this are identified as being the extremely high quality of graduates being produced by some of these international HEIs, particularly in maths and engineering-related subjects.

8.5 Access to academia

Employers look to HEIs for different types of input to fill skills gaps within their business operations. Employers are increasingly using the services and academic excellence provided by London's network of internationally-renowned HEIs as a supplementary resource to their existing business operations. The Confederation of British Industry (CBI) annual survey of employment trends confirmed that industry valued the links with HEIs because of the access they offered to research expertise (often to an international network with many London departments involved in international collaborations), but had reservations about some HEIs' approach to industry, in terms of poor customer service and a lack of relevance to business⁴⁴.

The use by industry of HEI specialist research departments, knowledge networks, consultancy and facilities rental indicates that employers value HEIs as an accessible supplementary resource (in some sectors) and not only as a source of qualified, skilled labour. London HEIs' income from business research, consultancy, training and facilities rental was £415million – over 20% of the UK total⁴⁵.

This does not necessarily indicate a gap in existing skills provision, but illustrates that businesses see value in the association with HEIs, which puts them in a strong position when developing a strategy for increased engagement for skills development.

⁴⁴ CBI.(2007). *Employment Trends Survey*.

⁴⁵ HEFCE.(2007). *Higher Education - Business and Community Interaction Survey*.

8.6 Student led versus employer-led demand

Existing funding structures have created demand drivers within HEIs that are led by student demand for courses rather than being influenced by the skills need of employers. There is a general mismatch between the courses put on by HEIs and the skills that employers need.

There is an emphasis on achieving qualifications that employers do not necessarily value. Existing funding arrangements have created an environment in which priority is given to filling places and HEIs can only do so by offering courses that students find appealing, rather than prioritising the needs of employers.⁴⁶

This differs from the Australian model whereby public monies are only used to fund courses whose graduates will help fill identified skills shortages in specific sectors. For courses in sectors without identified skills shortages, the responsibility for paying the course fee lies with the student. Overall, and as a result, educational institutes in Australia secure a far lower percentage of their funding from the public sector and are forced to seek additional income from alternative sources, including developing relationships and securing income from businesses. As a result, Australian institutes tend to be more proactive than their UK counterparts in seeking to work with businesses to secure additional income⁴⁷.

When recruiting, in deciding who to recruit, the London First study reveals that applicants' work experience, communication skills and interview performance were considered more important factors than qualifications or the particular subject studied.⁴⁸

This illustrates that employers are less interested in qualifications than the skills to fulfil a role, with the skills gap facing employers focusing on additional softer or employability skills.

There is also a reported lack of use by and availability of information for students on employability when choosing courses. Employers perceive HEIs as providing courses that appeal to students but do not adequately (from the employer's perspective) prepare students with the core competencies required within industry.

Employers describe a lack of business skills among new graduate recruits. HEIs are providing qualifications but are failing in some instances to develop the skills in their students demanded by employers.

⁴⁶ HEPI. (2007). *Higher Education, Skills and Employer Engagement*.

⁴⁷ Information based on discussion with the London Skills and Employment Board Secretariat. For more information on this issue see www.dest.com.au.

⁴⁸ London First. (2007). *The Voice of London Employers*.

8. Skills Gaps, Shortages And Future Demand Projections

8.7 Impact of policy on HLS

Existing policy that drives the skills agenda has been largely focused on lower level skills (Levels 2 and 3), creating an environment that, it could be argued, is not (and has not been) conducive to increased HEI and business engagement for HLS development.

Neither the Sector Skills Councils nor the Regional Development Agencies have focused on trying to gather estimates of employer demand at HE level, rather priorities have been set and largely remain focused at lower levels.

Public funding for further education and training for adults in England stands at more than £3billion⁴⁹. The majority of this investment is focused on the lowest skilled and least qualified. Much of this investment is believed to be aimed at improving outcomes for disadvantaged groups and is at the lower end of the skills spectrum (ie basic and intermediate level skills).

In the LDA's draft investment strategy the amounts allocated for investment in people (developing skills, addressing barriers to work and childcare) has increased by approximately 80%⁵⁰, from that originally agreed in its Corporate Plan 2007-2010.

8.8 Conclusions: future demand

Employers in London are increasingly employing highly-skilled workers and this is forecast to continue. The last two decades have seen a growth in managers, professionals and associate professional occupations.

Some 43% of jobs in London require Level 4 or higher qualifications (compared with 30% in the rest of England and Wales). By 2020 this is expected to increase to around 50%, significantly higher than the expected 42% in the UK⁵¹.

There is evidence of job polarisation occurring in London, whereby the growth of highly-skilled service jobs is accompanied by continued stable demand for low-skilled service jobs, with shrinkage occurring for occupations in the middle of the pay spectrum.

Given that London already has a highly-qualified labour market, the role of softer and employability skills may be of increased importance in relation to other regions.

⁴⁹ DIUS.(2007). *World Class Skills; Implementing the Leitch Review of Skills in England*.

⁵⁰ *Budget comparison for LDA Corporate plan 2007-2010 and LDA draft Investment Strategy, October 2007*.

⁵¹ GLA Economics.(2007). *The London Story*.

9. Barriers to effective employer engagement

9.1 Introduction

The main barriers to engagement are well documented on a national level. These include:

- the cost of provision
- the cultural differences between academia and the business world
- the cluttered institutional landscape
- relevance of courses available
- employer preference for on-the-job training
- flexibility of provision.

The nature of barriers specifically within the London context is less well researched. The London economy and HEI network is unique and much has been done to develop partnerships and pilots to stimulate knowledge transfer and commercialise the strength of London's research capabilities. Many London based HEIs have dedicated business engagement departments, which work to overcome such barriers and ensure enhanced collaboration between institutions and businesses.

The barriers to engagement are described in greater detail in the next sections, grouped into the following main themes:

- Employers' reluctance to invest
- A lack of understanding of the public sector provision brought about by a cluttered and confusing landscape
- Time and cost of courses
- The perceived quality and relevance of courses.

9. Barriers To Effective Employer Engagement

9.2 Employers' reluctance to invest

The Voice of London Employer Survey (VoLE) revealed that 83% of respondents had their skills needs met by the people they had recently recruited⁵².

With employers having access to and the ability to tap into a vast resource pool of highly-qualified individuals, employers are increasingly reluctant to invest in the training and development of staff. There remains little incentive for employers to invest in training when their skills needs can be easily met within the existing London labour market or sourced from other regions⁵³.

Employers are increasingly reported to look for in-house training solutions to meet their skills gaps. The VoLE survey revealed that 86% of employer-funded training was undertaken in-house, against 30% using an FE college. It is believed that the majority of this investment is targeted at the intermediate levels (Levels 2 and 3), rather than HLS.

Employers are increasingly failing to see the need to invest in training their staff outside the scope of the in-house training provided. Employers are failing to see the value and productivity benefits of investing in HLS across HEIs as there is a perception that the existing system is focused on qualification attainment rather than improving job-specific skills and improving employment outcomes.

Contributing to the reluctance of employers to invest in training and the preference for in-house training is the confusion reported about the cluttered landscape of the provision of training.

9.3 Cluttered landscape

With employers in London increasingly looking for softer skills development amongst their workforce rather than qualifications, they are reporting that public sector provision is too cluttered and confusing, and that it could benefit from clearer signposting and integration.

Indications are that the provision available to employers across the public sector is not mapped well enough to promote an understanding and use of the system. Whilst brokerage functions have been piloted in some regions to facilitate up-take of lower level skills, as seen with the Train to Gain⁵⁴ initiative, the impacts and effectiveness of such a service are still to be realised.

With businesses reporting that public sector provision is confusing and cluttered, HEIs could be engaging with industry earlier, working with businesses to identify and plan their skills needs and signposting businesses to appropriate public sector provision to meet their skills requirements.

This is however also a two-fold issue with businesses unable to articulate their skills needs in a fast moving global market. Industries with specialised disciplines as engineering and medicine express their skills needs through professional bodies which develop the academic requirements of the course.

⁵² London First .(2007). *Voice of London Employer Survey*.

⁵³ GLA Economics .(2007). *The London Story*.

⁵⁴ www.traintogain.gov.uk.

9. Barriers To Effective Employer Engagement

However, such mechanisms are reported to constrain innovation and make it difficult for HEIs to respond quickly to specific business needs⁵⁵.

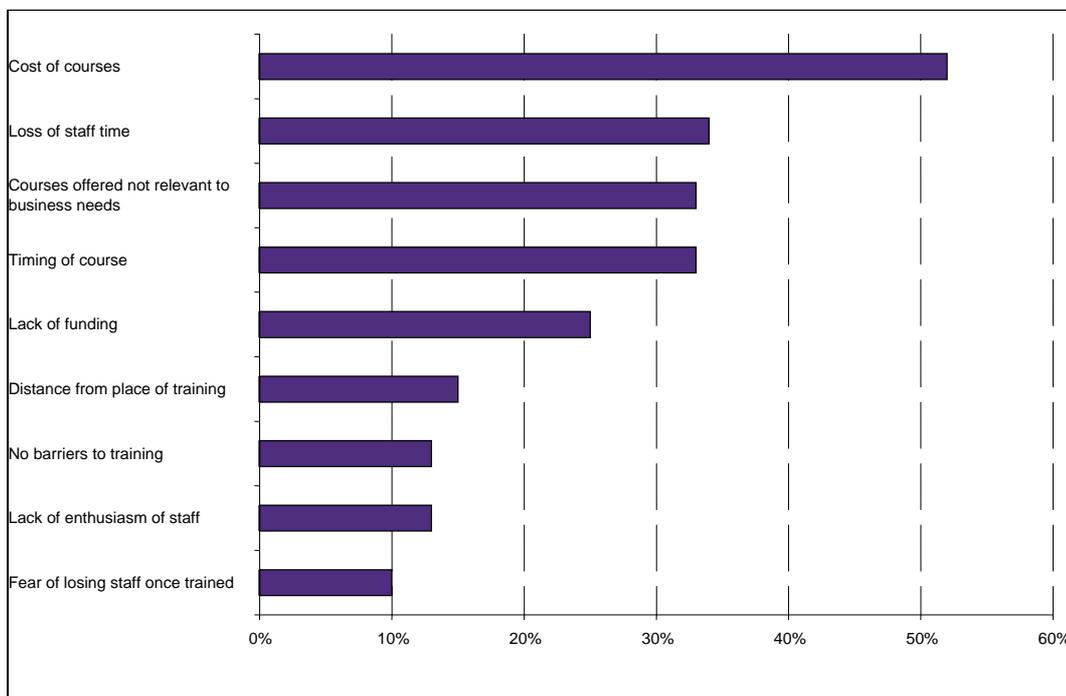
The CIHE highlights the importance of being able to offer flexible approaches in providing for the skills need of employees and employers⁵⁶ and developing close partnerships to help businesses understand the landscape and articulate their needs better.

There is little evidence to suggest that the private sector training provision landscape is better mapped or more responsive than the public sector provision.

9.4 Time and cost

The most commonly cited barrier to engagement is the cost of training. This is especially true for SMEs. The Federation of Small Businesses’ (FSB) Barriers to Growth Survey 2004 revealed that 52% of respondents cited the cost of courses as the biggest barrier to engagement. This is followed by loss of staff time, as illustrated in the figure below.

Figure 9.1: Key barriers to training for small businesses



Source: FSB Barriers to Growth Survey 2007

Cost is less of an issue for larger companies, but they have shown a preference either to recruit or commute the qualified staff they require, or to develop in-house training to suit their needs. Employers are not only wary of investing financially, but many are also unwilling to lose their staff for periods of time when they often cannot see the benefits of investing.

⁵⁵ HM Treasury (2003). *Lambert Review of Business-University Collaboration*.

9. Barriers To Effective Employer Engagement

9.5 Quality and relevance

Employers and employees are increasingly reported to have concerns about the quality and relevance of the public sector provision of HLS and there remains a cultural difference that acts as a barrier to engagement.

With employers increasingly paying more attention to staff characteristics and softer skills, and failing to see the value of additional qualifications provided by HEIs to develop their staff, there are concerns about the quality and relevance of the public sector offering.

There is a shortage of documented London-specific information available on the scale and nature of this issue. Businesses in the Grant Thornton case study research have suggested that some HEIs do not have a strong business focus and lack an understanding of the cultural issues and demands within industry, such as the need for employees to develop robust business cases for training.

9.6 Overcoming barriers to effective engagement

The case study research has produced a number of suggestions for ways in which the barriers to effective engagement between businesses and HEIs can begin to be overcome.

The suggestions for how to start to tackle the barriers preventing business from using HEIs as providers of training (taken from the business perspective) focused on:

- the need for HEIs to be more pro-active in approaching businesses to work with them: it is especially difficult for SMEs to understand the range of provision available and, without approaches from HEIs, they will continue to use their existing providers, both internal and private sector;
- an increase in the willingness of HEIs to develop courses that are well suited to the specific needs of a particular business, rather than providing off-the-shelf programmes; courses need to be tailored to an individual business' specific requirements, otherwise there is at least a perception that a significant proportion of the course content will not be relevant
- the need for HEIs to target marketing and communications about their services and capabilities in offering workforce development, such that it is relevant for an employer seeking training for its staff (for example websites of HEIs are focused on the needs of prospective and current students rather than employers)
- a simplified and potentially co-ordinated method by which employers could gauge the suitability and willingness of HEIs to work with employers in providing training, so that they know which institution(s) are likely to suit their needs and avoid the need to approach many different potential suppliers
- named and well sign-posted contacts within HEIs nominated to deal with employer requests for training

⁵⁶ The Council for Industry and Higher Education. (2007). *Workforce Development - Employer Engagement with Higher Education*.

9. Barriers To Effective Employer Engagement

- flexibility in course timings and scheduling: SMEs in particular find it difficult to provide cover for staff studying part-time
- perceptions of the relevance to businesses of HEI provision: this could be addressed if graduates were equipped with more business related skills rather than purely academic ones.; a number of the case study findings from different sectors identified that students from international HEIs tended to be stronger in terms of wider business skills.

One approach to overcoming barriers to engagement is through strategically organised demand. This has been seen in the media sector through the development of Skillset Skills Academies. Such an approach is an innovation in the co-ordination and management of employer engagement and affords a sharing of knowledge and resources into centres of excellence, supported by SSCs.

Box 9.1: Skillset Media Academies

The world's first Media Academy Network, launched in the UK, is a national grouping of colleges and HEIs working with industry to develop a new wave of media academies as centres of excellence representing partnerships between FE/HE and industry. Those within the industry who have shown support to academies have agreed to provide:

- work placements for tutors, graduates and students
- curriculum development across the network
- provision of guest lecturers and tutors
- peer-to-peer mentor support for tutors
- seminars and showcases
- hardware, software, equipment and training
- R&D and prototype development
- CPD training to industry.

The network is made up of seventeen academies, drawing together creative education partnerships from 43 colleges and HEIs across the UK.

9. Barriers To Effective Employer Engagement

Evidence of barriers to engagement

The survey data reveals a range of perceptions held by employers of HEIs as training providers, and offers an insight into why currently they choose commercial/private providers over HEIs.

Figure 9.2 Importance of factors that influence decision making: HEIs versus commercial providers

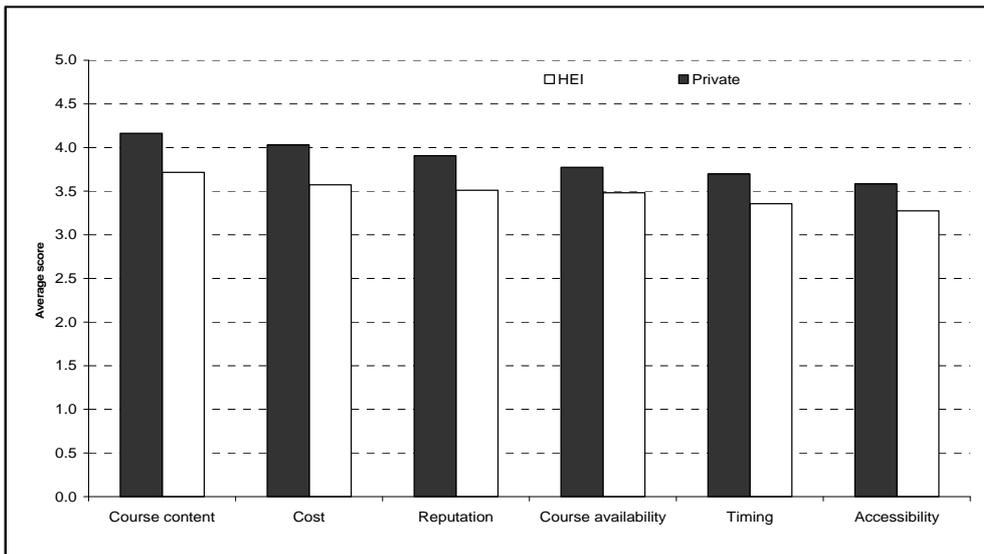
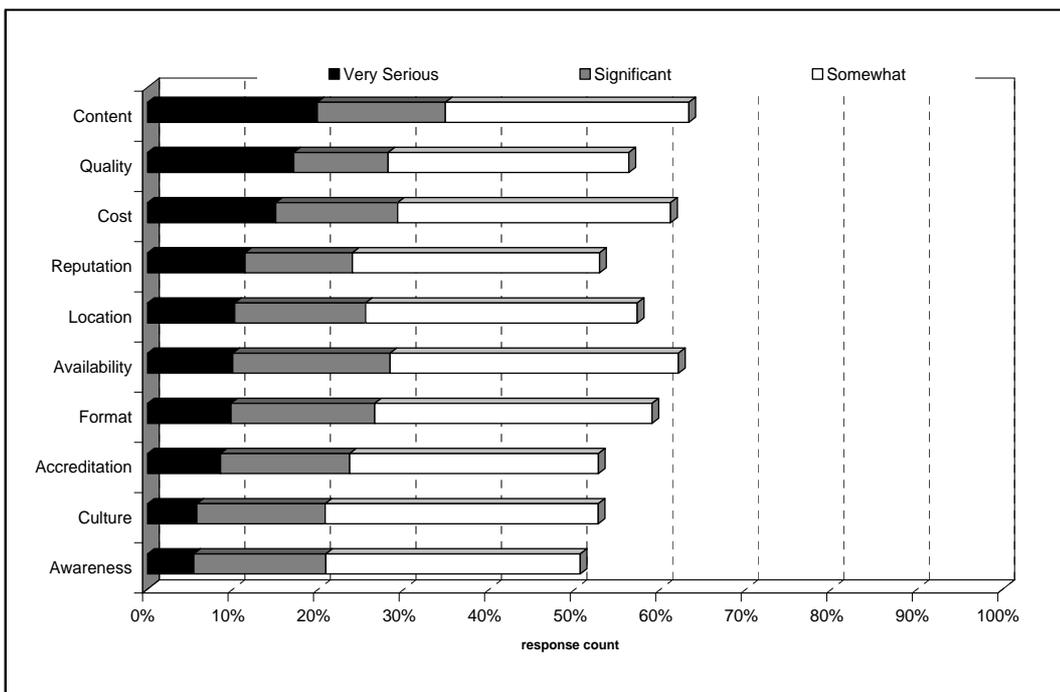


Figure 9.3 shows the main barriers to using HEIs as training providers are cited as: course availability, course content and cost. However, course content is cited as the most serious barrier, followed by quality. This reinforces the existing demand side research, which revealed that employers are unsure how to access HEI provision and that there is a need for course content to be tailored and reflect an understanding of the business needs and challenges.

Figure 9.3 Perceived barriers to using HEIs

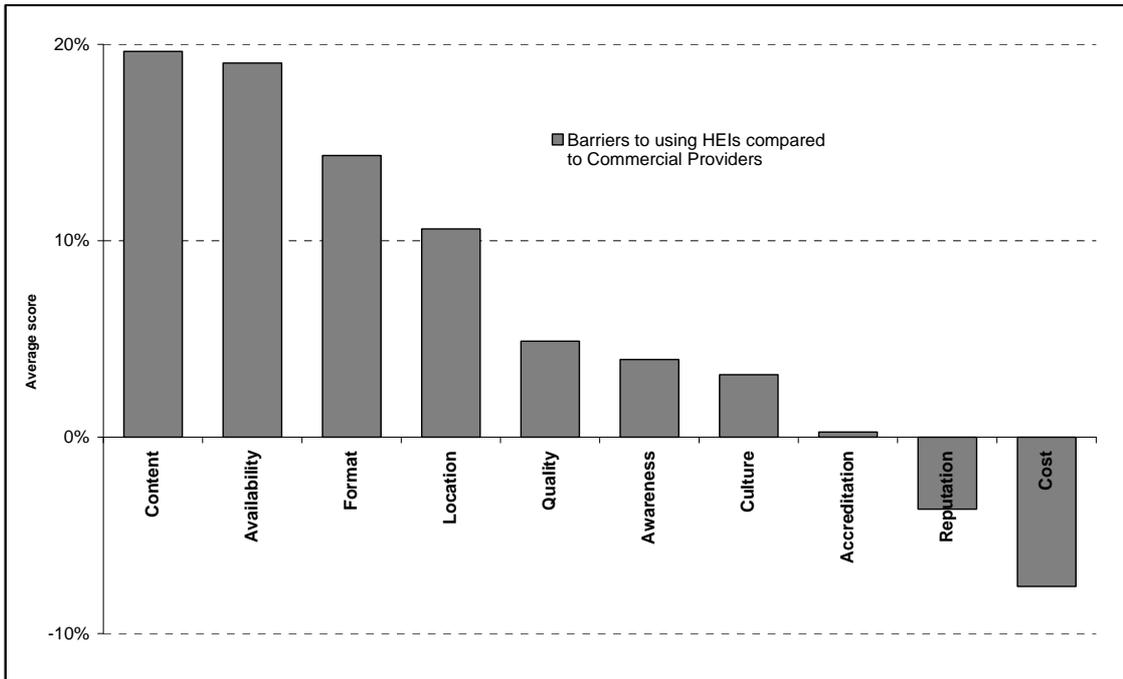


9. Barriers To Effective Employer Engagement

Figure 9.4 highlights why currently employers show a preference for using commercial providers. Reputation and cost are not perceived to be barriers to using an HEI compared with a commercial provider.

HEIs will need to make the most of these factors and use them as a unique selling point when looking at enhancing their employer engagement activities.

Figure 9.4 Perceived barriers to using HEIs compared with commercial providers



9.7 Conclusions

With London having a large number of SMEs alongside a strong presence of large and international companies, the barriers to engagement need to be considered for both potential markets in developing the options for enhancing levels of employer engagement.

Barriers such as time and cost will remain issues to overcome for London HEIs.

Whilst cost is acknowledged as a barrier, it appears that existing funding arrangements based on a student-led model also represent a barrier to engagement. Future funding arrangements will have an impact on the success of efforts to enhance engagement. Employer willingness, attitudes and opinions towards co-funding also need to be elicited and understood.

An enhanced understanding of the market dynamics and gauging the level of interest from individual London employers in working with HEIs will be required by HEIs, coupled with a deep understanding of the challenges faced by individual businesses.

Appendix 1: Employer Survey Analysis

Introduction

Grant Thornton commissioned Ci Research to undertake a survey into the demand for higher level skills (HLS) from London employers. This paper sets out findings from an analysis of the survey data and complements the existing research undertaken to support the development of the higher education (HE) employer engagement strategy.

The following sections set out:

- the characteristics of the employers that took part in the survey including the size of the business and the sector in which they operate.

A detailed analysis of the survey data including:

- an indicative value of the London training and development market
- a breakdown of budget spend by skill level and provider type
- the importance to employers of higher level skills training and development
- an insight into the factors that influence decision making when sourcing providers
- the barriers and perceived advantages of using higher education institutes as training providers.

The sample included a total of 500 employers which is a statistically small number, however the study is intended to complement existing research into the demand for higher level skills.

Sample characteristics

A total of 500 employers took part in the survey, the largest proportion (c.66%) of which comprised employers with 200 or more employees. A breakdown of the sample size by number of employees can be seen in the table below.

Survey sample by employee number

Number of employees	Number of employers
Small businesses (0-49 employees)	80
Medium-sized businesses (50-199 employees)	88
Large businesses (200+ employees)	332
Total	500

London is a UK and international hub for the business and financial services sectors, with a mix of other strong and emerging sectors. The employers that took part in the survey broadly reflect the size and mix of sectors that make up London's business stock. As the table below highlights, the sector with greatest representation within the survey is business services followed by financial services.

Survey sample by sector breakdown

Sector	Number of employers	%
Business services	135	27
Financial services	66	13.2
Health and education (private and public sector)	57	11.4
Other services	43	8.6
Leisure and tourism (hotels and restaurants)	37	7.4
Transport and communications (including telecoms)	33	6.6
Other services (creative and media)	29	5.8
Retail (including wholesale)	27	5.4
Manufacturing	26	5.2
Construction	23	4.6
Public sector (administration)	22	4.4
Electricity, gas and water supply (including mining and oil)	2	0.4
Total	500	100

Size of the London training and development market

The survey offers an insight into the spending behaviour of employers, in terms of the allocation of budgets for training and development and how this budget is spent by skill level. The following section uses the evidence gathered in the survey as an indicative measure of the size and value of the London training and development market.

The average percentage of turnover that is spent on training for all UK employees is 3.5%, with on average c.80% of London employees receiving training. This does however vary by sector, with the manufacturing and health and education sectors spending on average a larger proportion of their budgets on training and development.

Average percentage of turnover spent on training and development by sector

Sector	Proportion of turnover spent on training for all UK employees (average %)	London based staff receiving training (%)
Manufacturing	5.7%	60.5%
Health and education (private and public sector)	4.4%	88.4%
Transport and communications (including telecoms)	4.2%	80.0%
Financial services	3.8%	78.7%
Business services	3.5%	81.2%
Public sector (administration)	3.4%	73.9%
Leisure and tourism (hotels and restaurants)	3.1%	79.2%
Electricity, gas and water supply (including mining and oil)	3.0%	100.0%
Other services (creative and media)	2.7%	80.5%
Other services	2.6%	82.1%
Construction	2.2%	92.6%
Retail (including wholesale)	2.1%	71.9%
Total averages	3.5%	80.5%

The manufacturing sector, not being one of the larger sectors within London, is a surprising leader as a sector that on average spends a larger proportion of its turnover on training and development, but a smaller than average of London based staff receiving training (c.60%). Consultation with Made in London, a representative body for London manufacturing SMEs, highlighted that this statistic is indicative of the changing demands and evolution of the sector.

The London manufacturing sector has, in recent years, become characterised by a number of small, specialised manufacturing businesses using specialised techniques. As a consequence, the skills requirement of employers has evolved. Employees within the sector are required to use and develop highly-specialised and innovative manufacturing processes and techniques, which require investment in staff and training. The changing demands and character of the sector offers an explanation as to why employers across the sector invest a larger than average percentage of turnover in training and development.

Regulatory requirements, or the requirements of a profession, are another motivation for employers to invest in training and development. The regulatory requirements of a profession and

Appendix 1: Employer Survey Analysis

a sector offer an insight into why employers within the health and education and transport sectors, both of which are heavily regulated, invest a larger proportion of their turnover (4.4% and 4.2% respectively) on training and development.

Further analysis of percentage of turnover spent on training and development by employer size reveals that larger employers spend on average more (c.4%) on training and train a larger proportion of their London-based staff (c.83%), whilst smaller employers spend a significantly smaller proportion of turnover (c.1.8%) and train less of their London-based staff (c.70%). This reinforces the demand side research findings that smaller employers do not perceive investment in training and development as a priority for their businesses.

Average percentage of turnover spent on training and development by employer size

Number of employees	Proportion of turnover spent on training for all UK employees (average %)	London-based staff receiving training (%)
Small businesses (0-49 employees)	1.8%	70.0%
Medium-sized businesses (50-199 employees)	3.0%	80.1%
Large businesses (200+ employees)	4.0%	83.3%

The monetary value of the training and development market

Analysis of the expenditure data collected by the survey reveals that the average per employee spend on training and development is £1,481. This figure can be used to calculate the monetary value of the London training and development market. Using employment data from the Office of National Statistics Annual Business Inquiry and the survey data for spend per employee, the estimated value of the London market is £5.9 billion, as shown below.

Value of the London training and development market

(a) Average employer spend per employee	£1,481
(b) Indicative number of employees within London	3,995,991
(c) Value of the London training and development market (a x b)	£5.9bn

This figure can be used to give an indication of the value of the HLS training and development market.

Survey data reveals that on average 38.5% of London employers' budgets are spent on higher level skills. Using this figure and the total value of the London training and development market, an indicative value of the HLS training and development market can be calculated to be £2.3 billion, as shown in the table below.

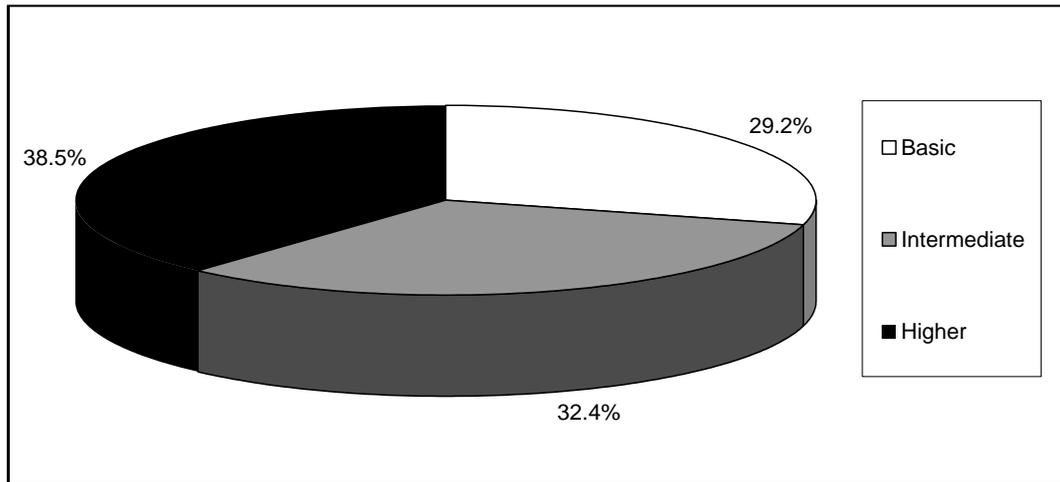
Value of the London HLS training and development market

(c) Total value of the London training and development market	£5.9bn
(d) Average budget spend on HLS	38.5%
(e) Value of the London HLS training and development market	£2.3bn

Spend by skill level

Analysis of what employers spend their training and development budgets on by skill level reveals that London employers spend more on HLS training (on average c.38% of budgets), followed by intermediate skills training (on average c.32% of budgets) and basic skills training (on average c.29%). The average breakdown of spend by skill level can be seen in the chart below.

Overall employer training and development budget spend by skill level



There are a number of motivations and influencing factors that will have an impact on the level of training required by employers within sectors ranging from regulatory requirements, or changing sector needs. As the table overleaf reveals, the financial services sector spends c.60% of its training budget on HLS, contrasting with employers in the leisure and tourism sector, who spend on average only c.18% of budgets on HLS training but c.43% on intermediate level skill training.

Average spend by skill level and sector

Number of employees	Average spend by skill level		
	Basic (%)	Intermediate (%)	Higher (%)
Financial services	15.8%	23.9%	60.3%
Other services (creative and media)	27.6%	21.9%	50.5%
Health and education (private and public sector)	27.0%	26.0%	47.0%
Business services	29.8%	30.4%	39.7%
Construction	29.7%	37.7%	32.6%
Other services	33.8%	35.1%	31.0%
Public sector (administration)	29.6%	39.5%	30.9%
Retail (including wholesale)	35.0%	36.3%	28.8%
Manufacturing	36.7%	37.5%	25.8%
Transport and communications (including telecoms)	32.8%	43.0%	24.1%
Leisure and tourism (hotels and restaurants)	38.6%	43.1%	18.3%
Electricity, gas and water supply (including mining and oil)	0.0%	100.0%	0.0%

Further analysis of employer spend by skill level reveals that small businesses spend on average more on HLS, than larger businesses as shown in the table below.

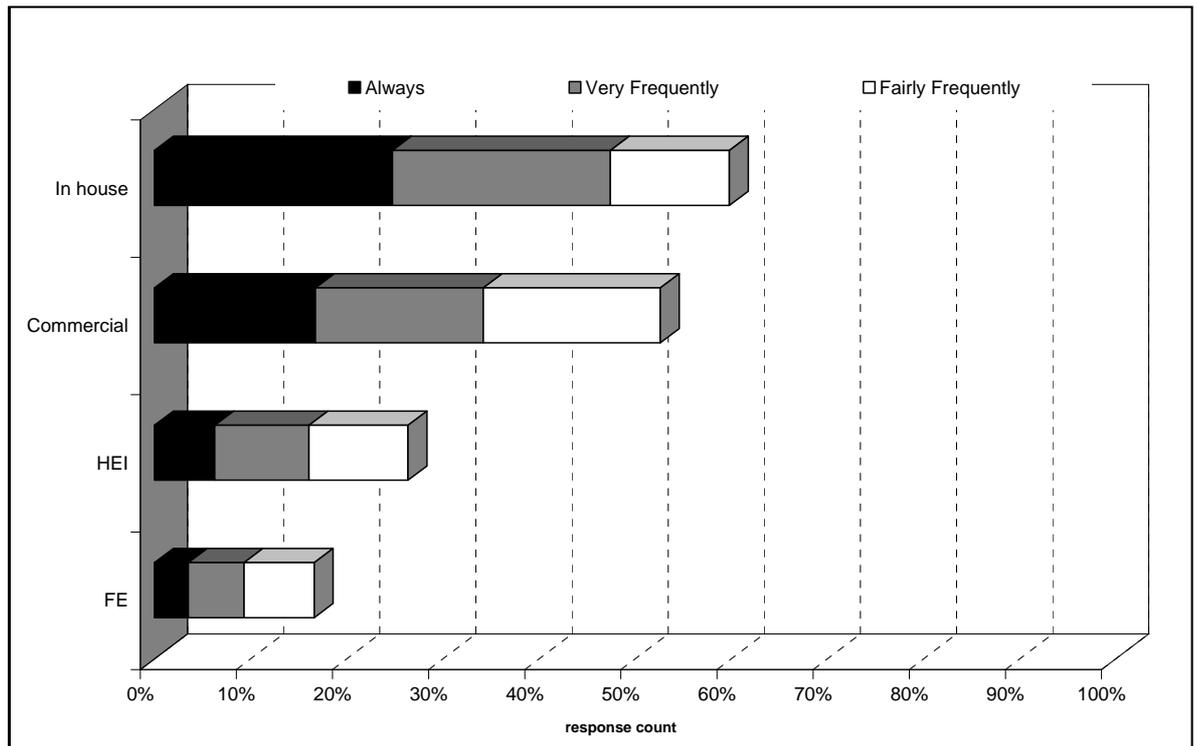
Average spend by skill level and employer size

Number of employees	Average spend by skill level		
	Basic (%)	Intermediate (%)	Higher (%)
Small businesses (0-49 employees)	30.4%	23.7%	45.9%
Medium-sized businesses (50-199 employees)	35.6%	36.4%	28.0%
Large businesses (200+ employees)	27.2%	33.2%	39.5%

Spend by provider type

Research has shown that employers show a preference for in-house provision. The survey data reinforces this, with employers across all sectors, except the utilities industry, showing a preference for in-house training. The preference for in-house training can be seen below.

Use of different types of providers



The survey reveals that public sector employers spend the largest proportion of their budgets on HEIs as compared with other sectors, however this remains a relatively small proportion of spend at c.12%. Employers within the public sector still show a preference for in-house and commercial provision, which together capture c.78% of training spend.

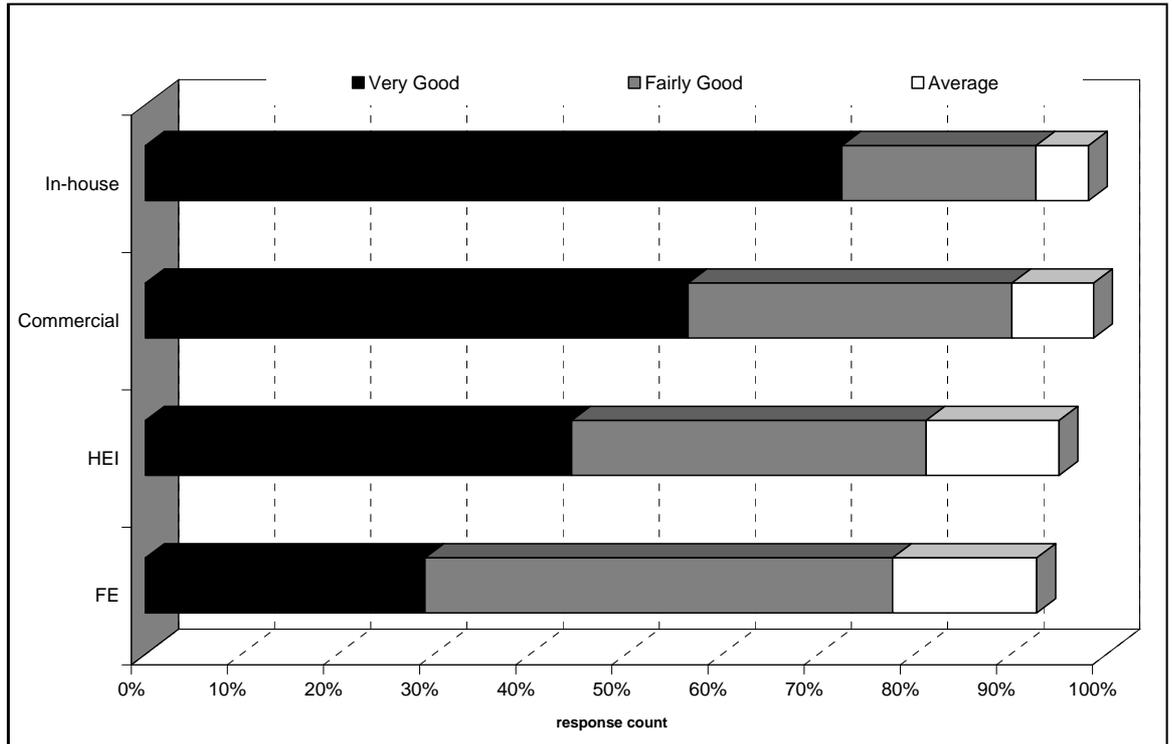
The table below offers a breakdown of average budget spend by provider type across different sectors.

Average budget spend by provider type

Sector	Average budget by provision (%)					
	HEI	In-house	Commercial	FEC	Unknown	Other
Public sector (administration)	12.55	40.14	38.45	6.14	2.73	0.00
Health and education (private and public sector)	9.74	50.00	20.14	4.16	3.68	12.28
Financial services	9.14	46.14	34.06	1.82	1.27	7.58
Other services	8.26	51.86	28.28	1.81	0.49	9.30
Manufacturing	7.69	59.42	30.38	2.50	0.00	0.00
Construction	7.04	47.74	29.57	11.30	0.00	4.35
Other services (creative and media)	6.55	55.86	25.00	4.66	4.48	3.45
Transport and communications (including telecoms)	5.76	53.79	26.67	3.94	0.76	9.09
Business services	5.31	59.73	24.80	3.55	2.90	3.70
Retail (including wholesale)	4.67	63.30	17.41	3.52	0.00	11.11
Leisure and tourism (hotels and restaurants)	1.35	67.54	17.97	3.92	3.81	5.41
Electricity, gas and water supply (including mining and oil)	0.00	5.00	45.00	0.00	0.00	50.00
Total	6.85	54.66	26.21	3.76	2.13	6.40

Despite differences in how budgets are spent across provider types, there is little perceived difference in the effectiveness and quality of provision they offer, as illustrated below.

Effectiveness of provision by type of provider



The importance of HLS training to employers

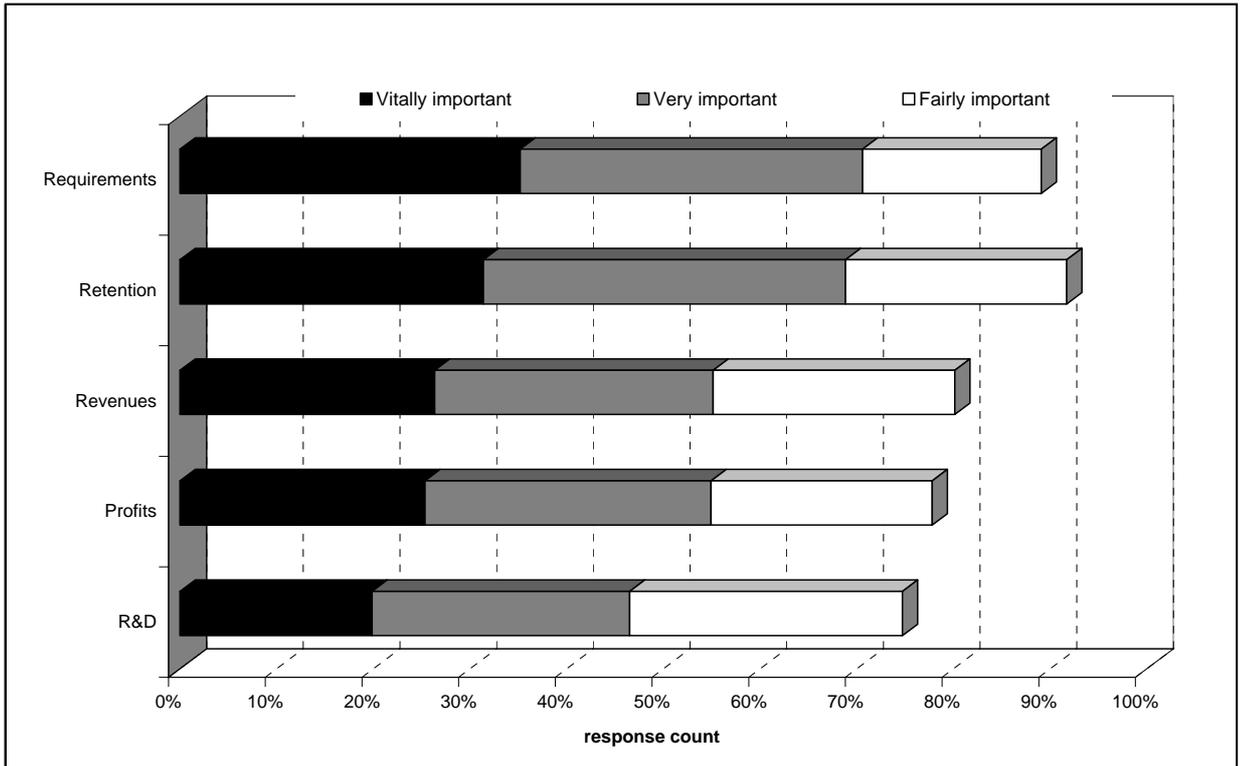
The survey data reveals the importance of HLS to employers and gives an insight into why employers are motivated to invest in training and development.

The chart below shows that by levels of importance the requirements of a profession are a priority for employers when investing in training. This finding complements the existing demand side research that highlighted that employers want training provision that is role-related and that enables employees to fulfil their role.

Staff retention was a close second priority for those employers that perceive HLS as vitally important for their business; however, staff retention emerges as a motivating factor among those who stated that higher level skills were either vitally, very or fairly important.

The chart below also illustrates that increased revenues, profits and research and development are all closely linked in determining why HLS training impacts on business.

Impact of HLS on business areas



There are subtle differences across sectors in the perceptions of the value of HLS to a business. Requirements of the profession and staff retention remain the top two priorities for employers across the health and education sector, business services and finance sectors. However there are differences in the third priority across these sectors:

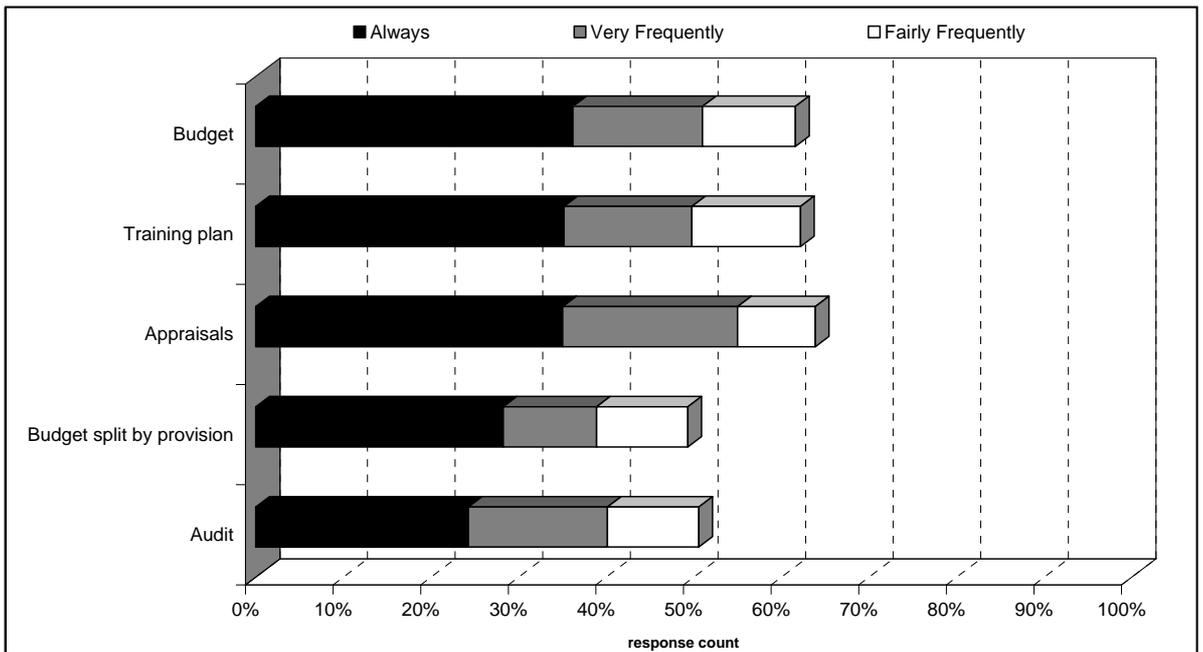
- in the health and education sector, HLS enable research and development (R&D)
- in the business services sector, HLS enable increased revenues
- in the financial services sector, HLS enables increased profits.

Methods used to organise training and development

The existing demand side research highlighted that there is no one preferred method used by employers to organise and manage training and development. The survey data reinforces this finding and does not reveal a significant preference for using a single method or tool.

Training budgets (total budget and split by provision), training plans, appraisals and skills audits are all used, however a slight preference is shown for appraisals (respondents stated it was a method used always, very and fairly frequently). This highlights that providers need not only to aim to influence employers and ensure that training provision fits with the aims and objectives of a business, but that marketing activities should also aim to influence employees, who are responsible for their own personal development and the negotiation of training provision within their appraisals.

Methods used to organise training and development



Methods used to identify suppliers of training

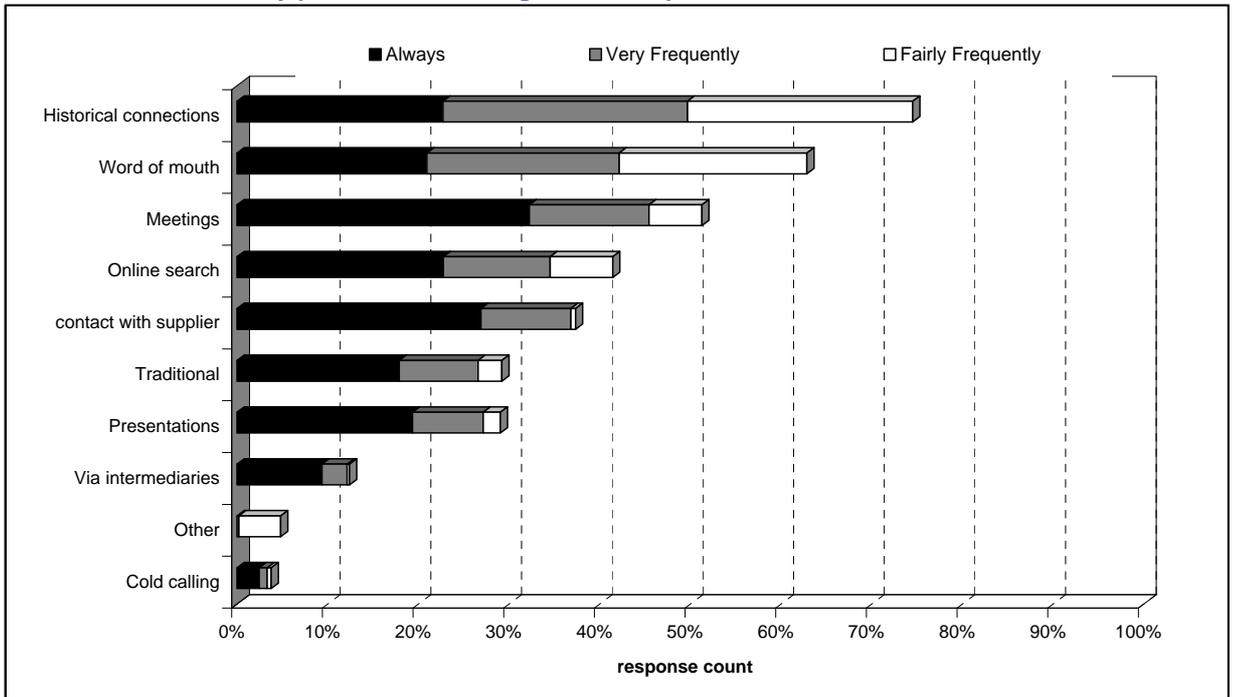
With employers using a number of different methods to organise and manage training and development, they also respond differently to the activities of providers in promoting their services, and show a preference for using and responding to different methods in identifying training providers.

On average c.72% use repeat providers, and this can be seen in the preference for using historical connections as a method of identifying providers. Word-of-mouth was also shown to be a preference amongst employers. This finding is supported by the existing demand side research that highlighted that employers use HR networks as a means of sourcing providers.

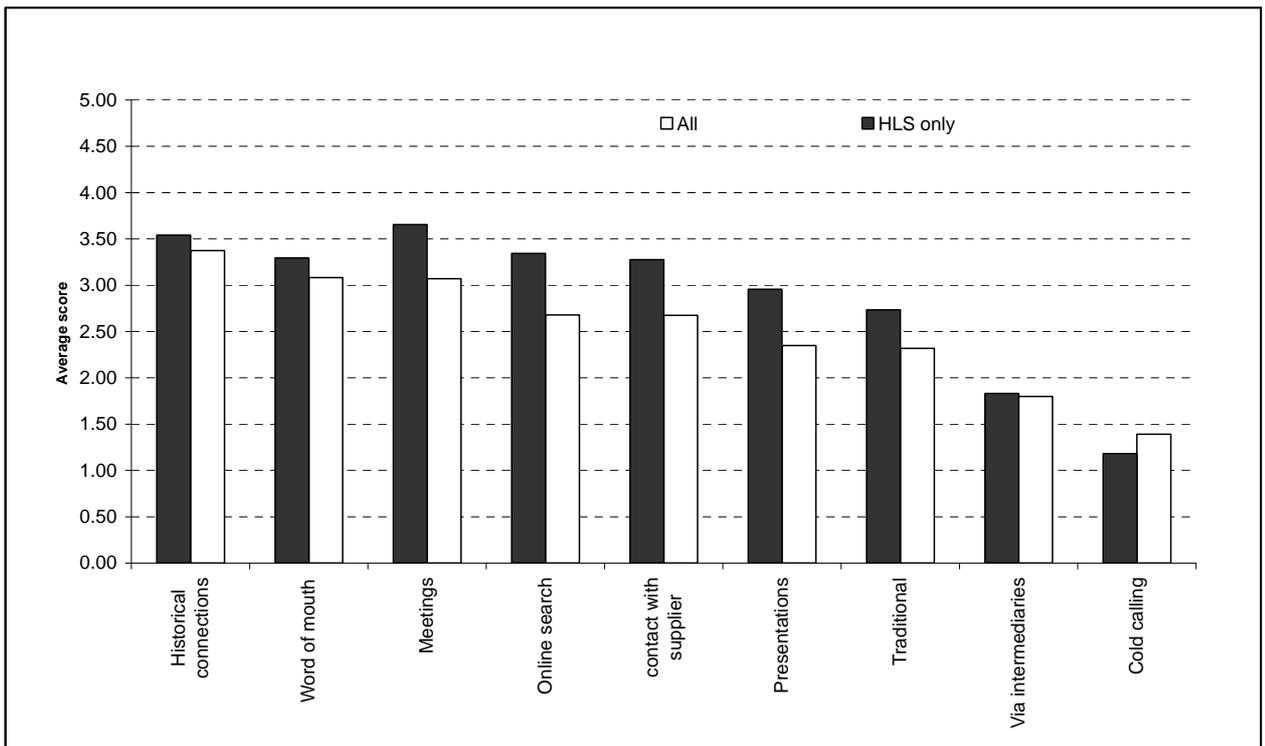
The preference for using these two factors also highlights that reputation within a provider’s target market network is critical in ensuring a steady customer flow.

The use of meetings was common, with the data highlighting that cold calling does not provoke a favourable response from employers.

Methods used to identify providers of training and development



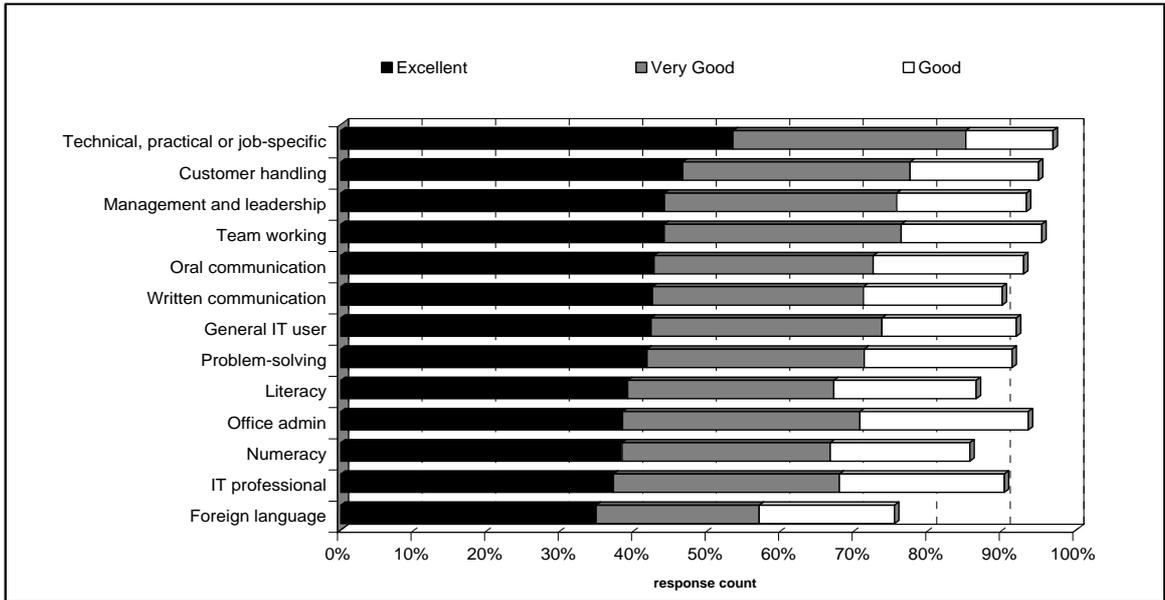
Methods used to identify training providers: all employers versus employers that spend more on HLS



Appendix 1: Employer Survey Analysis

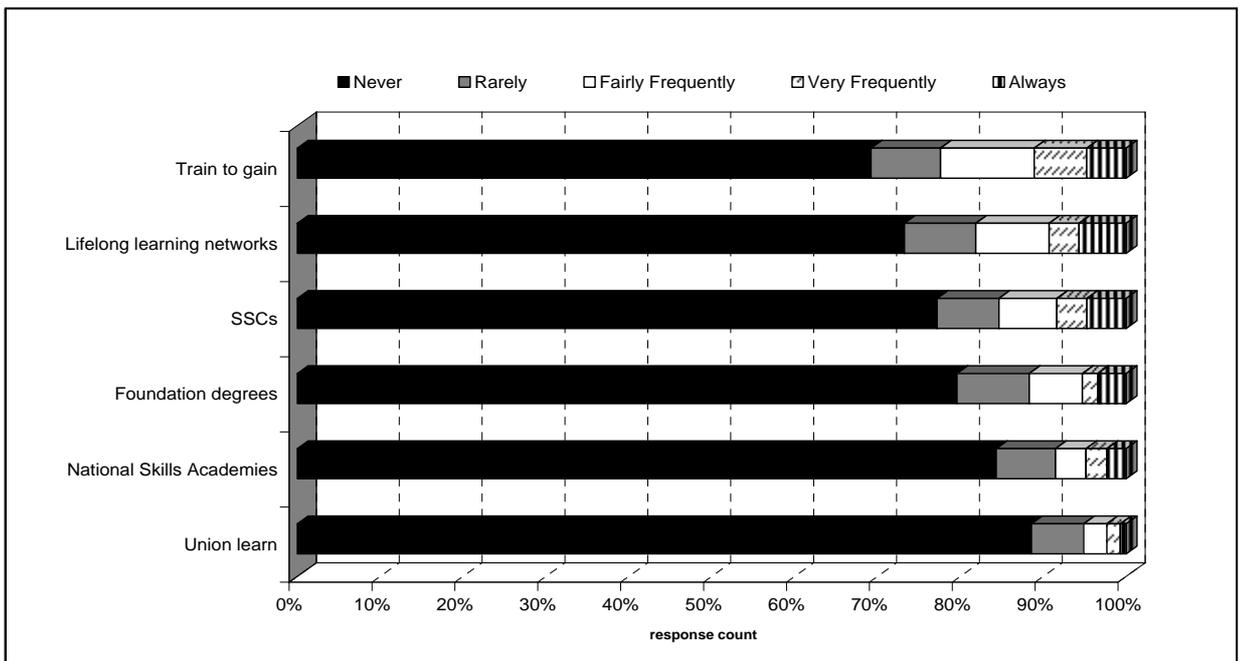
London employers are faced with a broad range and choice of providers to meet their training needs. The survey data reveals that over 60% of employers believe that their HLS training needs can be met by providers within London. Further analysis of the data highlights that there are few areas in which employers feel they are poorly provided for, as illustrated below.

Employers' training needs met within London by topic



The survey reveals that the use of public sector provision and interventions within this market is not currently well known by employers. Interventions such as Train to Gain and Lifelong Learning Networks are reported to be rarely used by employers when sourcing provision. The chart below highlights the views and use by employers of public sector interventions within the market, and highlights the need to raise awareness and strengthen the position of such interventions.

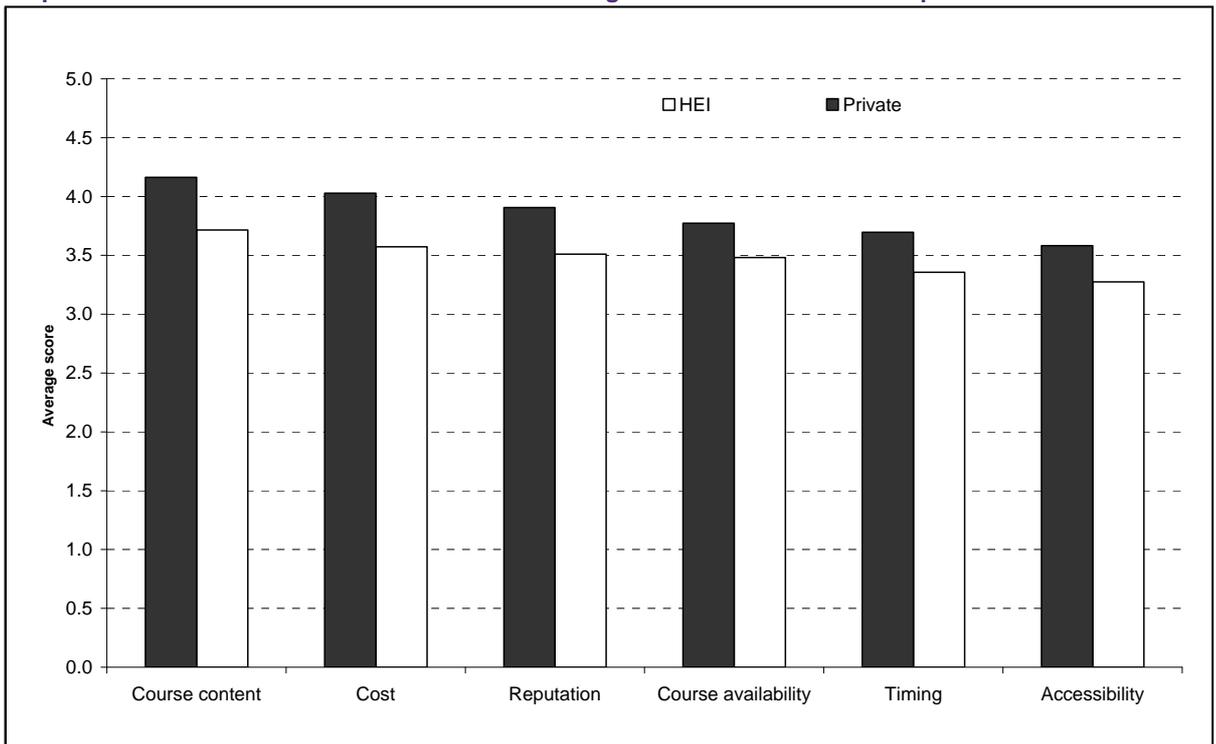
Employers' awareness of interventions



Perceptions of HEIs as training providers

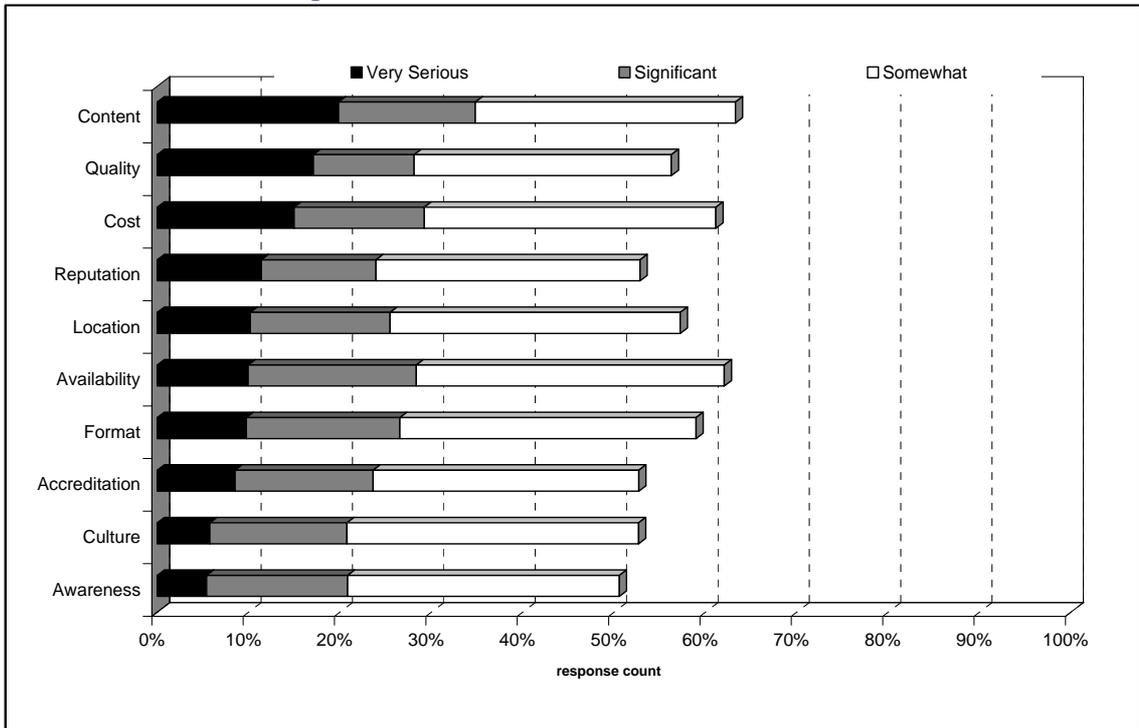
The survey data reveals a number of perceptions of HEIs as training providers among employers, and offers an insight as to why they currently choose commercial/private providers over HEIs. The chart below highlights that although there are marginal differences in the factors that influence the use of commercial providers, commercial providers lead on all aspects cited.

Importance of factors that influence decision making: HEIs versus commercial providers



The main barriers to using HEIs as training providers are overall cited as availability, course content and cost. However, course content is cited as the most serious barrier, followed by quality. This reinforces the existing demand side research that revealed that employers are unsure how to access HEI provision and that there is a need for course content to be tailored and to reflect an understanding of the business needs and challenges.

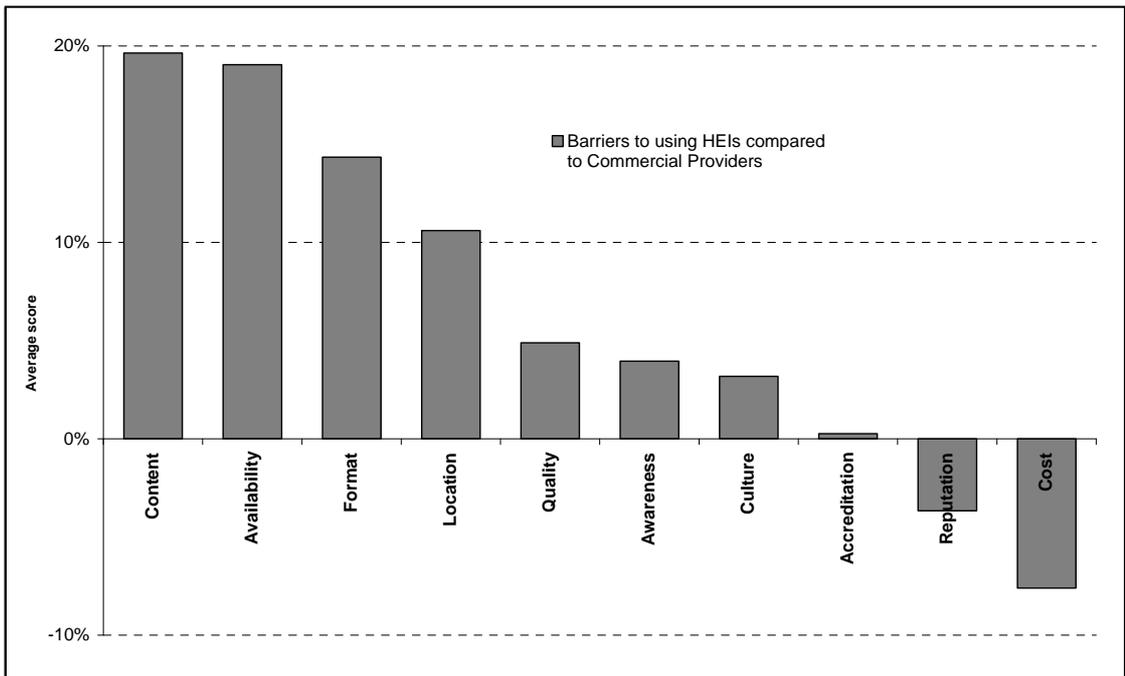
Perceived barriers to using HEIs



The figure below highlights why employers currently show a preference for using commercial providers. Reputation and cost are not perceived to be a barrier to using an HEI compared with commercial providers.

HEIs will need to make the most of these factors and use them as a unique selling point when looking at enhancing their employer engagement activities.

Perceived barriers to using HEIs compared with commercial providers



Appendix 2: Sectoral overview of skills demand

Nature of skills demand across London by Sector Skills Councils

It should be noted that the information provided offers a broad overview of the skills imbalance across each Sector Skills Council (SSC) as detailed in the Skills for Business Network Labour Market Information reports. However, the nature of the skills demand and requirement will differ within each sub-sector covered.

Sector Skills Council	Nature of skills imbalance
Asset Skills	<p>The sector spans a diverse range of occupations, from employees with low level qualifications such as administrative staff and cleaners to highly skilled employees such as chartered surveyors. Within London, 12% of firms reported skills gaps; of these, 39% are 'elementary staff' and 15% are those employed in skilled trades.</p> <p>Nationally, 42% of employees are qualified to Level 3 or above (no data was available for London).</p>
Automotive Skills	<p>Across London, a lower proportion of firms reported a skills shortage than the national average (2% and 6% respectively), however a higher proportion reported a skills gap (27% and 23% respectively).</p> <p>Nationally, 41% of employees are qualified to Level 3 or above (no data was available for London).</p>
Cogent	<p>London represents 9% of the Cogent sector in England, with employment in the regions focused on management and senior positions.</p> <p>Employers in the region have reported low levels of skills gaps: 7% compared with the national average of 32%. However, a higher proportion reported skills shortages: 12% compared with the national average of 7%, where gaps have been reported predominantly in sales and customer services positions.</p> <p>59% of employees in London are qualified to Level 3 or above (national average 52%).</p>
Construction Skills	<p>Within London, 64% reported difficulties in recruiting skilled staff, compared with 79% nationally. Nine per cent of London companies had a long term vacancy.</p> <p>Nationally, 50% of employees are qualified to Level 3 or above (no data was available for London).</p>
Creative and Cultural Skills	<p>Nationally, 68% of employees are qualified to Level 3 or above (no data was available for London).</p>
e-skills UK	<p>The proportion of firms reporting skills gaps and shortages in London – 12% and 3% respectively – was lower than the national average of 15% and 4% respectively.</p> <p>Nationally, 72% of employees are qualified to Level 3 or above (no data was available for London).</p>
Energy & Utility	<p>Replacement demand is a key issue across the sector, with a high age profile across the</p>

Sector Skills Council	Nature of skills imbalance
Skills	<p>industries. The sector is characterised by a highly-skilled and experienced workforce which needs to be replaced as employees approach retirement age: young entrants are not being attracted into the industries in the numbers needed.</p> <p>Employers in the sector are reporting significant skills gaps and recruitment difficulties due to changing skills requirements, loss of experienced staff and shortages of adequately skilled and qualified applicants in the labour market.</p> <p>59% of employees in London are qualified to Level 3 or above (national average 53%).</p>
Financial Services Skills Council (FSSC)	<p>The proportion of firms reporting skills gaps and shortages in London was 21% and 3% respectively, which is lower than the national average of 27% and 4% respectively.</p> <p>The proportion of firms that provided staff training was lower in London than the national average: 72% and 75% respectively.</p> <p>Nationally, 59% of employees are qualified to Level 3 or above (no data was available for London).</p>
GoSkills	<p>Skills deficiencies exist across the sector with the largest gaps cited as a lack of technical and practical skills, customer handling skills and team working skills.</p> <p>Occupations in which employees lacked skills were driving/operating, engineering/maintenance, sales and customer services.</p> <p>Nationally, 40% of employees are qualified to Level 3 or above (no data was available for London).</p>
Improve Ltd	<p>There is a high commuter trend across the sector in London. Employers have reported difficulties in recruiting technically-skilled staff, such as food scientists, and nationally there are difficulties recruiting into manual labour and basic processing functions.</p> <p>58% of employees in London are qualified to Level 3 or above, which is significantly higher than the national average of 35%.</p>
Lantra	<p>Land management and production represents 38.7% of all landbased industries across the region. Future skills priorities have been identified in the areas of animal health and welfare, food safety, financial management, environmental assessments and waste management.</p> <p>53% of employees in London are qualified to Level 3 or above (national average 40%).</p>
Lifelong Learning UK (LLUK)	<p>27% of organisations within London reported skills gaps and 5% reported shortages (in line with the national average).</p> <p>Nationally, 78% of employees are qualified to Level 3 or above (no data was available for London).</p>
People 1st	<p>Vacancies across the sector are reported to be due to the lack of interest in employment within the industry and the lack of applicants with the required skills. Employers found it difficult to find applicants with generic skills, such as communication and team working, with high levels of need for technical and practical skills across the sector.</p> <p>Nationally, 37% of employees are qualified to Level 3 or above (no data was available for London).</p>
SEMTA	<p>Low levels of skills gaps and shortages were reported across the sector at 18% and 5%</p>

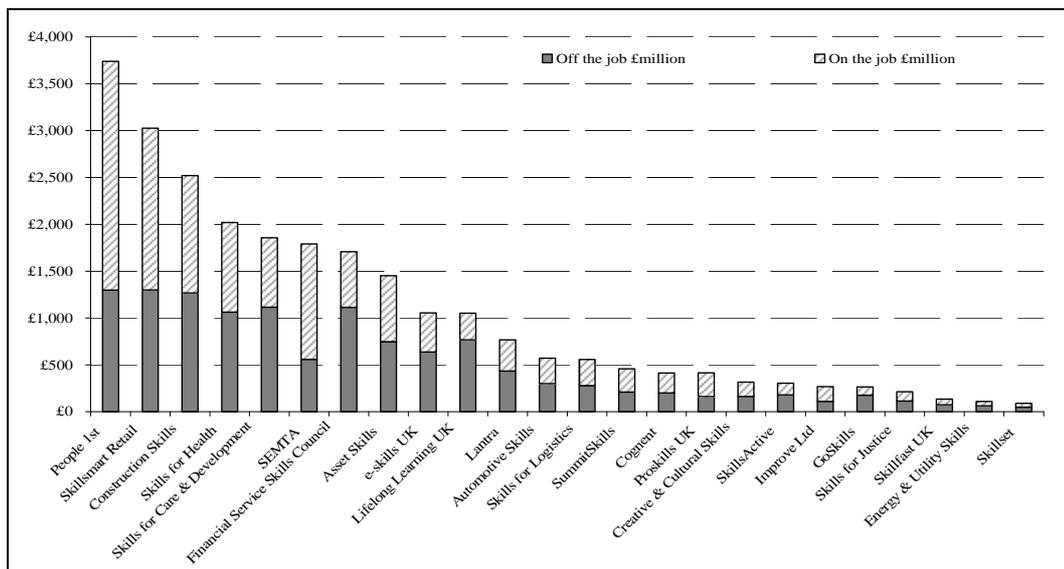
Sector Skills Council	Nature of skills imbalance
	<p>respectively, compared with national averages of 22% and 8% respectively.</p> <p>49% of employees in London are qualified to Level 3 or above (national average 59%).</p>
Skillfast-UK	<p>London has a modest manufacturing base within the sector, but is the country's leading centre for associated design. Around one third of total national employment in washing and dry cleaning is concentrated in London.</p> <p>The overall incidence of skills deficiencies is lower than average in the region, but deficiencies remain in some parts of the sector (for example in recruiting skilled cutters and tailors) and sole traders suffer from a lack of business skills.</p> <p>28% of employees in London are qualified to Level 3 or above (national average 33%).</p>
SkillsActive	<p>Nationally, organisations find it difficult to obtain applicants with communication skills, team working skills, customer handling skills, technical and practical skills and problem solving skills.</p> <p>Playwork organisations struggled to meet Ofsted requirements for playworkers with Level 2 and 3 qualifications.</p> <p>57% of employees in London are qualified to Level 3 or above (national average 50%).</p>
Skillset	<p>The Skillset workforce survey (2003) found that employees in London have training needs for improving current work, career development and developing new technical skills.</p> <p>79% of employees in London are qualified to Level 3 or above.</p>
Skills for Care and Development	<p>Across the region, the proportion of organisations reporting skills gaps and shortages was 15% and 6% respectively, which was lower than the national average of 23% and 10% respectively.</p> <p>Nationally 48% of employees are qualified to Level 3 and above (no data was available for London).</p>
Skills for Health	<p>The sector is dominated by the NHS, but there also exists a large number of independent hospitals, homes and practitioners. Within London, the proportion of organisations reporting skills gaps was 13%, which is lower than the national average of 26%.</p> <p>Nationally, 65% of employees are qualified to Level 3 and above (no data was available for London).</p>
Skills for Justice	<p>Nationally, 71% of employees are qualified to Level 3 and above (no data was available for London).</p>
Skills for Logistics	<p>Across the sector, employers reported that vacancies for machine operatives, including LGC drivers, were hard to fill. The proportion of companies across the region reporting a skills gap of 12% was lower than the national average of 18%.</p> <p>The main reason cited for the skills gaps reported was a lack of experience or staff being new to the job. Vacancies were largely due to a lack of interest in the type of jobs available and a low number of applicants with the required skills.</p> <p>Nationally, 32% of employees are qualified to Level 3 and above (no data was available for London).</p>

Sector Skills Council	Nature of skills imbalance
Skillsmart Retail	London is home to more than 75 of the UK's largest retailers. The most common areas of skills deficiency are customer handling skills, communication skills, team working skills and problem solving skills. The most significant occupations within the sector are managers and senior officials (19%) and sales and customers services (50%). Nationally 36% of employees are qualified to Level 3 and above (no data was available for London).
SummitSkills	The lowest number of skills gaps was reported by London companies, at 12%. The main causes for hard-to-fill vacancies are the low number of applicants and the low number of applicants with the skills required by the business. Data was not available for levels of employee qualification levels.
Government Skills	No information available.
ProSkills UK	No information available.

Training expenditure on skills development by Sector Skills Councils

Figures from the NESS 2005 indicated that total training expenditure in the UK over the past 12 months was £33.3 billion, with an estimated 17% (£5.8 billion) within London. The chart below splits this national figure by Sector Skills Council, illustrating the proportion of total expenditure broken down by off-the-job training and on-the-job training.

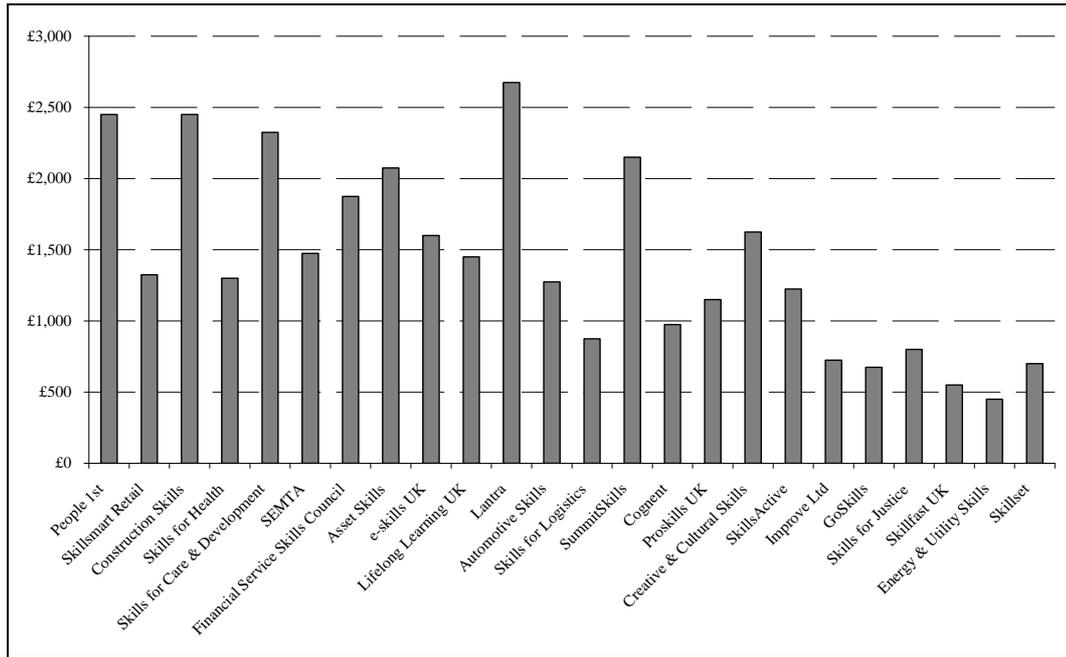
Figure 9.2: Training expenditure by Sector Skills Council (nationally)



Source: National Employer Skills Survey, 2005

The average training spend per employee across the Sector Skills Councils was £1,550. Those sectors with greatest expenditure on training were not those with the highest spend per employee. The figure below identifies the training expenditure per employee by Sector Skills Council.

Figure 9.3: Training expenditure per employee by Sector Skills Council (nationally)



Source: National Employer Skills Survey, 2005

Appendix 3: Sector Skills Council coverage

The table below details the sector coverage of each Sector Skills Council:

Sector Skills Council	Industry/sector coverage
Asset Skills	Property, housing, cleaning and facilities management
Automotive Skills	Retail motor
Cogent	Chemical, nuclear, oil and gas, petroleum and polymer industries
Construction Skills	Construction
Creative and Cultural Skills	Arts, museums and galleries, heritage, crafts and design
e-skills UK	IT, telecoms and contact centres
Energy & Utility Skills	Electricity, gas, waste management and water industries
Financial Services Skills Council (FSSC)	Financial services
GoSkills	Passenger transport
Improve Ltd	Food and drink manufacturing and processing
Lantra	Environmental and land-based industries
Lifelong Learning UK (LLUK)	Learning and development
People 1 st	Hospitality, leisure, travel and tourism
SEMTA	Science, engineering and manufacturing technologies
Skillfast-UK	Apparel, footwear, textiles and related businesses
SkillsActive	Active leisure and learning
Skillset	Broadcast, film, video, interactive, media and photo imaging
Skills for Care and Development	Social care including children, families and young people
Skills for Health	Health sector
Skills for Justice	Custodial care, community justice and the police
Skills for Logistics	Freight logistics
Skillsmart Retail	Retail
SummitSkills	Electro-technical, heating, ventilating, air conditioning, refrigeration and plumbing
Government Skills	Civil Service (including executive agencies), non-departmental public bodies and the armed forces
ProSkills UK	Processing and manufacturing, coatings, extractives, glass, building products and printing

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 of project</i>)	Merrill Lynch	Managing Director

	Representation	Name	Institution / Organization	Position
		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
Consultants	Karl Eddy	Grant Thornton	Partner
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

Appendix 5: National qualifications framework

National Qualifications Framework (NQF)		Framework for Higher Education Qualifications (FHEQ)
Previous Levels (and examples)	Current Levels (and examples)	
5 Level 5 NVQ in Construction Management ⁵⁷ Level 5 Diploma in Translation	8 Specialist awards	D (doctoral) Doctorates
	7 Level 7 Diploma in Translation	M (masters) Masters degrees, postgraduate certificates and diplomas
4 Level 4 NVQ in Advice and Guidance ⁵⁷ Level 4 National Diploma in Professional Production Skills Level 4 BTEC Higher National Diploma in 3D Design Level 4 Certificate in Early Years	6 Level 6 National Diploma in Professional Production Skills	H (honours) Bachelor degrees, graduate certificates and diplomas
	5 Level 5 BTEC Higher National Diploma in 3D Design	I (intermediate) Diplomas of higher education and further education, foundation degrees and higher national diplomas
	4 Level 4 Certificate in Early Years	C (certificate) Certificates of higher education
3 Level 3 Certificate in Small Animal Care Level 3 NVQ in Aeronautical Engineering A Levels		
2 Level 2 Diploma for Beauty Specialists Level 2 NVQ in Agricultural Crop Production GCSEs Grades A*-C		
1 Level 1 Certificate in Motor Vehicle Studies Level 1 NVQ in Bakery GCSEs Grades D-G		
Entry Entry Level Certificate in Adult Literacy		

⁵⁷ Revised levels are not currently being implemented for NVQs at levels 4 and 5.
Grant Thornton UK LLP

Appendix 6: Case studies

Case Study 1: British Telecom

This case study has been developed following consultation with representatives from BT Operate, BT Retail, BT Global, and Accenture HR & Learning BPO Services.

BT is one of the world's leading providers of communications solutions and services with operations in 170 countries. Principal activities include networked IT services, national and international telecommunications services, higher-value broadband and internet products and services and converged fixed/mobile products and services.

BT employs c.106,200 worldwide, with c.18 million customers broadly segmented into wholesale customers, consumers, major corporates and business-to-business customers.

BT has four customer-focussed lines of business: BT Global Services, BT Retail, BT Wholesale and Openreach, with two supporting business units active as of 1 July 2007 – BT Design and BT Operate – which support the customer-facing units in designing and delivering faster, more resilient and cost-effective services to customers.

Background

Across BT there exists a broad range of skills nationally and internationally and the demand for skills and the approach to the management of training and development differs across each business unit. The information presented has been informed by the views of representatives of BT Operate, BT Retail and Accenture HR & Learning BPO Services, who act as advisers and providers of training and development to BT.

BT is in the process of re-positioning itself as a services business. Such a transition necessitates a different skills requirement across the organisation, the challenge being to re-skill the existing workforce to meet the requirements and challenges of the business and/or to source appropriately-skilled people.

A key challenge for BT in developing training programmes is ensuring that staff remain skilled in understanding, developing and using new technologies.

- Skills demand – A recent skills audit across BT highlighted the need for skills that ensure the organisation remains competitive in the market: sales, business improvement, customers insights, project and product management and software literacy. Across these areas a strategic focus has remained to ensure that training is relevant and contributes to improving the customer/end user experience of BT products.
- Demand for accreditation – There has been a greater need for accreditation because BT is selling not only products but also skills and people to customers who find reassurance in accreditation. Across some business units, where the skills demand is focused on technical

training and new technologies, approximately 50% of training undertaken is unaccredited. BT, in partnership with Accenture HR & Learning BPO Services, has developed an apprenticeship programme and through this partnership collaborated with Staffordshire University to design and develop three different Foundation degree programmes; the first has been operational for approximately 12 months.

- Highly-skilled London workforce – The London workforce (BT Operate) is largely made up of higher skilled/high value consultants. The majority of the London workforce is brought in to work on high risk, high value projects. Where possible other business activities are located across the country, driven largely by cost.
- Use of technology - Technologies such as web/teleconferencing are enabling BT to source highly-skilled people from across its global workforce according to need. It has also enabled an increasing number of staff to work from home. There is a demand for highly-specialised skilled staff ('hot skills') but BT has the technologies to tap into these people from across the UK and globally, so sourcing skills to fit the needs of a project or client is no longer a geographical issue. BT also has the buying power to recruit people in if and when required.

Best practice

- Learning Communities – BT Operate's approach to training and development is largely organised and managed by professional communities that combine a number of approaches to development including mentoring, on-the-job learning and procuring off-the-shelf courses such as Prince 2, and specific technical and non-technical training.
- Job specific training – BT ensures that any training undertaken is outcome-focused and specific to improving a learner's role. Training providers are sourced to match the professional communities across BT so that trainers understand the challenges and developments specific to the professional community. Such an approach ensures that training remains relevant to the specific needs and requirements of the job and that both the employee and employer retain maximum value from the training.
- Resourcing of trainers – Losing staff time to training has always been an issue, especially in respect of high value staff (BT Operate). BT has adopted an approach whereby training is brought to staff and built around staff days. This was found to be more productive and effective than sending staff into a classroom environment. Across BT Retail, there is a pool of c.180 in-house trainers. BT Operate has avoided using staff to deliver training, due to concerns over utilisation and costs, and has found it easier to source training providers and develop courses as appropriate. It has developed strong relationships with brokers such as Accenture HR and Learning BPO Services.
- E-learning - BT provides access to e-learning training modules via its enterprise-wide LMS and Learning Portal BT Route2learn (R2L). In 2007 R2L delivered 310,000 online and 21,400 instructor-led courses. Finding time for training and development is often challenging and the need for flexible and blended learning solutions were essential to BT; technology-enabled learning interventions were part of the blend.
- The role of advisers - Accenture plays a key role as broker and provider of training and development across BT. Accenture provides or sources training across the spectrum of BT

business requirements, for both accredited and unaccredited training. Accenture has a thorough understanding of the challenges facing BT and the developments across the organisation that have an impact on skills requirements. The close relationship Accenture has developed with BT reflects a skills requirement across the two organisations. In sourcing training providers, while quality and cost are important, close attention is paid to delivering training outcomes and ensuring learners are confident and competent in the use of new skills.

Accenture has been involved in the development and management of the BT Foundation degrees but also brings two core offerings to BT:

- Master Vendor – Due to similar training needs across BT and Accenture, Master Vendor provides economies of scale in procuring training and provides quality and cost assurance in training. Master Vendor as an offering to BT also provides a value-added wrap-around service in developing and sourcing courses and appropriate trainers, but also an accessible helpdesk function.
- Business Interlock - This ensures there is a clear link between professional development and contributions to business development and the changing requirements of the business. Elements of Business Interlock include annual learning planning and regular training catalogue reviews (by subject matter experts), contract management, solution development and innovation and thought leadership and technology. It was recognised that in the fast-moving sector in which BT operates, quality and relevance of learning solutions are most important and regular reviews and updates of the catalogue of training available to BT are required, with courses being retired at the end of the course lifecycle (assessment against training outcomes, business needs and market demands).

In the case of meeting the training needs associated with some new technologies this is often sourced from equipment manufacturers and/or niche market training providers who have a deep understanding of the subject matter.

Lessons learnt

- Quality of graduates - BT Operate has been generally dissatisfied with the standard and quality of university graduates, stating that it is hard to find technology-aware graduates with the commercial acumen and business skills required. The business unit has preferred to recruit graduates with relevant industry experience or to recruit MBA graduates from some of the world's top business schools such as DUKE, INSEAD (c.50% of the MBA graduates it recruits are from outside the UK).
- BT Retail has been broadly happy with the quality of graduates recruited, with the majority having a positive attitude and approach to work.
- Use of advisers/brokers – The use of brokers to source appropriate training providers works well for BT. It finds brokers to be quick, responsive and understanding of the needs and challenges across the organisation. The use of Accenture as an adviser ensures quality, cost and, crucially, a competitive edge across the sector.
- Experience of HEIs – BT has worked with and approached some HEIs but found them to be slow to respond and inflexible, although in the case of the Apprenticeship Foundation degree

programme the reverse has been the case. Experiences were described as frustrating as HEIs lacked understanding and experience of technologies and developments across the sectors.

Implications for study

The skills shortages within BT Operate are for candidates with business analytical skills, communication skills and high/new technology skills ('hot skills'). It also appears that HEIs' courses could be more flexible (for example, by offering virtual classrooms). An attraction for a business would be the association with cutting-edge and leading thinkers with international recognition.

In delivering training, a focus and preference has been shown in delivering job-specific, flexible (bite-sized chunks) learning through a variety of methods including face-to-face and complementary learning activities such as e-learning.

Case Study 2: Peabody Trust

The Peabody Trust is a housing association registered as a charity. The Trust owns and manages nearly 19,000 properties throughout London, providing affordable homes for over 40,000 people.

The Trust's aim to fight poverty in London now and in the future is set out in an Act of Parliament. The Trust works with a range of partners to "create better homes, better opportunities and a better quality of life for Londoners" and employs approximately 800 staff members including 130 caretakers.

Background

Much of the training for staff is delivered through one-day courses, typically delivered on site by external providers. The learning and development (L&D) manager felt that the Trust has tended not to use HEIs for these types of courses, partly due to a lack of awareness of what HEIs could or would offer in this area. Approximately 30% of its training is delivered by in-house staff.

The main type of training is face-to-face courses delivered by external providers at the Trust's offices. Although e-learning could be an aspiration for the future, it would require a large cultural shift and significant investment and is therefore not seen as a priority at present.

Courses tend to be bespoke, which is fitting with the trust's diverse needs: for example, training needs for caretakers are very different from those required by management teams running the business

The Trust sponsors staff to study for professional qualifications in subjects such as housing, maintenance, business management, HR and finance. It is the responsibility of the individual staff member to identify and apply for the course which most fits their own needs, so the Trust does not pre-select a range of providers for staff to choose from. In some cases the Trust funds approximately 50% of the course fee, with the student providing the rest, via payroll deductions. Staff are provided with day release to attend the course. The learning and development manager has had positive experience at the University of Westminster and will often recommend it to potential students.

One of the main areas for skill development within the Trust is leadership and management development. Traditionally, staff have been promoted into management roles because they are good at their current jobs, without necessarily having strong management skills. Like many other housing organisations, the Trust finds it difficult to attract people with strong management or project management skills. It also faces a shortage in recruiting for technical roles such as surveying health and safety.

To date these courses have normally been delivered on site by external providers and have not been accredited (though the HR manager is now looking at accredited courses as she considers accreditation will provide assurance about the quality of the course). Accreditation is considered important as it validates the training, provides confidence that the training will be of a certain quality and lends credibility to the course.

Core skills (primarily soft skills delivered through one-day courses in topics such as communication and team working skills) account for approximately 35% of the annual training budget. Management

development accounts for in the region of 20% of the budget, while health and safety training takes approximately 15% of the budget. Expenditure by the Trust on sponsoring external qualification programmes for students represents in the region of 16% of the annual budget.

Best practice

The benefits to the business of funding MSc students is explicitly recognised as a factor contributing to improved staff retention.

The Trust typically uses training providers that are already known to them, but will occasionally send out a brief to training providers to see what sort of response it produces. Existing relationships and experiences of working with particular providers are the main drivers in selecting suppliers.

A view expressed was that the public sector was not sufficiently responsive or quick and agile enough to respond to the needs of the Trust. Where they have used a public provider (London Metropolitan University) this was due to a personal contact whereby the L&D manager at Peabody knew the specific lecturer to deliver a training session for their staff. It has also worked with London South Bank University on an ad hoc basis, largely due to geographic proximity. It has often found it difficult to find the appropriate person to talk to within a HEI.

HEIs were considered “too academic” to meet the Trust’s needs; they also tended to be inaccessible and therefore difficult to work with. Instead, the Trust prefers to approach smaller providers of training, often sole traders, who are more responsive and willing to be flexible and tailor the provision to fit the specific business needs.

This suggests that HEIs need to be seen as flexible, responsive and willing to adapt to the needs of the particular business and become more approachable, for example by making clear who the appropriate contact person is, for a business looking for training provision.

The Trust also expressed the view that it is easier to find training at lower levels, though it is not clear why this was the case. Because the Trust is a charity, a key barrier to training is cost.

A crucial consideration for the Trust in selecting training providers is the extent to which the provider understands its business and is willing to be flexible in developing an appropriate training programme. The learning and development manager has found that smaller providers have been better able to understand the culture within the Trust, which has enabled them to develop a better working relationship.

Lessons learnt

One of the challenges faced by the Trust in approaching HEIs was that most of them do not appear to have a detailed business understanding or a clearly identified person to approach with requests.

The Trust is enthusiastic about the scope for accrediting training, which will be a key advantage for HEIs compared with private providers.

It was suggested that there needs to be a common language through which HEIs and businesses can communicate more effectively.

One system considered an interesting option is the use of vouchers by employees to buy training at a particular university in whichever course or module they think would be most useful for them. In this way, employees are able to access a wide range of different courses on a modular basis and can choose how to spend their training vouchers to meet their own needs.

Implications for study

The offering of HEIs would have to be more clearly articulated and become more user friendly (for example by having an easily-identifiable contact point within an HEI to approach with training requests) if the Peabody Trust is likely to use them more frequently as training providers in the future.

The Trust already has access to and works with a range of training providers, so HEIs would need to demonstrate additional benefits beyond those of the existing providers.

Flexibility of provision is crucial and the ability to tailor a course based on an understanding of the business is a key consideration for the Trust when choosing a training provider. HEIs would therefore need to be willing to take the time to understand the business and to design a course to fit the Trust's training needs within the context of its business activities.

Similarly, cost is an important consideration in selecting a training provider.

The fact that HEIs can accredit training is a key benefit which they could exploit to increase their share of the training market, as it provides confidence in the quality of the training provided.

Case Study 3: Lloyds TSB

Lloyds TSB is a leading UK-based financial services group whose businesses provide a comprehensive range of banking and financial services in the UK and overseas. At the end of 2006, total group assets were £344 billion and there were some 63,000 employees. Lloyds TSB Group's activities are organised into three businesses: UK Retail Banking, Insurance and Investments, and Wholesale and International Banking.

Background

Lloyds TSB is a high profile and desirable employer and is well placed in the recruitment market. Sourcing suitably skilled and appropriate employees is not an issue for the organisation. As with any other large financial services company it has to compete hard in areas of scarce skills.

The organisation recruits at all levels of the organisation from entry level to executive, with specialist functions such as finance, HR, risk, etc.

The organisation looks to recruit people with the right attitude, confidence, drive and social skills, with a willingness to develop their careers further. Technical skills are essential in some roles but appropriate attention is made to finding the right people: attitude and drive are perceived as essential.

Specialist or 'deep skills' are largely dictated by the economy, with competition for these skills across the market.

No major skills gaps/shortages are reported but there are challenges in developing particular skills (mainly softer skills). These include:

- management skills: leading, influencing, enabling staff to achieve their potential, giving appropriate feedback, coaching and mentoring
- customer service skills
- commercial acumen.

There are challenges in progressing staff to management level and ensuring they have an adequate understanding of what managing a team entails, enabling team members to be accountable and to achieve. This can be taught, but there is an element of disconnect from theory which can be taught in the classroom and putting the theory into practice which has presented challenges.

The skills profile of the London-based workforce is not distinctive, mirroring that of other regions, but has a hub of 'deep skills' due to market requirements. It was felt that new/younger employees within London can have higher expectations of the pace of career development and training.

The expenditure on training and development was around £56 million in 2006. Approximately two-thirds is spent on technical and related training and one-third on longer-term development and transformational training. This equates to an average of 2.5 training days per employee.

Best practice

i) Lloyds TSB University

Lloyds TSB adopts a decentralised approach to the management, organisation and delivery of training and development across the organisation, with the Lloyds TSB University monitoring quality standards and building a core curriculum.

The university was one of the first corporate universities to be developed in the UK and provides training for employees across the organisation. Assets include a residential training centre in Solihull and investment in course/curriculum development. In 2006, the university provided 33,250 training days for employees.

The university provides a spectrum of courses including core training (induction and graduate programmes), technical training and softer skills training. It offers employees a number of accredited and tradeable skills and qualifications. Accreditation is provided from recognised bodies but courses are also accredited by Lloyds TSB, which is happy to invest in its staff and provide industry recognised qualifications. This willingness to invest in staff has helped retention rates and business effectiveness.

Some off-the-shelf courses are delivered by external providers sourced through a tendering process and 'beauty parade'. Preferred supplier lists are used and provide economies of scale for some programmes.

Lloyds TSB uses internal trainers, with each business division having a number of dedicated trainers, and regional training teams. Trainers are either sourced internally (having essential experience of working for the organisation) or are recruited according to the nature and requirements of the training required.

The benefit of using internal trainers is that they understand the infrastructure and culture of the business, with significant time savings being made in negotiating with external providers. Governance arrangements for the university are through each business unit's head of learning and development and the organisation's HR director.

ii) Methods of Delivery

The university offers a number of delivery methods including:

- face to face training
- web-based learning
- workbooks.

It is looking at more interactive, online delivery such as 'Live meetings'.

Where possible, long residential courses are avoided and a preference for 2-3 day short courses exists. There is an expectation that employees will do some pre-course work and preparation for courses, so that time spent at training is an opportunity to practise and perfect skills.

The university has developed a number of partnerships with providers such as Ashridge and Roffey Park. These have been focused on executive level development, including thought leadership. The nature of these partnerships differs depending on the training and development needs and the training delivered.

iii) The future of Lloyds TSB University

It was acknowledged that there is potential to commercialise the offering within the university, for example by opening up course capacity to the bank's clients (SMEs), either as a commercial arrangement or as a value-added provision.

Lloyds TSB has invested significantly in course development and in a physical asset, and the use of this by its clients could provide competitive advantage in the market.

Lessons learnt

i) Key advantages to use of a corporate university

The advantages of the Lloyds TSB University as a centre of learning for employees are as follows:

- It provides a more robust and consistent approach to training and development
- It provides reassurance in governance and standards of training provided
- It gives the organisation an element of control in the time courses are developed without third party negotiations;
- It is a valued and attractive resource for employees
- The costs of delivery are reduced.

ii) Need for bespoke course

Whilst Lloyds TSB provides a robust approach to training and development, there are circumstances in which employees attend external training provision.

There are circumstances where training can be more effective without peers and colleagues as fellow learners. Employees can benefit from being taken out of the work environment where they may feel less peer pressure.

Some employees may need bespoke courses and training catered to their individual needs, circumstances and character, which may not be offered centrally.

iii) Competitive advantage

A key driver for Lloyds TSB's considerable investment in learning and development is to build competitive advantage. Through building a strong internal curriculum supplemented by external training where needed, it is able to meet the learning needs of the organisation. The university website, which can be accessed 24/7, is also a popular site for learners and contains a wealth of online learning.

In engaging with providers/HEIs they would look to how this provides competitive advantage in the market place.

Case Study 4: Unimatic /Made in London

This case study is informed by a consultee who carries two perspectives: the Managing Director of Unimatic (a London based SME active in the manufacturing sector), and the Chair of Made in London.

Unimatic is a London based manufacturing company employing c.15 people, offering the manufacturing industry expertise in such manufacturing techniques as Nano/Micro technology, IT solutions, Rapid Prototyping, Laser Cutters and 3D laser scanning.

Made in London is a representative body carrying the voice of London's manufacturing sector. It was set up some 10 years ago to represent the sector, and for five years managed, funded and stimulated bottom-up change/innovation programmes across the sector in London. Since this programme has been completed, the representative body acts as a focal point for the manufacturing sector to express their views and concerns on political, social, and economic issues.

Background

There exists a skills shortage across London's manufacturing industry, at all levels not just at the higher level, with recent focus (policy and employers) on the lower level skills spectrum.

Employers find it hard to recruit appropriately trained and skilled UK engineers, with a lack of availability and a lack of graduates coming through the education system.

Employers do not have a vast resource pool to select from, equating to a lack of supply of HLS within the market.

The London manufacturing sector has a number of sub-sectors, of which the largest that are active in the London region are printing, food and drink and smaller sub-sectors of fashion, furniture making, jewellery, etc. The sector in London is characterised by a large number of SMEs, which brings it own challenges across the training and development agenda.

Best practice

The skills shortage across the manufacturing sector can be separated into two distinct groups:

- **Technical skills** – the use of specialist equipment and techniques that are specific to the sector and sub-sector.
- **Business skills** - many SME owners have inherited businesses or work their way up to set up a business through experience and many therefore lack the business skills required to run and manage a business.

A mix of business skills with required technical skills is characteristic of successful companies (particularly SMEs) in the sector. Many manufacturing companies have failed due to an inability to manage the business properly.

i) UK graduates versus international graduates

While there is a shortage of UK-trained engineers, there are limited numbers of international engineers available across the London sector. The difference in the standards and employability of international engineers does not favour UK graduates.

International engineers (German example cited) have complementary skills in addition to their engineering qualifications and tend to have a more rounded/business-focused education and diverse skill base, because courses often include elements of marketing, communication skills and business management skills.

ii) Barriers to training

Across the manufacturing SME community there are a number of cultural issues that act as a barrier to investment in training and development (for both technical and business skills). These are broadly around:

- fear of investing in training and not being able to retain staff
- fear that owner managers have less knowledge than their employees
- a lack of understanding of the need for training.

SMEs see training and development as a low priority. Rather they are focused on problem solving and competing in the market. SMEs within the sector tend to have a more short-term focus and look at the business priorities (profitability and cash flow) rather than investment in training.

With a smaller workforce, SMEs are reluctant to lose staff for long periods of time and so prefer to build training around the job role. It was acknowledged that a large amount of on-the-job/'invisible' training happens as part of the nature of working within an SME, with people learning as they work, learning new techniques as they attempt to solve problems, etc.

It was felt that there was scope for some of this invisible learning and on-the-job achievement to be built around a competency framework, and contribute towards a formal qualification, however there is little evidence of this within the sector.

iii) A sector-focussed approach

It is acknowledged that SMEs do not particularly recognise the value of training and development, which is generally a low priority, and that such barriers need to be overcome through innovative approaches.

The City Fringe Partnership has piloted a sector approach to engaging with SMEs for training and development.

The Partnership gathered the views of SMEs within a geographical area of London, to understand their development needs, and is developing a tailored approach that is demand-led, but also accessible to a larger number of SMEs. The benefit of this approach is to create a virtual training cluster with a small geographical focus, pilot the approach and then try to roll it out in another geographical cluster.

The added value that is offered to SMEs through this approach is the networking element, as it was recognised that many manufacturing companies work in a silo and do not often communicate.

It was felt that a sector approach would be the most effective way to engage with SMEs.

Another methodology that would work well in parallel is to use the supply chains of larger companies.

iv) HEIs as training and development collaborators

Unimatic had sponsored two of their employees to do an MSc. The course was delivered at De Montfort University and was in a specialist manufacturing technique (rapid prototyping). The motivation for Unimatic to sponsor the course was a mix of skills development need - the need to understand the specialism, but was also seen as a retention tool. De Montfort was selected due to a previous relationship with the lecturer delivering the course.

There is some collaborative work undertaken by some university departments and industry. One of the drivers of developments in the manufacturing sector is innovation, which often requires some level of academic involvement. There are examples of projects being run in collaboration with HEIs with access to academia and specialist equipment. An example cited was a BioCeramics project in which a university and Unimatic worked closely to run, manage and develop the project. This joint working enabled knowledge sharing and cultural understanding across both parties. This project received Government funding, which acted as a catalyst for the project, facilitating the relationship between university and company and five other corporate participants.

It was acknowledged that there are challenges to be overcome by both SMEs and HEIs in enhancing engagement.

SMEs have capacity issues and do not recognise the potential benefits of engaging with academic institutions. The size and diversity of the SME landscape, makes it difficult for institutions to understand the needs and challenges of SMEs. With few focal points for engagement, institutions are naturally drawn towards larger companies, which are more accessible.

v) Delivery mechanisms

Unimatic has previously used the Manufacturing Advisory Service (MAS) for training on lean manufacturing and quality training. The initial lean manufacturing session was a free taster session, with quality training being subsidised.

Both of these sessions were delivered on site, with some preparation work done by both Unimatic and MAS in order to understand the needs of the business and to tailor the course accordingly.

It was felt that training delivered on site/in a work environment (where possible), with material tailored to the needs and challenges of the business, produced better learning outcomes and had cost benefits to the company.

Case Study 5: Skillset Sector Skills Council

Skillset is the Sector Skills Council for the audio visual Industries. It represents a sector with a largely qualified workforce across the industries of film, television, animation, computer games, interactive media, facilities (including post production), outside broadcast, radio, photo imaging and other content creation.

Background

Skillset has been forging strategic partnerships between HEIs and industry and, in December 2007, launched the UK-wide Skillset Screen Academy Network which represents industry-endorsed centres of excellence in practice-based education and training.

Skillset works with a network of HEIs to:

- provide learning programmes aimed at learners at different stages of career development
- champion a new focus on continuous professional training: Skillset Academies are developing a HLS brokerage model and platform for delivery
- reflect on current industry practice and technological developments and to act as R&D centres, developing the experience necessary to support business development and help create future business leaders; and
- create opportunities to develop the diverse talent base required by the industries.

Skillset provided two examples of its work to bridge the gap between industry and higher education, as well as details on the Skillset Media Academies.

Best practice

j) Cass Business School Film Academy Executive MBA in Film Business

Cass Business School offers the world's first Executive MBA in Film Business. The course has been specifically designed to meet the needs of learners seeking to fast track their career in film business, and high level career changers considering moving into the film industry.

The programme has been specifically designed for the Film Business Academy, and is delivered part-time over two years, providing flexibility to fit into the workloads and demanding schedules that characterise work in the film business.

Students spend time at Cass, international partner business schools in America and Europe and online using a virtual learning environment.

The programme also has a modular element to enable participation of freelancers and those not based in London.

Delivery involves online preparation using a virtual learning environment, followed by a single monthly long weekend session (Thursday to Sunday). Sessions were designed to avoid Mondays and Tuesdays (which are important for distributors and exhibitors) and key film events and markets, such as Cannes Film Festival, American Film Market and Berlin Film Festival.

ii) University of Abertay Dundee accredited courses in Computer Games

The University of Abertay Dundee delivers two undergraduate programmes specifically related to the games industry: BA (Honours) in Computer Arts and BSc (Honours) in Computer Games Technology.

Planning for these programmes was instigated as a result of representation from the industry, responding to a perceived lack of appropriate skills, and their development has involved close industrial liaison both formally, through representation on each programme's steering group and industry involvement in the assessment process, and informally through input from ex-students who are now working.

The BA enables students to develop transferable skills in project management, media production, teamwork, software development and business, all of which are vital throughout the digital Industries. The BSc provides a good grounding in the technologies required by the computer games industry and elsewhere and involves the student working closely with games companies through project work or work placements.

Both courses have been endorsed by the computer games industry through the Skillset Computer Games Course Accreditation scheme.

iii) Skillset Media Academies

The world's first Media Academy Network was launched in the UK as a national footprint of colleges and HEIs to work with industry in developing a new wave of talent Media Academies which are centres of excellence representing partnerships between FE/HE and industries. Those within the industry that have shown support to Academies have agreed to provide:

- work placements for tutors, graduates and students
- curriculum development across the network
- guest lecturers and tutors
- peer-to-peer mentor support for tutors
- seminars and showcases
- hardware, software, equipment and training
- R&D and prototype development
- CPD training to industry.

The network is made up of 17 Academies, drawing together creative education partnerships from 43 colleges and HEIs across the UK.

The network is supported by media companies the BBC, C4, ITV, Five, Nickelodeon, Adobe, QVC, Sony, Nesta, Dare to be Digital, Nokia, Bafta, Tate Media, Cogapp, Attic Media, SMG, UTV, Two Four Productions, Lime Pictures, b.TWEEN Digital Festival, Public Zone, Illumina Digital, Endemol, Chapter Eight, DESQ, Fiftbusiness, Startcreative, Airlock Chinwag, New Media Knowledge, Wired Sussex, AKQA, Tribal DDB, LBi, AvenueA Razorfish, Tequila, Preloaded, RGA, PACT and BIMA.

Lessons learnt

Skillset has created a computer games accreditation scheme to help identify courses throughout the UK that provide the skills, knowledge and experience needed for individuals to enter the industry confidently. The intention is to deliver a more focused and career aware supply of graduates into the industry.

Skillset Media Academies brought together industry leaders in an accreditation panel to approve the shortlist of applicants and then select which institutions should receive endorsement and academy status. Those that did not receive endorsement received feedback and continue to work with Skillset to develop their offering. The process represents a unique opportunity for industry to provide input to and support educational institutions.

Case Study 6: Merrill Lynch

Merrill Lynch is one of the world's leading wealth management, capital markets and advisory companies, with offices in 38 countries and territories and total client assets of almost \$2.0 trillion.

London is Merrill Lynch's regional headquarters (for Europe, the Middle East and Africa); the majority of its nearly 8,000 employees in the region are based in London.

Background

Primary contact with HEIs is through graduate recruitment. Approximately 500 graduates are recruited per annum into analyst roles across Europe, the Middle East and Africa.

Merrill Lynch finds it relatively easy to attract staff to London and finds the regulatory regime accommodating to bringing staff into the UK from overseas. As a result of this, and the nature of its business, employees working for the bank in London tend to be global in outlook and experience.

As the financial products that its staff are working with become ever more complex, Merrill Lynch needs very high level skills, especially in maths, and individuals qualified in engineering related fields. The company expressed a view that UK HEIs are not good in these subjects, especially in comparison with the quality of international competition. Specifically, Merrill Lynch sources graduates from two HEIs in Moscow, two in Warsaw and two in India (IIT Delhi and IIT Bombay) and from technical universities in France that offer the DEA qualifications. The competition to get into these latter HEIs is exceedingly high and the calibre of the graduating students is described as phenomenal.

Best practice

UK HEIs are missing out to international competitors in terms of securing graduate employment positions within Merrill Lynch. The quality of graduates from London/UK HEIs is considered good, but can be limiting when looking for strong academic backgrounds in science/engineering-based degrees with language skills, whereas international competitors may be more successful. Merrill Lynch's leadership and talent management team has developed relationships with a number of international HEIs, although it does advertise its programmes at over 30 HEIs in the UK and Ireland.

The process by which Merrill Lynch decides on which HEIs to work with is broken into two parts. Tier one schools are selected through scorecards, which include university rankings, courses, demographics, hiring yields as well as societies and networks. The remainder of schools are fairly informally selected, based on alumni and emerging yields. Merrill Lynch tends to go back to HEIs from which they have recruited high quality staff previously, as long term relationships are critical. Generally, it uses approximately 40 HEIs to find new recruits (at undergraduate level), over 50% of which are now from overseas. A large proportion of staff entering into analyst (undergraduate) or associate (PhD or MBA) roles speak two languages fluently (including English), which rules out the majority of UK graduates.

Once recruited, all graduates are sent on a five-week training course in New York. This course is delivered primarily by Merrill Lynch staff but external trainers are brought in as required.

Merrill Lynch uses a wide range of different internal and external programmes as required. Training often takes the form of evening tutorials running from 5-7pm or 6 -8 pm. These sessions will tend to be on hot topics and aim to keep staff up to date with the latest issues that are relevant to their roles. This training is extended to the internship population through Lunch and Learn initiatives. Each of the organisation's four major business areas has a dedicated learning and development specialist whose specific remit is to identify and facilitate the training requirements for that part of the business. For investment banking staff there is a booklet outlining the competencies and experience required for different grades of staff. This incorporates softer skills such as pitching, presentations, etc. Budgets for training are organised within each of the business units.

Due to the complexity of the business and the rapid pace of development, there is a need to ensure that staff are trained frequently in order to keep up to date with the latest developments and to remain competitive. To support this, a Merrill Lynch University was established. This is an online system open to all employees featuring a large number of programmes. This was developed in-house with mostly internal trainers providing content, but some content is bought in from external providers.

For traditional training courses, typically Merrill Lynch will use a number of different external providers for leadership and management development programmes.

The main gaps and shortages faced relate to compliance risk (ie dealing with regulatory issues). There is strong competition for people with these skills and experience, simply because many banks are trying to recruit from a very small pool of candidates. Contacts with HEIs tend to be ad hoc outside recruiting initiatives. Merrill Lynch praised the proactive approach of Reading University, which presented the company with a proposal to run a course that met the needs of the business. Merrill Lynch is also working with University College London (UCL) to develop and deliver a Masters technology programme related to banking technology.

There is a preference for international candidates because of the language skills they bring and the fact that they tend to be more cosmopolitan and therefore more likely to fit into the international working culture at Merrill Lynch.

The company is increasingly recruiting candidates with MBAs and PhDs, especially the latter for quantitative roles. Although there are still fewer PhDs than other types of qualifications, they are the fastest growing.

In terms of improving the system/university supply:

- the employability training provided by HEIs is not very advanced and could be improved
- students entering the workforce are often naive about the world of work and how to interact with work colleagues
- Merrill Lynch sees the problem partly in relation to the dialogue between HEIs and business, in that HEIs are more interested in teaching and research than providing training that is relevant to business
- the approach of Imperial College stands out

- there is a strong relationship with the London School of Economics, which give lectures, has a Merrill Lynch Access to Education and Opportunity award, supports their widening participations summer schools through funding, delivering content, etc
- probably need to focus on sectors and get a sort of intermediary on both the business and university side in order to allow for a movement away from the current interaction between HEIs which tends to be on an ad hoc and one to one basis - ie not well organised, not clear, visible etc. currently the relationship is between individual HEIs and individual businesses
- Merrill Lynch made reference to Lehman's Institute for Women's Research which it described as effective in working with different training providers
- "There needs to be a way for HEIs to connect with businesses more broadly rather than on a case by case basis - as is currently the case".

Lessons learnt

As Merrill Lynch is already well served by a wide range of internal and external training, it does not see a particular need to go to London HEIs with training requests, although it has been responsive to well-targeted approaches from HEIs who have been pro active in presenting Merrill Lynch with programme suggestions.

Activity is underway with Kings College London and their HRM learning board and workshops.

Case Study 7: Thames Water

This case study has been informed through discussions with a training and capability manager with a particular focus on technical and professional training within the water supply and wastewater services departments of Thames Water.

Thames Water Utilities is the UK's largest water and wastewater services company. It employs c.5,000 employees, providing services to c.13 million customers across London and the Thames Valley, supplying an average of 2,600 million litres of drinking water and treating around 2,800 million litres of sewage every day.

Background

The company's operational departments have c.3,300 employees working in either the provision of drinking water or wastewater services.

i) Demand for Skills

Thames Water, like many utilities, faces challenges in sourcing and recruiting skilled engineers with the expertise required by the industry. There are specific requirements for other technical roles within the organisation, such as technicians, electricians, design engineers, leakage control engineers and within customer relations. There are also similar challenges in recruitment due to the insufficient skilled labour entering the market and competition from other sectors.

Thames Water gives recognition to the importance of investing in its workforce and to the challenges faced by the industry through:

- a lack of availability of skilled workers and fewer graduates, especially those with engineering and technical degrees and qualifications
- demographic changes in the workforce with a niche skill base and experience.

As stated in the Thames Water Strategic Direction Statement:

“Our people are our most important asset in delivering value to our customers, but the UK is facing significant changes in workforce demographics and skills demand which will place many challenges upon us in the future”.

ii) Regulatory environment

The regulatory environment is one driver that stimulates a demand for training across the operational areas within Thames Water.

The water industry is heavily regulated and regulators have recently worked with water companies to develop a Competency Operator Framework for the drinking water industry that will standardise the skills and competencies required by staff working in it.

Thames Water is among the first of the UK's water companies to develop a groundbreaking new framework to check whether staff across the clean water part of the business have all the skills required for their job.

The Water Operations Skills Matrix shows the key competencies of the 1,500 or so employees who work to supply drinking water, from production through to network staff.

The work to develop this has now been signed off by Energy and Utility Skills on behalf of the Drinking Water Inspectorate, which has instigated this project across the whole water industry. The next step is to introduce this as a feature of regular job reviews, such as the performance and development review process.

The skills matrix meets new industry requirements from Water UK (which represents all UK water and wastewater suppliers at a national and European level) and the regulator, the Drinking Water Inspectorate (which regulates public water supplies in England and Wales), for each company to have an operator competency framework. This will ensure consistent skill levels across all water companies, including new entrants to the industry.

Thames Water is now applying this concept within its wastewater services department and is linking technical skills and processes with the current NVQ, which is offered to all operators in waste.

iii) Demand for skills on large projects

Thames Water is undertaking a number of large capital projects that require staff to have a mix of technical skills, strong project management experience and infrastructure design. The company is spending in the region of £1billion per year to ensure its assets and infrastructure are upgraded and maintained. Projects include:

- **Tideway Tunnel**

The sewer systems of many large towns and cities were built to carry rainwater as well as sewage, conveying both, mixed together, to a local sewage treatment works. But the huge volume of rain water that a sudden torrential downpour generates can overwhelm these combined systems. When this happens, the rain water and sewage are discharged into local rivers with negative effects such as ecological damage to rivers, unsightly slicks of litter and other items that get flushed into roadside gutters and down toilets.

Thames Water will be building a tideway tunnel, which would help protect the ecology of the tidal River Thames. The tunnel will capture the major offending flows before they go into the river and then store and transfer the wastewater to a sewage treatment works for full treatment.

In March 2007 the Government gave the green light for a single tunnel, 32.2km long and more than seven metres wide, to be constructed from Hammersmith in west London, to Beckton, in east London, with an additional spur tunnel (6.8km long) from Abbey Mills in Stratford to Beckton. The tunnels are due to be completed by 2020 and 2014 respectively.

- Leakage

Tracking leakage remains one of Thames Water's highest priorities.

Over the five years to 2010, Thames Water is investing £500,000 a day to reduce leakage, a total of £1 billion that includes the deployment of the very latest technology to pinpoint invisible underground leaks. Over 1,400 people are already working to bring leakage down, a figure that will rise as Victorian mains replacement work in London accelerates.

Thames Water fixed 87,000 leaks in 2005/2006, which is over 200 a day, or one every six minutes, up 20% compared with the previous year, a performance surpassing commitments to OfWat.

Best practice

i) Responding to lack of skills availability

Thames Water aims to implement a long term resourcing strategy to meet the global manpower and recruitment challenges set out by Lord Leitch in his December 2004 review of skills.

In response to a lack of skilled engineering graduates entering the labour supply, Thames Water is looking at a future blend of training programmes to attract school leavers and nurture and develop their skills and competencies from basic and lower levels skills through to higher level skills. This requires investment in a mix of on-the-job training and off-the-job training and qualifications.

Thames Water has an Advanced Apprenticeship programme covering design engineering, water and waste processes and ME&I (mechanical, electrical and instrumentation).

A need exists to maintain and develop competency and skills across the spectrum of skills levels from NVQ Levels 1-5.

Thames Water is in the process of exploring new options to attract new appropriately-skilled employees. This includes the possibility of Foundation degrees.

ii) Foundation degrees

Thames Water is exploring within its engineering department the potential utilisation of this qualification. The qualification has been designed in conjunction with employers to meet skills shortages at the higher technician and associated professional levels.

The flexible study methods make them more available to people already in work, unemployed, or those embarking on a career change. Another advantage is the flexibility to study with part-time options available. There is also no set entry requirement, but appropriate commercial and industrial experience may be more relevant than educational qualifications. This is a good example of employee consultation and involvement. Thames Water has participated in these consultations through Energy and Utility Skills.

iii) Experience of University Provision

Thames Water is committed to working with Government, schools, colleges and HEIs to promote and develop economically valuable skills.

The company feels it is very important to build relationships with these organisations to ensure that courses meet the requirements of the industry.

An example of how successful this can be is the investment Thames Water made to support the development of network courses offered by the University of East London (UEL).

Thames Water, along with a number of other water companies, sponsored the provision of specialist programmes in the design and operation of the water and wastewater network courses delivered by UEL. This course was delivered to an MSc standard for Thames Water engineers and water managers and was mainly aimed at NVQ Level 4 and 5 for operational managers and engineers. These programmes were available as one-week modules.

Thames Water had approximately 20 candidates attending relevant modules working towards their MSc, but reported that they had to withdraw their commitment of sending delegates on further modules. Amongst the reasons were that some candidates were not at the MSc level and that funding was restricted for these courses with the sale of Thames Water.

Thames Water feels that it is important to continue to review the course syllabus to ensure that it is relevant to the specific technical requirements of each water company and also to ensure the right entry level of participants. Other areas that are important to ensure the success of courses are:

- sufficient planning in early course development
- mechanisms for continuous improvement and review
- attendee selection.

Some of Thames Water's experiences of other HEIs concluded that provisions offered were not flexible enough to meet the requirements of the business. However Thames Water feels that working in partnership with a number of HEIs will be beneficial and is exploring a number of possible options for courses:

- Specialist programmes in water and waste process and water management are delivered by Cranfield University at MSc level. These are mainly aimed at NVQ Level 4 and 5 for operational managers and engineers and are available in modular form and in one-week and one-day master classes.
- Both UEL and Cranfield programmes can be utilised by any water manager or engineer. Delegates may wish to select stand alone components of these MSc qualifications or collect a number of relevant modules over a period of time, depending on role and needs identified by discussions with line management.
- Thames Water is also utilising Bolton College as a provider of BTEC modules in water and waste operations. These modules are one week in length, are being utilised by the company's

Apprenticeship Programme and are aimed at NVQ Level 2 and 3. It may be possible for other Thames Water staff to attend individual modules as their training needs are identified.

iv) Working with schools

Thames Water is linking with many schools, especially in London where it is finding it difficult to recruit and attract staff into operational roles. A number of network challenges take place each year, in the form of a team game that gives young people an insight into the technological and project management aspects of its business. The feedback from schools is very positive.

Thames Water also sponsors and supports staff to undertake FE and HE courses including: BTECs, the Chartered Institute of Personnel and Development (CIPD) courses in leadership and management, MSc courses in renewable energy systems technology and water and wastewater engineering.

v) Internal training

Broadly a mix of internal and external training is undertaken as required by the role, development needs and regulatory issues.

There is no preferred method or motivation, rather the focus is on “the right delivery model”.

There is a commitment by technical experts, line and team managers to coach and mentor employees on-the-job to ensure that competency is maintained.

vi) Lack of training providers in the market

There is a lack of choice in training providers across the market. Thames Water uses framework agreements and preferred suppliers. The training provision is currently dominated by Develop (formerly Water Training International), with a number of niche second tier suppliers who tend to be industry experts, some of which have previously worked in the water industry.

It is acknowledged that Thames Water has industry leading skills and has trained the Royal Engineers before being tasked with rebuilding the water infrastructure in post-war Iraq.

vii) Budget management

Thames Water adopted an HR Lite model (a best practice HR model which devolves more responsibility to line management) with a small central HR team, with strategic responsibilities for HR processes and practices and training and development. Whilst training budgets are held centrally, they are allocated to line managers on a team basis and through a prioritisation and robust justification process.

With responsibility devolved to line managers, training is planned according to individual need, with central tools as the skills matrix and competency framework enabling the central HR function to provide strategic overview. The average allocation per employee for training is £400-£700 per year.

Lessons learnt

It is recognised that the training and development market across the industry needs to be stimulated in order to address the challenges and skills deficiencies experienced. A lack of availability of skilled and specialist engineers, changes in the demographics of the workforce, together with a lack of choice in training providers highlights the need for both employers and the public sector to stimulate this market.

Implications for the study

In identifying the nature of provision it was cited that providers need to:

- adopt a more consultative approach
- have an understanding of the business requirements and developments in the market
- provide a flexible learning approach to suit the needs of individuals and the business
- have the technical expertise but can break this down into easily digestible and understandable chunks
- adopt a partnership approach: a need to work together to develop something appropriate and beneficial to the employer, employee and provider.

Case Study 8: Tube Lines

Tube Lines has been responsible since 31 December 2002 for maintaining and upgrading the Jubilee, Northern and Piccadilly lines under a 30-year contract with London Underground. It is responsible for 320 kilometres of track, 255 trains, 100 stations, 2,395 bridges and structures, 227 escalators and 71 lifts. Tube Lines employs c3,200 employees with around a quarter based in the London Canary Wharf office (these tend to be the higher-skilled technical and managerial employees), and three-quarters of staff based in depots across the network.

Background

Tube Lines operates in an industry with a significant skills shortage and a lack of engineers across the sector. Tube Lines has spearheaded a number of initiatives to tackle the skills shortage across the industry and has invested £10 million in a skills training centre. It has adopted a number of approaches to training and development at all skills levels across the business. There is an approximate 50/50 split between in-house and off-the-job training provision.

j) Skills Training Centre

The skills training centre is based in Stratford and offers a mix of classroom and practical learning. The centre focuses on the technical training required by the industry, offers c.25 courses and is accredited to provide NVQs by the LSC. The centre has 18 classrooms for safety and technical training as well as a layout for signal training courses that comprises a relay locking room sponsored by the LSC.

The Centre is open 24hrs a day to accommodate shift and night workers.

Tube Lines has two shareholders, Amey and Bechtel, both of which have experience in challenging engineering, construction and maintenance environments. Tube Lines is able to tap into this expertise, knowledge and experience.

ii) Leading Change

There is a continuous improvement initiative focused on the managerial levels of Tube Lines. The programme challenges managers' understanding of the impact their behaviour has on colleagues and performance, and to pilot innovative programmes to improve business areas.

A number of problem solving initiatives have been implemented internally. One of these, described as a 'hot house', involves a key group of people being brought together to discuss and generate solutions to a particular problem and to explore the feasibility of such options. The session concludes with agreement on which innovative option to take forward.

iii) Apprentices

Tube Lines offers an award-winning Advanced Modern Apprenticeship scheme for school leavers, providing the skills and experience to secure employment in the industry. The scheme offers a mix of college and work-based practical learning to provide full accreditation for an NVQ Level 3 qualification. Schemes include signals technician, signals design, track technical grade, train maintenance, plant services and workshop, ERU and escalators programmes. Tube Lines recruits around 20 apprentices per year.

iv) Competency Programme

Employees have to demonstrate competencies in safety-critical and safety related issues to meet the Competency Assurance Standards of Tube Lines and London Underground. Where gaps in an employee's and sub-contractor's competency exists, training, mentoring, coaching and assessment is provided.

Tube Lines uses a number of sub-contractors who have to meet the competency framework described above. The framework provides assurance in the quality and standards of the sub-contractors. Some training and competency assessments are therefore delivered at depots across the network.

Best practice

i) Flexibility

The nature of the work required is centred on shift and night workers (allowing work required on tracks and signalling to be undertaken while the underground lines are closed ie four hours a day). Training for engineers needs to fit around flexible working patterns so the skills training centre is accessible 24 hours a day.

Competition for quality graduates is strong. The number of graduates studying engineering is in decline and of these many are attracted into the investment banking sector because of the high salaries on offer. However, other engineering graduates do wish to pursue a career in engineering and this is where Tube Lines focuses its recruitment efforts. It is true to say that while there are many talented graduates in the market place, there is a worryingly high percentage with poor numerical and verbal reasoning skills, a cause of considerable concern in such a highly competitive and limited marketplace.

Tube Lines has sponsored postgraduate studies such as MScs and MBAs. This is largely employee led and a case is put forward with each application for sponsorship. While the benefit is largely for the employee, the business also benefits through the increased knowledge and skills acquired. It is also considered a retention tool. Tube Lines is happy to invest in its staff as this is the ethos of the company.

ii) Sourcing providers

A tendering process is used to identify providers for both technical and managerial training, but Tube Lines also taps into informal networks within the HR community and word of mouth/ reputation of providers across the industry.

Strong training and development providers:

- have credibility and experience
- understand their strengths (and do not try to oversell themselves)
- answer the tender (previous providers have tried to shift the perceived needs of Tube Lines into their offering, rather than demonstrating they can meet the need)
- know and understand the market and developments in the market
- offer flexibility of provision (given the shift and night work undertaken by staff)
- offer taster sessions (these have worked well in the past).

iii) Relationship with HEIs

Tube Lines, as a relatively young company, has not developed many relationships with HEIs.

It is forging a relationship with City University with the aim of tapping into its research capabilities. The university is piloting and testing a number of technologies and techniques which might benefit the tube system.

Tube Lines approached the university to develop the partnership identified. City University was identified through an already known and existing relationship with a member of staff, industrial placements, the reputation and quality of graduates and the experience of academics.

The experience has been a positive one and the university has managed the relationship seriously and professionally.

Despite being happy with the partnership Tube Lines is hesitant about forging additional partnerships with HEIs as it can be resource intensive if done properly. Time has been spent reviewing projects, IP issues, etc.

Lessons learnt

Tube Lines has a comprehensive and well-managed approach to training and development through the Skills Training Centre and a number of in-house initiatives at all levels of the company.

Tube Lines would perhaps look to HEIs for technical training (but this would be at a very high level) looking at developing, and the use of, new technologies and techniques.

While there is, and will always be, a need for management skills, Tube Lines is unlikely to consider HEIs. Training providers with experience and credibility are key to the success of such training and it was felt that while academics may provide new thinking and research into management practices, from a skills development viewpoint they do not have the credibility to deliver a skills-based programme.

Implications for the study

Tube Lines is reluctant to forge numerous partnerships with HEIs and prefers to see how the partnership with City University develops, before considering a further HEI relationship.

j) Supporting career changes

The company would welcome support for/ would like to explore the potential of a second career graduate programme. Given the ageing population more people are looking for career changes but may find it hard to get the support to re-train. Given the skills shortage in engineering this could be another way to address these issues.

Case Study 9: Royal Mail Group Plc

Royal Mail Group plc is a public limited company wholly owned by the Government. Through its letters, Post Office and Parcels businesses it employs almost 193,000 people. The company collects, processes and delivers c.84 million items to addresses across the UK each day. Each week the company serves c.28 million customers through a network of 14,300 Post Office branches, and through its domestic and European parcels businesses – General Logistics Worldwide and Parcel Force Worldwide – delivers c.337 million parcels each year.

Following the establishment of a commercially-focused company with a more strategic relationship with the Government, the company has undergone a period of significant change and turnaround from a loss-making to a profit-making business.

Background

Traditionally there has not been not been a huge requirement across the business for highly-qualified staff, especially in letters operations where the largest number of staff are located. Within the specialist business functions, such as HR and finance and senior management, there is a demand for higher-level skills and qualifications.

Given the low requirement for training in the operations business, training and development beyond induction has been largely focused on the management level. However, the company is exploring a number of lower-level training options (for example, to increase the literacy and numeracy levels of the workforce) and has been working with the LSC and local FE colleges to explore options and provide training at this level.

As a large organisation with a national workforce and reach, it uses a number of delivery methods and approaches to training and development.

Some of the training programmes that are run include a graduate programme, training for new managers and assessment training (this supports the recruitment, assessment and development of management and senior management: a train-the-trainer approach adopted for assessment training to build capacity in-house). Key elements are:

- c.80% training is delivered in-house through a mix of classroom based and e-learning
- c.20% is delivered by external providers.

There are requirements for some technical training: approximately 30% of training delivered is around health and safety and regulatory requirements.

Training and development is largely job specific, with the responsibility for training and development built into performance review processes and development plans.

The organisation has a top down approach where training is largely driven by the availability and suggestion that people should be put on courses rather than driven by employees. At a strategic level the company is looking to open up the options for training and development, giving more choices and

changing attitudes to training, in order to “extend the possibilities for people and make them self-driven”.

A challenge common across the business is that many managers have worked their way up through the organisation and some are managing business units of c.5,000 staff. While managers are running departments effectively, there is an opportunity to improve the potential of managers and the efficiency of operations through additional training.

j) Barriers to training and development

Culture – Within operations there is a focus on a 24-hour work cycle to service delivery, with attention paid to delivering and meeting the immediate business needs (ie delivery of postal services for that day). As a consequence, training and development, and long term planning of training and development, is a low priority for some managers and business units.

National coverage requirement – With operations having a national reach, training and development also needs to have a national coverage. This has caused difficulties in some cases when finding providers with capacity to deliver training on a national basis. Funding mechanisms can also act as a barrier in building a national training capacity, and funding mechanisms differ across HEFCE, Scottish Funding Council, etc.

Best practice

j) Building capacity internally

Where possible, attempts are made to build training capacity internally. As in the case of assessment training, the company has preferred to commission training on assessment skills with the intention that further training and assessments are delivered in-house (train-the-trainer).

ii) Use of external providers

External providers are used when the skills do not exist to deliver training internally, and it would be more resource intensive (time and cost) to design and deliver new programmes in-house. External providers have been used for delivery of courses for change management and some other aspects of management development training.

iii) Sourcing suppliers

Techniques that are effective in identifying potential suppliers differ across the organisation. Some respond to cold calling, trade fairs and exhibitions. It should be acknowledged that a key element is forging relationships with suppliers/buyers and it may take 12-18 months to develop and maintain that relationship before a contract is awarded. HR networks are also a valued tool and many suppliers come from recommendations and word-of-mouth through HR networks.

Royal Mail uses the Official Journal of the European Union (OJEU) notices for procurement, where appropriate, to ensure an open tendering process.

Flexibility is key to any provision, given the shift nature of the business and the need for much training to be delivered in the right time and delivered in-house. Learning outcomes are better when delivered in the work place as training is in a familiar environment and is relevant to role.

Some institutions are pro-active and create tailored solutions.

Cultural fit is important when considering training delivery methods: large numbers of employees may have had poor educational experiences and may be put off by the academic nature of some courses. Royal Mail has set up learning centres across the organisation through consultation with employees about what skills and courses they wanted to see run; employee priorities were computer skills, photography and tourist Spanish.

Lessons learnt

With low levels of qualification requirements across the workforce, consideration needs to be given to training delivery methods. The challenge is ensuring the appropriate delivery methods are adapted to suit the needs of the target audience. Experience of some educational institutions and commercial providers is that more flexibility is required in delivery methods.

An accredited programme was in operation delivered in partnership with the Open University. Time and effort was invested to ensure that the programme was flexible and that the learning outcomes would contribute to a certificate and qualification at different levels. The programme was not as successful as anticipated due to the lack of willingness from staff either to sign up for the courses on offer or commit to the study programme. It was felt that this was symptomatic of the cultural barriers that exist towards training and development.

Implications for study

Royal Mail is exploring options to provide training and development for managers and senior managers across the organisation, and is looking towards both private and public sector providers.

As a large national organisation, it looks for training providers that have capacity to deliver training nationally.

Case Study 10: John Lewis Partnerships

The John Lewis Partnership is one of the UK's top ten retail businesses with 26 John Lewis department stores and 183 Waitrose supermarkets. It is also the country's largest employee co-operative, with over 68,000 employees.

The Partnership is growing across all areas of its business (John Lewis department stores, Waitrose, Greenbee) and aims to double sales over the next 10 years. Such a move would see the number of partners employed by the business growing to more than 100,000 by 2017.

i) Demand for Skills

Finding the right people with appropriate skills and experience to support the growth plans for the Partnership is a priority, but it is also looking at training and development requirements with a longer-term strategic view.

The profile of skills differs across the Partnership depending on location. There exists a concentration of higher skilled/qualified staff at the London headquarters as this is the location of the majority of the Partnership's specialist functions such as finance, HR, etc.

Retail units have a mix of higher and lower qualified staff with MDs and steering groups responsible for the leadership of each unit/store being more experienced and highly skilled. Such roles require strong business and leadership skills and versatile staff.

There is a misconception that the retail sector is not an attractive one in which to build a long term career. This is a result of a lack of understanding of the career options and variety of roles available across the sector. The Partnership actively looks for people with vocational experience, especially at a senior level. Appropriately-experienced and skilled senior staff are in demand across the sector with some competition between firms to attract and recruit such skills and experience.

Currently the specialist skills demand in head office includes:

- merchandising
- specialist financial roles such as financial analysts
- people with relevant commercial understanding (eg buyers)
- human resources
- business planning
- negotiation and presentation skills.

The Partnership looks to recruit staff with strong interpersonal skills to work in generalist functions; this requires them to be flexible, understand business issues and resolve them quickly, and then shift into a more specialist function as their career develops. The ability of staff to adapt and be versatile in their role is more desirable than high levels of technical skills as the Partnership grows.

ii) Methods of training

The Partnership offers a range of learning options to its staff:

- internal courses run by its own personnel teams (one in each branch)
- outside courses covering personal skills, management, leadership/generic skills
- open learning courses: interpersonal and specialist training relevant to job role
- learning centres: an open access library resource centre providing information and learning resources
- mentoring and on-the-job training, specific to job roles including modular programmes
- e-learning: some is available but this is not always seen as the most effective method to engage with learning due to time constraints.

The Partnership has used Cassio College for visual marketing courses and as a supplier of visual marketing staff. The Partnership is also exploring the use of initiatives such as Trading Places which offers the opportunity to learn from management across other sectors and to manage a project within another business; this provides the experience and learning of overcoming issues in a different environment with new perspectives that can be brought back to the Partnership.

iii) Sourcing Providers

Training providers are primarily sourced through reputation and word-of-mouth through the HR networks across the sector. The use of these networks would be the first port of call when looking for training providers, and is successful in finding the providers to meet requirements.

The Partnership does not respond well to cold calling, e-mails, etc. It looks for courses that are pragmatic rather than theory-based and courses that are quick and focused (bite-sized learning chunks).

There are no lengthy tendering processes in sourcing providers, the focus being on finding a provider that can deliver what is required. Factors that influence decision are time, cost, efficiency, speed of response and critically, the credibility and experiences of providers and trainers is an influencing factor.

Accreditation is not a priority when looking at training and development, rather the focus is on meeting business needs.

iv) Management of Training

Training and development is very much 'learner/staff led' whereby staff are encouraged to take the initiative to request and plan their own training and development. Planning is done with line management and built into appraisals and Personal Development Plans (PDPs).

The Partnership is working to align training and development with the business strategic objectives and to link performance management frameworks and behavioural frameworks required across different roles.

At head office, budgets are managed centrally through HR, with line managers putting requests for training budgets to be approved by HR. As the Partnership grows, training and development budgets are carefully managed.

v) Perceptions of HEIs

The Partnership has not used HEIs before in a training capacity, but has used academics in a consultancy role. There is a perception that HEIs have a research focus, and the training and development requirements are for quick, pragmatic courses, rather than theory based ones. There is not a perceived value in using HEIs as training providers, and it is not clear what the business benefits would be in using HEIs over other providers.

The reputation and association with a leading HEI could be desirable for the Partnership, which is exploring the option of Foundation degrees; expansion plans are the current priority however.

Lessons learnt

The Partnership would prefer to train a generalist with the appropriate skills into specialists as they move on/up in their careers.

They look for employees that are versatile and adaptable in their roles, with strong interpersonal rather than technical skills.

A preference for pragmatic training that is relevant to roles rather than training that is theory based.

Case Study 11: Crofton Design

Background

Crofton Design is a firm of consulting engineers providing design and advisory expertise to the construction industry across a range of sectors such as commercial and retail, education, research and development, healthcare, residential and transport.

The company employs 30 staff across its offices in London and Kent. Approximately 85% of employees are graduates with engineering degrees, with the remaining 15% comprising administration and technical staff.

j) Demand for Skills

The firm struggles to recruit UK graduates of suitable quality and has looked at sponsoring engineers from abroad through the highly-skilled migrant worker programme to fill that gap. There is a general lack of supply of graduates across the industry.

Crofton Design has developed a relationship with a number of UK universities as a source of new graduates, such as:

- Loughborough University
- Bath University
- Nottingham Trent University (it was noted that their engineering facility had to close down due to lack of interest in courses)
- London South Bank University (LSBU).

LSBU is the only London-based university that the company has had a relationship with. The company has not explored additional relationships with other London based HEIs.

Crofton Design has concerns over HEIs being pushed into adding vocational elements into degree courses at the sacrifice of other key elements of the subject matter and cited that one of the graduates they are sponsoring had spent time doing unnecessary Microsoft Word and PowerPoint skills courses when they should have been concentrating on a deeper understanding of the subject matter.

There have been concerns that this focus on vocational skills in HEI courses is taking away some of the core elements of courses such as an understanding of engineering theory.

As an employer, Crofton needs the reassurance from HEIs that their recruits have a core understanding of the theory of engineering; vocational skills can be developed on-the-job in the early years of employment.

ii) Methods of training

As a small business, Crofton is heavily reliant on on-the-job training, and will use this as a method wherever possible, but has a robust approach to training.

New graduates that join the company are allocated a mentor who is responsible for their skills development. In the first couple of months the new employee keeps a report on the skills acquired and how. It is expected that this will be a mix of business and commercial skills, as well as technical skills.

Reports are reviewed with mentors on a quarterly basis and the skills the employee needs to acquire are decided and planned. This process will typically continue for approximately four years, during which the employee would also be studying for a Masters degree to obtain the Chartered Engineer (CEng) qualification.

The company is working with the Institution of Engineering & Technology (IET) and the Institution of Mechanical Engineering (IMechE) to have these training programmes approved.

Senior members of staff are registered IET and IMechE mentors and require formal training which they buy in as required.

Some senior staff will undertake management training. The company has tried an Open University course in management and is now trialling a course with Dale Carnegie (a one-day per week, 12-week course).

Employees also attend seminars and conferences on latest thinking and technologies across sectors and the industry. The company encourages those that attend conferences to do a presentation to the team, as this not only is effective in sharing knowledge but also works to improve presentation skills.

Such seminars and conferences are not only useful in keeping up-to-date with market developments but also provide an opportunity to build networks.

iii) Management of Training

Training budgets are managed centrally. If money is available for training and a valid case can be made, then the company will happily invest in training.

The company typically invests c.£2500 per year to sponsor graduates to do a Masters programme and achieve their CEng qualification.

Management training would typically cost c.£3,500.

(The figures above represent fees only.)

v) Perceptions of HEIs

The company takes students on during their studies as a gap year placement. This is considered beneficial as it provides a high level of skills and knowledge and enthusiasm across the business and keeps the more senior members of staff, who are keen to pass on their knowledge and experience, revitalised. Encouraging student placements also cuts down on recruitment costs, as many students that come into the business during their degree often come back after graduation, saving the business large amounts in recruitment fees.

Lessons learnt

As a relatively small business, Crofton has adopted innovative approaches to training across the organisation, and is happy to test different approaches as long as the benefits can be demonstrated.

Because of its size, the business affords new employees the opportunity to learn quickly. It was acknowledged that many graduates experience a steep learning curve in the first couple of months, to adopt the theory taught in universities into practical work. However the deep understanding of this theory as taught by HEIs is essential and there are concerns that some courses are being 'dumbed' down with unessential vocational elements.

Selected Case Studies from Existing Research Studies

There is relatively little quantitative data available specifically covering the methods and processes by which London employers engage with providers of HLS. Instead, a range of case study examples is often used to describe the main processes by which employers engage with HEIs and other providers.

Some examples are detailed below⁵⁸:

- Tesco has developed a foundation degree in retail in collaboration with two HEIs (University of the Arts London and Manchester Metropolitan University). The programme is designed to support the development of staff identified as potential store managers, drawn from their pool of department managers. The duration of the course is two years, delivered off campus and online. Tesco prefers this approach as staff can continue to work while studying. The remote learning is supplemented by two on campus sessions each term. Assessment is undertaken by the HEIs. Tesco has identified the role of a dedicated facilitator to enhance the working relationship between the HEIs and the company. The facilitator's role includes 'translating business needs into university language and speeding up product development to make it compatible with university rules and regulations'⁵⁹.
- Birkbeck, University of London arranges flexible provision organised through a dedicated Business Relations Unit. Examples of tailored provision include courses run early in the morning to suit business schedules, and courses delivered within the workplace.
- The Metropolitan Police has worked with the Central School of Speech and Drama to develop 'train the trainer' programmes enhance the confidence of newly-promoted staff in delivering presentations to colleagues. The programme was delivered flexibly around work schedules. The school is also developing training materials for other organisations using CD ROM and training manuals and workbooks.

Other examples demonstrating the process used by employers in engaging with HEIs:

- Imperial's Tanaka Business School developed an MSc in Actuarial Science in collaboration with the Faculty and Institute of Actuaries.
- The ICMA centre in Reading offers a Masters degree in capital markets, regulation and compliance developed with the National Association of Securities Dealers.
- CASS works with a variety of financial institutions on course development covering leadership and management development, in addition to technical training courses.

⁵⁸ Drawn from a variety of sources - including London Higher's publication - 'Skills and the City'.

⁵⁹ CIHE, *op cit*.

Glossary

Training Cost Terminology: from the Cost of Training Survey, as used in the NESS 2005

- Off-the-job training** By off-the-job, we mean all training given away from the individual's immediate work position. It can be given at your premises or elsewhere.
- On-the-job training** We mean activities that would be recognised as training by staff (not the sort of learning by experience that could take place all the time), where this activity takes place at the desk or place where the person receiving the training usually works.

Glossary

Type of training	Cost description	Description/Explanation
Off-the-job - course related	Trainee labour costs	This figure is compiled using the responses to three questions within the NESS cost of training survey : 1.Over the past 12 months, how many employees participated in an education or training course, provided either externally or internally? 2. How many days on average did each of these people spend on an education or training course over the past 12 months? 3. What is the average basic annual salary of an employee who has been on any of these courses over the past 12 months?
	Fees to external providers	What was the cost of fees to external providers of training courses for your employees over the past 12 months? Please include the cost of fees to any external providers who ran courses on your premises.
	On-site training centre	How much did your training centre cost to run over the past 12 months? Please split the cost into: a) total basic annual salaries of any full time or part time training centre staff £_____ b) other costs, including all equipment and materials used and the cost of rent paid for the space the training centre occupies.
	Off-site training centre (in same company)	How much did you spend on using off-site training centres located elsewhere within your organisation over the past 12 months?
	Training management	How many people do you have at your establishment who are directly involved in providing, administering or making policy decisions about training? (Please exclude any staff directly associated with your training centre, if you have one) _____ employees If none, please skip to Q11. Otherwise, please answer Q9 9. On average, what percentage of their time do these staff spend on training matters? _____ % 10. And what is the average basic annual salary of these staff? £_____
	Non-training centre equipment	Apart from any training centre costs, what was the cost of any equipment and materials used for training employees over the past 12 months? £_____
	Travel and subsistence	How much was spent on travel and subsistence payments and traveling time payments made to participants and trainers who spent time on courses over the past 12 months?
Total Off-The-Job Training Cost		Sums above

Glossary

<p>On-the-job training</p>	<p>Trainee labour costs</p>	<p>Please focus on a typical month, preferably the last calendar month, but if not a recent more typical month of your choice.</p> <p>19. How many employees do you estimate receive on-the-job informal training and development during a typical month? _____ employees If you do not give any such training, you do not need to answer the rest of the questionnaire.</p> <p>20. Roughly how many working hours on average do you think each of these employees spends on on-the-job training and development during a typical month? Please think of the actual time spent in instruction or practical experience, excluding any periods of normal work. _____ working hours</p> <p>21. What is the average basic annual salary of employees who receive on-the-job training and development in a typical month? [for any part-time staff please convert their salaries to full time equivalent when calculating this average]</p>
	<p>Trainer labour costs</p>	<p>How many employees do you estimate will give on-the-job training and development during a typical month? _____ employees</p> <p>23. Roughly how many working hours on average do you think each of these people spend giving on the-job training and development during a typical month? _____ working hours</p> <p>24. What is the average basic annual salary of employees who give on-the-job training and development in a typical month? [for any part time staff please convert their salaries to full</p>
<p>Total On-The-Job Training Cost</p>		<p>Sums above</p>



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