



OECD Reviews of Vocational
Education and Training

A Skills beyond School Review of England

Pauline Musset and Simon Field



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Summary: Strengths, challenges and recommendations

Strengths

- In England the needs of many different groups of learners are met through diverse offers in further education (FE) colleges, universities and other institutions including private providers. Part-time and distance learning options are available to meet the needs of working adults.
- The autonomy of FE colleges allows them to be entrepreneurial and flexible, providing a strong foundation for the development of new programmes.
- Quality assurance arrangements are demanding. They include a blend of institutional audits, direct inspections and student destination surveys, which allow graduates to report on the perceived quality of provision.
- Higher apprenticeships are growing fast and are highly valued by employers and students. They could play a very important role in raising the status of the whole apprenticeship sector.
- England enjoys a strong base of research expertise, and good data. The UK Commission for Employment and Skills (UKCES) plays an important role in providing strategic policy advice to government, based on the input of employers and unions.

Challenges and recommendations

Strategic development of the postsecondary sector

Challenge: England has too little vocational provision at postsecondary level in comparison with many other countries, and relative to potential demand.

Recommendation: Take strategic measures to encourage the expansion of high quality postsecondary vocational programmes reflecting both labour market demand and student needs. Further recommendations in this review are designed to meet this objective. Review funding and progression arrangements to this end.

The rationalisation of vocational qualifications

Challenge: The current system of awarding organisations for qualifications inhibits employer engagement in the development of qualifications at either national or local level, and causes confusion because of the large number of overlapping qualifications.

Recommendation: Implement a franchise system for vocational qualifications, under which awarding organisations would bid for the right and the obligation to provide the qualifications within specific professional domains, during a franchise period. Qualifications should allow a proportion of the curriculum to be locally negotiated with employers by training providers.

Mandatory workplace training

Challenge: Postsecondary VET programmes make limited and variable use of workplace training, although it plays a central role in the strongest postsecondary VET programmes.

Recommendation: To make quality workplace training a substantial and mandatory part of postsecondary VET programmes. Build local partnerships between employers and FE colleges to this end.

Supporting the professional development of the further education college workforce

Challenge: Continuing reforms need to get the balance right between pedagogical preparation and up-to-date industry experience in the FE workforce.

Recommendation: Pursue reform of further education college teacher qualification requirements to ensure a good balance between pedagogical skills and up-to-date industry experience. Encourage people with valuable industry experience to enter teaching either full or part-time and promote skills updating. Support teachers new to the profession with effective mentoring and induction. Use local partnerships between FE colleges and employers to sustain and update knowledge of modern industry.

Chapter 1

Introduction and initial assessment of strengths

This chapter describes the wider international OECD policy study of postsecondary vocational education and training (VET) and the review of England which forms part of that exercise. It summarises the main features of the English system and provides comparisons with other countries. It then sets out an assessment of its main strengths. The challenges are addressed in later chapters.

The review of England and its place in the OECD study

This review is one of a series of country reports on postsecondary vocational education and training (VET) in OECD countries, prepared as part of an OECD study (see Box 1.1). The series includes *reviews*, involving an in-depth analysis of a country system leading to a set of policy recommendations backed by analysis. The *commentaries* are simpler exercises, largely descriptive but also including an assessment of strengths and challenges in the country system. The commentaries are designed to be of value as free-standing reports, but are also prepared so that they can become the first phase of a full review, should a country so wish.

This review was funded and supported by the UK Commission for Employment and Skills alongside parallel commentaries undertaken in Northern Ireland and Scotland.

Box 1.1 Skills beyond School: The OECD study of postsecondary vocational education and training

Increasingly countries look beyond secondary school to more advanced qualifications to provide the skills needed in many of the fastest growing technical and professional jobs in OECD economies. The OECD study, *Skills beyond School*, is addressing the range of policy questions arising, including funding and governance, matching supply and demand, quality assurance and equity and access. The study will build on the success of the previous OECD study of vocational education and training *Learning for Jobs*¹ which examined policy through 17 country reviews and a comparative report. The study also forms part of the horizontal OECD *Skills Strategy* (OECD, 2012a).

Full country policy reviews are being conducted in Austria, Denmark, Germany, Israel, Kazakhstan, Korea, the Netherlands, Switzerland, the United Kingdom (England), and the United States (with case studies of Florida, Maryland and Washington State). Shorter exercises leading to an OECD country commentary now being undertaken in Belgium (Flanders), Canada, Egypt, Iceland, Romania, Spain, Sweden and in Northern Ireland and Scotland in the United Kingdom. Background reports are being prepared in all these countries, and in France and Hungary.

See: www.oecd.org/education/vet

This review was prepared using a standard methodology. The English authorities provided a background report (UKCES, 2013a) following which an OECD team made two visits on 14-19 October 2012 and again on 12-16 November 2012, to meet and discuss with a wide variety of policymakers, employers, teachers, students and other stakeholders involved in different

ways in the English postsecondary VET system. The review deals with a limited set of issues where it could draw on international experience, or could otherwise add value to the domestic policy debate.

The structure of the report

This chapter describes the context of the wider OECD study, outlines the main features of the English postsecondary VET system, and compares its main features with those of other countries. It also sets out a number of key statistical indicators comparing England with other OECD countries. These cover both the education system and the labour market. It then provides an assessment of the main strengths of the system.

Later chapters advance policy recommendations, set out as:

- *The challenge* – the problem that gives rise to the recommendation.
- *The recommendation* – the text of the recommendation.
- *The supporting arguments* – the evidence that supports the recommendation.

A snapshot of the system

Primary and secondary education

In England, compulsory school begins at the age of five. After seven years children progress to secondary school. On completion of lower secondary education students typically take the General Certificate of Secondary Education (GCSE, also termed Key Stage 4) exams, which are a prerequisite for entering upper secondary education. The majority of students enter academic upper secondary education for two years leading to A-level exams which form the main basis for entry into tertiary education. These academic qualifications are designed, assessed and delivered by independent certifying agencies, “awarding organisations”, also called “awarding bodies”. The GCSE exams as well as A levels are pursued independently for each field of study: on average students take eight or nine subjects at GCSE level and three at A level. A relatively small proportion of students pursue vocational upper secondary qualifications, such as BTECs. Some also undertake apprenticeships at upper secondary level (level 3 in the English qualifications framework), although the majority of apprenticeships are at the lower level 2.

Participation in education is on the rise: The proportion of 15-19 year-olds enrolled in education increased from 74% in 2009 to 78% in 2011 (OECD, 2013, Table C1.2). 84% of 25-34 year-olds in the United Kingdom as a whole have at least upper secondary qualifications, similar to the OECD average of 82 % (OECD, 2013, Table A1.2a).

Vocational education and training

Routes through vocational education and training¹ are much less clear-cut than academic pathways and any students who follow vocational courses post-16 may also study (or retake) GCSE qualifications. They can also follow training programmes – such as apprenticeships – that are sometimes at a lower level than upper secondary education. The programmes and qualifications span an enormous range and the progression routes to postsecondary VET programmes are also highly diverse. There is no automatic right to progression from one level to the next (UKCES, 2013a).

Postsecondary vocational education

This study is concerned with postsecondary VET, meaning qualifications at levels 4 and 5. Numerically this field is dominated by foundation degrees, higher national diplomas and certificates, but a few other qualifications including higher apprenticeships are also relevant (see Table 1.1).

Table 1.1 Postsecondary vocational education and training programmes in England

Number of students enrolled in programmes at level 4 and above in 2011-2012

Skills Funding Agency/Education Funding Agency funded Further Education	41 100
<i>of which:</i>	
Higher Apprenticeships	5 700
NVQs	1 400
HND/HNC	900
Other	33 200
Higher Education Institutions	2 065 100
Undergraduate	1 597 800
<i>of which:</i>	
First Degree	1 280 200
Foundation Degree	76 700
Higher National Diploma	8 100
Higher National Certificate	5 100
Diploma of Higher Education	36 900
Certificate of Higher Education	10 400
Other Undergraduate	180 400
Postgraduate	467 300

Source: Data Service (2013), Quarterly Statistical First Release. Further Education and Skills, www.thedataservice.org.uk/NR/rdonlyres/C7B94140-F88A-4D12-AE57-6C04526079E2/0/January2013_FEandSkills_Demographics.xls

Table 1.2 English qualifications frameworks

Level	Qualifications and Credit Framework / National Qualifications Framework for England	Framework for Higher Education in England, Wales and Northern Ireland
8	Vocational Qualifications Level 8	Doctoral Degrees
7	Fellowships NVQ Level 5 Vocational Qualifications Level 7	Master's Degrees Integrated Master's Degrees Postgraduate Diplomas Postgraduate Certificate in Education Postgraduate Certificates
6	Vocational Qualifications Level 6	Bachelor's Degrees Professional Graduate Certificate in Education Graduate Diplomas Graduate Certificates
5	NVQ Level 4 Higher National Diplomas (HND) Vocational Qualifications Level 5	Foundation Degrees Diplomas of Higher Education (DipHE) Higher National Diplomas (HND)
4	Vocational Qualifications Level 4 Higher National Certificates (HNC)	Higher National Certificates (HNC) Certificates of Higher Education (CerteHE)
3	NVQ Level 3 National Qualifications Level 3 GCSE AS and A Level Advanced Diplomas	
2	NVQ Level 2 Vocational Qualifications Level 2 GCSEs at grade A-C ESOL skills for life Higher Diplomas Functional skills level 2	
1	NVQ Level 1 Vocational Qualifications Level 1 GCSEs at grade D-G ESOL skills for life Foundation Diplomas Functional Skills Level 1	
Entry Level	Entry level certificate Functional skills Entry Level	

Source: UK Commission for Employment and Skills (UKCES) (2013a), *OECD Review: Skills beyond School. Background Report for England. Briefing Paper February 2013*. UK Commission for Employment and Skills. www.ukces.org.uk/publications/oecd-skills-beyond-school-england.

There are wide differences between qualifications. This diversity implies increased flexibility in response to changes in student demand and the wider policy environment (Parry et al., 2012). But it also risks confusion for different stakeholders. In March 2013 the review on adult vocational qualifications was launched, led by Nigel Whitehead, under the responsibility of the Department of Business Industry and Skills. Its aim is to develop a vision and strategy for adult vocational qualifications, building on related reviews. It will report in September 2013 (UKCES, 2013b).

Vocational qualifications

In England, qualifications can be described in terms of “type” of qualification and “level”. Qualification “levels” are defined by two frameworks that group together qualifications according to the demands they place on learners and show possible progression routes from one qualification to another (Table 1.2).

- The National Qualifications Framework (NQF): includes all general and vocational qualifications in England, Wales and Northern Ireland, consisting of nine levels. The Framework is currently operating alongside the Qualifications and Credit Framework (QCF) that contains vocational qualifications available in England, Wales and Northern Ireland, developed from 2005 onwards. The credit system clarifies how the different types of qualifications interrelate and allows credit from assessments to be transferred flexibly between qualifications.
- The Framework for Higher Education Qualifications (FHEQ) is designed by the higher education sector, and describes all the main higher education qualifications offered by universities or higher education colleges.

Vocational qualifications based on the rules of the Qualifications and Credit Framework are designed by awarding organisations. Awarding organisations develop and quality assure qualifications developed from units in the QCF unit databank.² These units are derived from National Occupation Standards developed by the Sector Skills Councils. There are close to 175 awarding organisations, covering a huge range in terms of size and coverage (See Chapter 3). The Office of Qualifications and Examinations Regulation (Ofqual) gives formal recognition to awarding organisations that deliver qualifications and assessments, accredits their awards and monitors their activities (including their fees) (UKCES, 2013a).

Qualifications on the QCF are made up of units, each with a credit value, that are brought together to form qualifications. They include:

- Awards – requiring between 1 and 12 credits.
- Certificates – requiring between 13 and 36 credits.
- Diplomas – requiring at least 37 credits.

Awards, certificates and diplomas can be at any level, from entry to level 8. The title of the qualification, for example Level 2 Certificate in Hospitality and Catering Principle, indicates how difficult the qualification is (in this case level 2) and its size (between 13 and 36 credits for a certificate). Units accredited by different awarding organisations can be combined into qualifications (UKCES, 2013a). While the transformation of NVQs and VRQs (see Box 1.2) into qualifications positioned on the QCF allows some reduction of complexity at the level of “brand names”, it comes at the price of creating a second layer, “credits”.

Box 1.2 National Vocational Qualifications and Vocationally Related Qualifications

NVQs (National Vocational Qualifications) introduced in 1988, are competence-based qualifications covering almost every industry and occupation. The competences are validated in the work environment on the basis of clearly defined criteria of success, on the basis of National Occupational Standards, set by the appropriate Sector Skills Council or sector body. They have no prescribed programme of learning. Government policy-makers hoped that because employers “owned” these new standards (because they had been developed by employer-led bodies), they would use them to assess their employees. But many employers resisted these responsibilities as too time-consuming and bureaucratic. As a consequence, these assessment tasks were again taken over by the awarding organisations who, funded by government, developed a hierarchy of assessors, and internal and external verifiers in an attempt to guarantee quality. (OECD, 1999). Approximately 12% of the workforce in the United Kingdom now has NVQs (Young, 2011).

VRQs (Vocationally-Related Qualifications) are run in parallel to NVQs and awarded through traditional awarding organisations, including bodies such as BTEC (Business and Technician Education Council) and City and Guilds. Unlike competency-based qualifications (NVQs), they do not require a learner to show evidence of being able to do a particular job to a specific standard, and are therefore not purely based on the National Occupational Standards. They are not assessed in the workplace and are taken at colleges or other educational establishments (Lester, 2011).

Source: Young, M. (2011), “National vocational qualifications in the United Kingdom: their origins and legacy”, *Journal of Education and Work*, 24:3-4, pp. 259-282; OECD (1999), “United Kingdom: Country Note”, Thematic review of the transition from initial education to working life; Lester, S. (2011), “The UK Qualifications and Credit Framework: a critique”, *Journal of Vocational Education and Training*, Vol. 63, No. 2, pp. 205-216.

Foundation degrees

Foundation degrees, introduced in 2002 in England, are delivered by universities, either directly, or in partnership with further education colleges. A full-time degree normally takes two years, and combined with a final year at a university they lead to a bachelor’s degree. They have been especially popular with the post-1992 universities. In the UK, there were 99 000 students enrolled in 2009-2010,³ representing just under 4% of the total student population (QAA, 2010 and Universities UK, 2011 in UKCES, 2013a). In 2003/04 the most common fields of study were education,

business and administrative studies, social and computer studies, and engineering and technology (Cuddy and Leney, 2005). Not all foundation degrees are vocational – some are in academic subjects like English and history.

Apprenticeships

In England, apprenticeships are constructed as a package containing the following separately certified elements:

- A knowledge-based element;
- A competency-based element;
- Transferable skills (English and maths⁴) also referred to as functional or key skills;
- A module on employment rights and responsibilities;
- “Personal learning and thinking skills” (e.g. soft skills);
- On and off-the-job training, or guided learning hours.

The standard of apprenticeships is regulated through specifications managed by the Department for Business Innovation and Skills. In general apprenticeships in England typically last one or two years, with variations across sectors and levels. In 2012 a minimum duration of 12 months for all apprenticeships was specified (UKCES, 2013a).

As with vocational programmes in general, most apprenticeships are at level 2 (Table 1.3), although over time there has been a slight increase in the share accounted for by advanced apprenticeships (level 3). They are to be reshaped so that level 3 (defined as technician level) rather than level 2 becomes the level to which learners and employers aspire. Not all apprenticeship frameworks cover all levels, depending on needs within sectors. For example, the supply chain management apprenticeship framework covers levels 2, 3 and 5.

The number of persons enrolled in apprenticeships increased from 184 400 in 2006/07 to 806 500 in 2011/12, covering 19% of all further education and skills learners (Data Service, 2013).

Table 1.3 Number of students enrolled in further education and apprenticeships

2011-2012

	Below Level 2	Level 2	Level 3	Level 4+	Total
All Learners	2 498 100	1 863 600	1 059 000	41 500	4 216 600
.... of which apprenticeships		506 200	317 000	5 700	806 500
%		27	30	14	19

Source: Data Service (2013), Quarterly Statistical First Release. Further Education and Skills, www.thedataservice.org.uk/NR/rdonlyres/C7B94140-F88A-4D12-AE57-6C04526079E2/0/January2013_FEandSkills_Demographics.xls

The most common fields of apprenticeship training are business, administration and law, which together account for over a quarter of apprenticeship starts, followed by retail and commercial enterprise; health, public services and care; engineering and manufacturing technologies; and construction, planning and the built environment. Between 2009/10 and 2010/11 there was a big increase in the number of apprenticeship starts in the top three most popular sector subject areas i.e. business, administration and law; retail and commercial enterprise; and health, public services and care. In contrast, the number of apprenticeship starts in engineering and manufacturing technologies; and construction, planning and the built environment show a slight decline (UKCES, 2013a).

Sectoral group training associations exist in many areas to meet the needs of employers, especially SMEs who individually would struggle to source cost-effective training. Apprenticeship training agencies also support small employers by sourcing apprentices and acting as the apprentice's employer, helping small organisations to take on apprentices when they cannot offer access to the full apprenticeship framework (UKCES, 2013a). Some issues involved in apprenticeships for smaller employers were addressed in the Holt review (see Box 1.3).

Box 1.3 Reform of the apprenticeship system: The Richard and Holt reviews

An independent review of apprenticeships in England commissioned by the Department for Business, Innovation and Skills (BIS) and the Department for Education (DfE) and led by Doug Richard reported in November 2012. It recommended:

- To narrow the definition of what constitutes an apprenticeship, aiming it at those new to a job rather than for existing workers.
- To focus on outcomes, and to define competency standards with industry.
- To keep only one apprenticeship qualification for each occupation associated with an apprenticeship.
- To change the funding scheme: the review advocates tax as the preferred method for funding apprenticeships.
- To improve access to good quality information for learners and employers.

In May 2012 Jason Holt concluded a review, also commissioned by BIS and DfE, which explored how to make apprenticeships more accessible to SMEs. The review recommended:

- Better communication with SMEs about the benefits of apprenticeships.
- Rebalancing purchasing power and access to information in favour of SMEs to help them get what they want from training providers.
- Ensuring that the roles and responsibilities of the different parts of governments and related agencies involved in apprenticeships are clear, coherent and optimal.

Source: UK Commission for Employment and Skills (UKCES) (2013a), *OECD Review: Skills beyond School. Background Report for England. Briefing Paper February 2013*. UK Commission for Employment and Skills. www.ukces.org.uk/publications/oecd-skills-beyond-school-england

Training providers

Postsecondary vocational education and training is provided by a mix of institutions including FE colleges, universities and training providers (often in the for-profit sector but also not-for-profit organisations and charities).

Further education (FE) colleges

Colleges offer a wide range of courses at all levels, from basic skills to university degrees. The student body is diverse, and includes both full-time students, and part-timers (often working adults). Provision of vocational programmes at levels 4 and 5, especially of longer courses, takes place mainly through FE colleges along with some universities,⁵ notably those universities created from the abolition of polytechnics in 1992. FE colleges and training providers are also the major providers of vocational programmes for adults (UKCES, 2013a).

The 341 colleges in England include general FE colleges, sixth form colleges (focusing on A level provision) and specialist colleges such as design and performing arts colleges (see Table 1.4). Historically, FE colleges mainly concerned themselves with vocational courses, but they now offer many general qualifications such as GCSEs, A levels, university degrees such as bachelor's and master's, alongside the occupational and vocational provision with which they are traditionally associated. FE colleges can also offer a second chance route for those who did not succeed in school.

Table 1.4 Number of further education colleges in England

as of January 2013

Colleges	341
General Further Education Colleges	219
Sixth Form Colleges	94
Land-based Colleges	15
Art, Design and Performing Arts Colleges	3
Specialist Designated Colleges	10

Source: Association of Colleges (2013), Number of Education Colleges in England, www.aoc.co.uk/en/about_colleges/ (accessed on 11 April 2013).

Others

University technical colleges represent a significant innovation. Currently in development,⁶ they provide technical education for 14-19 year-olds usually up to level 3. They are sponsored by a local university and employers, and they usually work in partnership with FE colleges and other educational institutions – like established academy trusts.

There are over 10 000 private training providers in England (either profit making or non-profit), serving both the public and private sectors

(Hoeckel et al., 2009). They mainly concentrate on short courses for adults, and on apprenticeships (UKCES, 2013a).

National skills academies are employer-led organisations which bring employers together with specialist training organisations (FE colleges and private providers) to develop the infrastructure needed to deliver specialist skills in key sectors of the economy. There are 19 such academies at various stages of development. The academies work closely with sector skills councils and other industry bodies.

Governance of the system

Department for Business, Innovation and Skills and Department for Education

In England, the Department for Business, Innovation and Skills (BIS) is responsible for adult skills development for those aged 19 and over. It discharges its regulatory and funding responsibilities partly through the Skills Funding Agency (SFA), which funds adult FE and skills training in England, funding FE colleges and other providers. BIS also manages the Higher Education Funding Council for England (HEFCE) which funds “prescribed”⁷ courses of higher education at FE colleges including Higher National Diplomas (HNDs), Higher National Certificates (HNCs), foundation degrees, bachelor degrees and certain teacher training qualifications (UKCES, 2013a).

The Department for Education (DfE) is responsible for education up to the age of 18, and funds the vocational training of those in this age group through the Education Funding Agency (EFA) (established in May 2010 when the Young People’s Learning Agency was abolished). The two departments therefore work together on apprenticeships for the 16 to 24 age range and also on new policy initiatives such as the Employer Ownership of Skills Pilot (UKCES, 2013a).

The UK Commission of Employment and Skills (UKCES)

The UK Commission provides strategic leadership and advice to government on skills issues. Established in 2008, and supplanting the Sector Skills Development Agency and the National Employment Panel, the UK Commission is a non-departmental public body. It is led by commissioners from large and small employers, trade unions, the voluntary sector, further education and higher education sectors and the devolved administrations. The UK Commission provides strategic leadership on skills and

employment issues and promotes investment in skills to drive enterprise, jobs and growth.⁸ It works with government and researchers to develop an evidence base and pool expertise. As a UK-wide body, it helps ensure a strategic approach to skills development across a number of different government departments and in the four devolved administrations. In a context where employer engagement is critical and hard to realise, the UK Commission plays a significant role, alongside government, in increasing the employer voice in the VET system.

Sector Skills Councils (SSC)

SSCs are independent, employer-led, UK-wide organisations that are designed to help build a skills system driven by employer demand. 19 SSCs, divided by sectors, covering over 90% of the UK's workforce, are designed to represent the skills and training interests of small to large businesses. They operate alongside various other national employer organisations (the CBI, the Business Council of Britain, the Federation of Small Businesses and the British Chambers of Commerce). SSCs play a key role in the development and approval of vocational qualifications in the UK.⁹ The strategic direction of SSCs is the responsibility of their boards which are mainly composed of employers.

The UK commission was previously responsible for overseeing the work of SSCs. As of March 2012, however, the relationship changed from one based on grant funding and minimum core specification of services to one based on “investment”: SSCs are licensed by government to articulate the employer input into the development of programmes and qualifications. SSC partnerships bid competitively on an annual basis to develop new national occupational standards and update existing ones (UKCES, 2013a).

A recent shift in the approach to employer engagement encourages employers to own their skills agenda and develop their own initiatives, rather than relying on a policy agenda set by government with incentives for employers to join in. In 2011 the Prime Minister announced a fund of up to GBP 250 million to test out approaches that empower employers to take control of skills development. The UKCES is working closely with government to develop this approach, notably in the context of the Employer Ownership of Skills Pilot. The Pilot encouraged businesses to compete for funds to support new, innovative training approaches. A second round of pilots has been developed, with an increased fund of GBP 340 million.

Funding

In England, the funding formula for FE colleges reflects cost drivers such as the number of students, type of courses offered, factors relating to the location of the institution, the level of social deprivation, and student achievement in terms of qualifications. For the academic year 2013/2014 substantial changes have been made to funding entitlements (see Table 1.5). All aspects of the current system – funding rates, funding formula and earnings methodology have been reviewed, and are being simplified as set out in the DFE/BIS strategy document “Rigour and Responsiveness on Skills” (DFE/BIS, 2013).

Table 1.5 Who and what is funded for 2012/13

Learning Level	Priority population groups and government subsidy for learning they can expect		
	Individuals aged from 19 up to 24	Individuals aged 24+	Individuals who are unemployed and on active benefits
Basic Skills	Fully funded	Fully funded	Fully funded
Level 2 (first)	Fully funded	Co-funded	Fully funded targeted provision for learners with skills barriers to employment
Level 2 (retraining)	Co-funded	Co-funded	
Level 3 (first)	Fully funded	Co-funded	
Level 3 (retraining)	Co-funded	Co-funded	
Level 4 (any)	Co-funded	Co-funded	

Notes:

All apprenticeships for those aged 19+ will continue to be co-funded at 50% by government and employers.

Co-funding at Level 2 for workplace learning outside of apprenticeships will only apply to SMEs and applies at a level of 50%.

Learning at Level 3 and above for workplace learning outside of apprenticeships and entitlements will not receive government funding.

Source: Department for Business Innovation and Skills (BIS) (2010), Skills for Sustainable Growth: Strategy Document. Full Report: www.gov.uk/government/uploads/system/uploads/attachment_data/file/32368/10-1274-skills-for-sustainable-growth-strategy.pdf

The system in international context

Programmes

Many features of the English postsecondary VET system have parallels in other countries. Foundation degrees were modelled to some extent on associate degrees in the United States and also closely resemble similar qualifications in Belgium-Flanders, Canada, France, the Netherlands and Korea. Shorter programmes similar to Higher National Certificates (HNC) and Higher National Degrees (HND) are also found in many countries – for example in the certificate programmes in the United States (see Kuczera and Field, 2013).

But while many structures in England are not unusual, the size of the postsecondary VET sector is small by international standards – probably well under 10% of the cohort – compared to other OECD countries where sometimes up to one-third of the entire cohort have postsecondary VET qualifications as their highest qualification (see Table 1.1 and Figure 2.1). This issue is addressed more fully in Chapter 2.

In England apprenticeships are mostly at a lower level and shorter than in many countries, (where three-four years is very common – for example in Austria, Australia, Canada and Germany). So while apprenticeships play quite a substantial role at postsecondary level in many OECD countries, their postsecondary role in England is currently very small – despite the welcome growth of level 4 apprenticeships from a very low base. There are also few programmes designed to deepen the professional skills of graduate apprentices – programmes which represent a substantial proportion of postsecondary vocational provision in Germany, Austria and Switzerland, for example. This issue is also addressed in Chapter 2.

Indicators of education and training

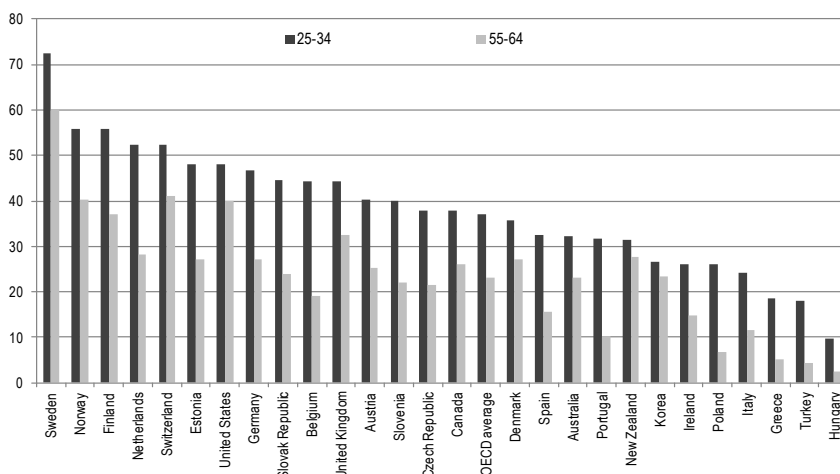
This section looks at some indicators comparing the UK with the experience of other countries. Comparisons of a statistical indicator for any one country with the OECD average are useful, but must always be interpreted with caution. Few indicators are unequivocally positive in one direction and there can be no presumption that convergence with the average is desirable.

Participation in adult learning

Adult participation in education and training reveals the extent to which later on in life, they can catch up in response to missed opportunities in initial education, and augment basic skills with additional qualifications. In 2006, 40% of 25-64 year-olds participated in non-formal training in the United Kingdom, slightly above the OECD average (34%) (OECD, 2012b, Table C6.4). Those with higher existing qualifications participate more (UKCES, 2013a).

Figure 1.1 How many adults participate in non-formal education

Percentage of 25-34 and 55-64 year-olds respondents reporting that they participate in a non-formal educational activity in 2007



Note: Non-formal learning includes: taking any classes or having a tutor to improve basic skills; being in a formal apprenticeship programme; taking courses that were not part a degree or diploma programme - including work or career-related courses; workshops whether or not they had a job when they took them; and all courses related to personal interest or hobbies.

Source: OECD (2012b), *Education at a Glance 2012: OECD Indicators*, OECD Publishing. doi: <http://dx.doi.org/10.1787/eag-2012-en>

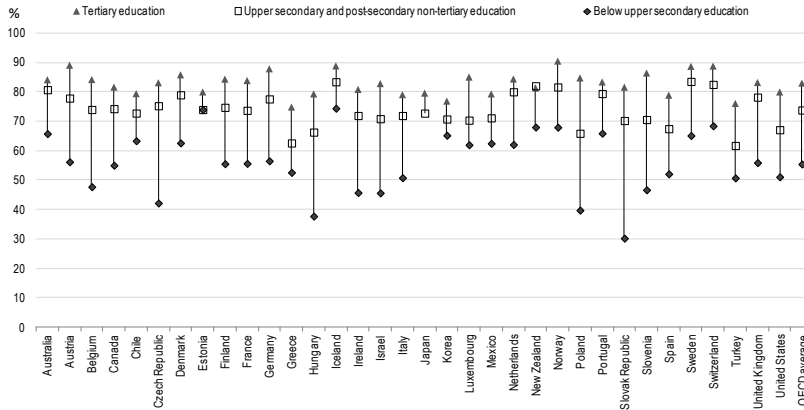
Labour market indicators

Employment rates of those with upper secondary or tertiary qualifications were 80% on average in 2011 in the UK, while the

employment rates for those who have not finished upper secondary education are significantly lower at 55 % (OECD, 2013, Table A5.3a).

Figure 1.2 Percentage of 25-64 year-olds in employment

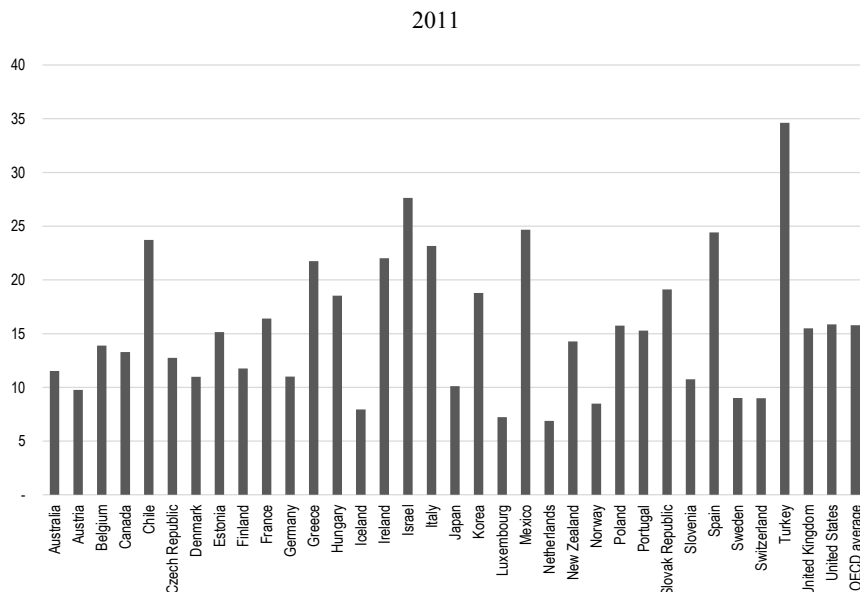
2010



Source: OECD (2013), *Education at a Glance 2013: OECD Indicators*, OECD Publishing, doi: <http://dx.doi.org/10.1787/eag-2013-en>.

Transition from education to work: NEETs

In the UK 16 % of those aged 15 to 29 were neither employed, nor in education or training (NEET) in 2011, similar to the OECD average (OECD, 2013). Across OECD countries, school dropouts make up the bulk of NEET (Not in Education, Employment or Training) young people; many lack any qualification, come from immigrant and/or minority backgrounds and/or live in disadvantaged, rural or remote areas (Scarpetta, Sonnet and Manfredi, 2010). The lack of relevant skills implies a higher risk of unemployment, low earnings and welfare-dependency (OECD, 2012c).

Figure 1.3 Percentage of 15-29 year-olds neither in education nor employed (NEET)

Source: OECD (2013), *Education at a Glance 2013: OECD Indicators*, OECD Publishing. doi: <http://dx.doi.org/10.1787/eag-2013-en>

Previous OECD analysis and recommendations

Recent OECD work on England includes a review of VET at the upper secondary level (on England and Wales see Hoeckel et al., 2009), three Economic Surveys of the UK in 2005, 2009 and 2011 (OECD, 2005, 2009, 2011) and a review of the youth labour market (OECD, 2008).

The 2011 OECD Economic Survey (OECD, 2011) argues that low participation in education and training among 16 to 18-year-olds reflects weak performance in earlier parts of the English school system, but is also due to a confusing and rapidly changing array of sometimes low quality vocational programmes. The Survey suggests that policy should rather focus on ensuring that students are equipped with the right skills to benefit from further education, and notes that many vocational qualifications have a low or even negative impact on future wages. The Survey recommends that the system of vocational education should be simplified and further focus on high-quality apprenticeships.

The 2009 Economic Survey (OECD, 2009) warns the UK about the importance of raising core literacy and numeracy achievement, arguing that

this weakness means that intergenerational social mobility will remain lower than in many other OECD countries.

The 2005 Survey (OECD, 2005) pointed out that while the supply of university graduates compares well internationally, there is a lack of intermediate and vocational qualifications. The Survey argues that this reflects the low prestige of vocational education, sometimes linked to poor quality. The lack of a transparent structure, common standards and external accreditation made current vocational programmes less useful as a stepping stone to further study so that teenagers are pushed towards either academically oriented study or work. The Survey argues that the large number and variety of vocational qualifications reduces their value as both employers and students find them confusing. It again recommends simplification.

The OECD's review of vocational education and training in England and Wales (Hoeckel et al., 2009) recommended, among other matters, more clearly defined priorities for employer engagement; to work towards the simplification and stabilisation of the VET system and to link employer engagement to the development of apprenticeships (Hoeckel et al., 2009).

The Jobs for Youth review of the UK youth labour market (OECD, 2008) recommended measures to tackle gender segregation in apprenticeship training and increase participation of youth from ethnic minorities; establish a minimum number of hours of training to be provided in an apprenticeship; promote the involvement of group training associations in apprenticeship schemes; take action to raise completion rates and ensure more involvement of unions in the design of new qualifications (OECD, 2008).

Strengths

Diversity in provision

Across OECD countries, postsecondary VET systems serve diverse purposes for different client groups. They can provide higher level job-specific training for young upper secondary graduates (such as in teacher training and nursing programmes in university colleges in Denmark); upskilling for working adults in mid-career (for example industrial master examinations in Germany, which prepare skilled workers to be foremen); “second chances” for working adults who dropped out of earlier education or training programmes (the US community colleges with open access policies serve this function among others); and opportunities for

career shifts or to support a return to the labour market. Part-time, evening and modular provision, and sometimes distance learning options can be useful in helping adults balance study needs with work and family responsibilities.

In England the needs of many different groups of learners are met through diverse offers in FE colleges, universities and other institutions including private training providers. Part-time and distance learning options are common. Apprenticeships are available from levels 2 to level 4 in many employment sectors. FE colleges are found in nearly every locality and alongside the postsecondary vocational programmes, offer many academic and upper secondary level programmes – serving a vital community function.

An entrepreneurial and flexible approach in the FE colleges

The relative autonomy of FE colleges allows them to respond to student demands in innovative ways through part-time and accelerated programmes and “sandwich courses” for example. Staffing arrangements are very flexible by international standards and half of the teachers in FE colleges teach only part-time, allowing them to stay in close touch with the changing needs of industry. The wide range of offers means that students can move readily from one programme to another within the same institution.

In FE colleges, college leaders and teachers have the freedom to develop innovative approaches. Further increases in flexibility are proposed in the policy document “New Challenges, New Chances” and the Education Act 2011.¹⁰

Some FE colleges and programmes have high national and international reputations, with highly successful courses linked closely to employers (Wolf, 2011). Compared to postsecondary students in universities, students in FE colleges are frequently taught in smaller classes and enjoy regular access to teaching staff (Parry et al., 2012).

Strong quality assurance systems

Across OECD countries, quality assurance is a key challenge in vocational programmes, particularly important when the status of such programmes needs to be enhanced. Quality assurance in England includes a number of strands. Some practices, such as institutional audits, are very common across the OECD. But England also pursues approaches which are very valuable but less common, including destination surveys measuring employment outcomes and student opinions in relation to training

institutions. Programmes in FE colleges come under two quality assurance bodies: the Quality Assurance Agency for Higher Education (QAA) for directly and indirectly funded undergraduate education; and the Office for Standards in Education, Children’s Services and Skills (Ofsted) for higher level qualifications funded by the SFA.

Direct inspections are not unique, but in England they are quite demanding. All FE colleges and providers of work-based learning under Ofsted are subject to an annual risk assessment to determine whether they should be inspected soon. Inadequate providers are re-inspected within 15 months. Inspection reports are published on the Ofsted website. The QAA carries out reviews of college higher education, and examines whether the qualifications and student experience are of sufficient quality.

Between 2002 and 2007, the QAA conducted 310 reviews in 232 colleges across 20 different subjects. The reviewers said they had confidence in the standards of around 94% of the provision. Between 2008 and 2010, 165 summative reviews were completed. Judgments of confidence in standards of provision were made in all but three cases (Parry et al., 2012).

Promising development of higher level apprenticeships

Across OECD countries, apprenticeships combine substantial workplace training with a linked component of education and training in schools or other vocational institutions. Apprenticeships are common in many countries but particularly strong systems are found in the Germanophone “dual system” countries where half or more young people may enter apprenticeships (OECD, 2010). The blend of school and workplace learning offered by apprenticeships is a powerful and effective method of preparing young people for jobs and careers. The design is highly variable: on-the-job and off-the-job components are alternated within a week (e.g. Austria, Belgium-Flanders, Germany, Austria) or in blocks of several weeks (e.g. Ireland, Canada). In Norway, two years of off-the-job training are followed by two years on-the-job training. Quintini and Manfredi (2009) note that in countries with regulated labour markets and strong apprenticeship systems, such as Germany, about 80% of school leavers succeed in rapidly integrating into the labour market. In some OECD countries, apprenticeships are used not only in the traditional trades, but are also used to train apprentices in sectors such as the civil service, and tourism.

In England, government policy seeks a rapid development of higher apprenticeship opportunities at the postsecondary level and of the creation of progression pathways within apprenticeships. Higher apprenticeships have

increased rapidly since 2009, especially in the engineering and IT sectors (although they still only represent a very small proportion of apprenticeships). This is a very welcome development given that many English apprenticeships are at a relatively low level in comparison with other countries. Good labour market returns of apprenticeships are highly valued (Wolf, 2011) although the evidence on higher apprenticeships is scarce, due to their recent development. Higher level apprenticeships should play an important role, not only in directly meeting labour market needs for higher level skills, but also in raising the status of the whole apprenticeship sector.

Strong research, data and policy development

England can draw on a wide range of good quality academic research, and associated research expertise, and good data, to underpin policy development, with many internationally recognised experts working in the field. Alongside this strong base of research expertise, good data are provided by a range of organisations. The UKCES, drawing on the leadership of both employers and unions, plays a role in drawing this together and pooling expertise, and in providing strategic advice to government based on this evidence. Many of the strongest systems of vocational education and training in the world offer a similar role to employers and unions. This stability is particularly important against a historical background, in which, by common consent, there have been too many policy initiatives, making it more difficult to engage employers.

Notes

1. The term vocational education and training is not used, “vocational learning and qualifications” being perhaps the most common generic term, and “further education” being prominent in policy debates.
2. Awarding organisations are accountable for maintaining standards in qualifications, while Ofsted looks at the overall performance of the institutions in which the qualifications are delivered.
3. Compared to 40 000 students in 2004/2005.
4. And sometimes ICT depending on the occupation.

5. England's older and more established universities tend to concentrate on provision at level 6 to 8 of the FHEQ.
6. There are currently 44 UTCs either open or in development (University Technical Colleges, 2013).
7. "Prescribed education" include all programmes that are officially recognised by the funding agencies, as leading to degrees or national diplomas. It does not include for example programmes for specific employers and taught in FE colleges.
8. Its strategic objectives are: *i)* to provide world-class labour market intelligence which helps businesses and people make the best choices for them; *ii)* to work with sectors and business leaders to develop and deliver the best solutions to generate greater employer investment in skills; *iii)* to maximise the impact of employment and skills policies and employer behaviour to help drive jobs, growth and an internationally competitive skills base.
9. SSCs aim to reduce skills gaps and shortages, improve productivity and business and public service performance, increase opportunities to boost the skills and productivity of everyone in their sector's workforce and improve learning supply through apprenticeships and vocational programmes.
10. The Education Act 2011 aims at: repealing statutory duties where non-statutory processes provide sufficient safeguards; limiting the power of intermediary bodies to intervene in the day-to-day management of college business; removing the requirement for inspection of outstanding colleges, unless performance drops; giving colleges greater financial freedom over borrowing and investment decisions; new powers for colleges to modify and replace their instruments and articles giving them control over their governance, and the ability to dissolve themselves to create new business models where needed (Department for Business, Innovation and Skills, 2011).

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Chapter 2

Developing a strategy for mid-level skills

England has relatively little vocational provision at postsecondary level relative to many other countries, and relative to potential demand, leading to a shortage of mid-level skills – defined as those acquired after more than a year of post-secondary school training or education, but less than a bachelor's degree. While many young people in England pursue vocational qualifications at universities at bachelor level, very few undertake the kind of shorter vocational programmes that would represent a more cost-efficient response to the need for certain mid-level skills. The recent increase in university fees in England will encourage many potential students to make thoughtful choices in terms of the most cost-effective postsecondary options – creating a historic opportunity to develop shorter programmes. This chapter argues that England should take strategic measures to encourage the development of such programmes. Further recommendations in later chapters of this review are designed to support this objective.

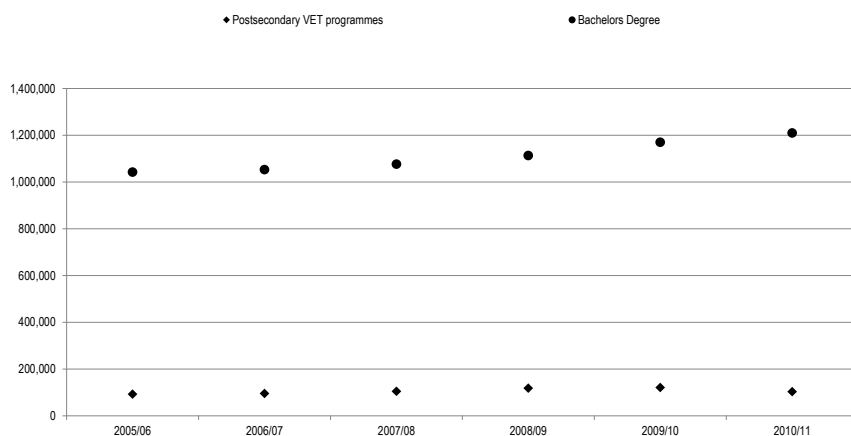
The challenge

Introduction

Relatively few people in England pursue postsecondary vocational qualifications beyond upper secondary level, but at a lower level than a bachelor's degree. There are ten times as many students enrolled in bachelor programmes than in foundation degrees – only some of them vocational (and foundation degrees are often no more than a stepping stone to bachelor degrees) while other postsecondary programmes such as higher national certificates and diplomas are a very small and declining element of postsecondary education, with just over 30 000 students enrolled in further education (FE) colleges and universities (see Figure 2.1). While apprenticeships are numerous, very small numbers, at least for the present, are at postsecondary level (level 4). For school-leavers in England, the overwhelmingly dominant postsecondary qualification route remains a bachelor's programme in university.

Figure 2.1 How many students are enrolled in postsecondary programmes in England

Student enrolment in an academic year, in Level 4 and above courses, from 2005/06 to 2010/11



Note: In this figure postsecondary VET programmes enrolment include students participating in higher apprenticeships, NVQs at level 4 and above, HND/HNC and foundation degrees. To see how many students were enrolled in each of these programmes categories in 2010-2011 please see Table 1.1.

Source: Data Service (2013), “Learner Participation on Level 4 and above courses”, www.thedataservice.org.uk/Statistics/fe_data_library/further_education_skills/, (accessed on 12 April 2013).

In many other OECD countries, the picture is wholly different. In the United States for example, around 12% of the labour force have a postsecondary “certificate” as their highest qualification – and certificate graduation rates are burgeoning – tripling in recent years. A further 10% have an associate degree (Kuczera and Field, 2013). Similarly in Canada, around one-quarter of the cohort gains an associate degree as their highest qualification (Department of Human Resources and Skills Development Canada, 2012). In France, in 2010-2011 almost 360 000 students were enrolled in two-year postsecondary VET programmes (*Brevet de technicien supérieur* and *Diplôme universitaire de technologie*), representing one-third of the students entering postsecondary education (Ministère de l'éducation nationale / Ministère de l'enseignement supérieur et de la recherche, 2013). In Korea, roughly one-third of the youth cohort enters junior college or polytechnic programmes, which are dominated by two-year programmes in postsecondary VET (Kis and Park, 2012).

Moreover, within the United Kingdom, in Scotland, higher national certificates and diplomas play a much bigger role. In 2008/9 nearly 17 000 persons graduated with these qualifications in Scotland, compared with 32 000 with bachelor degrees (Scottish government, 2010). In Switzerland around 15% of the entire cohort graduate through the professional education and training system, through professional colleges and industry-led federal exams (Fazekas and Field, 2013). In some other countries, while postsecondary VET is smaller in scale, it is rapidly growing. In Sweden, the numbers enrolled in higher VET programmes trebled between 2001 and 2011, while in Romania enrolments in “post high school” grew from 44 000 in 2005/6 to 70 000 in 2010/11 (Ministry of Education and Research Sweden, 2013; NCDTVET Romania, 2013). All of the programmes mentioned here are substantial one-two year postsecondary vocational programmes.

Outside the UK, apprenticeships also play a significant postsecondary role. In Ireland all apprenticeships are postsecondary, with a school-leaving certificate a pre-requisite (Kis, 2010). In Canada, a substantial proportion of apprentices have high school diplomas. Even in Germany, where apprenticeship is nominally at upper secondary level, the average age of a starting apprentice is 19, while around 20% of starting apprentices already have the German equivalent of A-levels, the *Abitur*, which also grants entry to university. In France, there were 111 405 apprentices at the postsecondary level in 2010-2011, about 60 % of them in two-year apprenticeships in the service sectors (RERS, 2012).

Globally, developed countries display a growing demand for postsecondary qualifications involving less than a bachelor's degree. Within countries, it is often difficult to track latent demand, because employers tend

to ask for the type of qualifications to which they are accustomed (rather than for qualifications which they could make use of if they existed). Manifest demand then comes to mirror supply, disguising skills mismatches. It is therefore instructive to look more broadly at a number of countries to explore how demand for this level of education is evolving.

A forecast of employment change in the 27 EU countries between 2010 and 2020 implied that nearly two-thirds of overall employment growth would be concentrated in the “technicians and associate professionals” category - the category (one of nine) most closely linked to postsecondary VET. The same category currently represents only 15% of EU employment. Jobs are becoming more skill-intensive at all levels.¹ Of the total 75 million job opportunities projected due to replacement demand, about 32 million for medium-level qualifications, many of which are vocational qualifications, and 23 million will be for jobs requiring high-level qualifications. Highly-qualified technicians and associate professionals will become increasingly important. The report stated more specifically that in the UK, as in several other countries² the employment share of people with medium level qualifications will rise (CEDEFOP, 2012; see Box 2.1).

Box 2.1 Skills forecasts in the United Kingdom

“Working Futures 2010-2020” (Wilson and Homenidou, 2012) forecasts the demand for skills as measured by occupation and qualification, although the supply side is also considered. Although lower skilled jobs will remain a significant component of the labour market, there will be a continued trend of employment growth in higher skilled, white collar occupations, including managers, professionals and associate professional roles. The study estimated two million additional jobs in these occupations by 2020 in the UK.³

There has been a sharp rise in the formal qualifications held by those in employment. While some have argued that, in part at least, this simply reflects the supply side changes rather than any real change in requirements,⁴ some evidence also suggests real increases in demand, with many jobs requiring more formal higher level qualifications than used to be the case (Purcell et al. 2005 in Wilson and Homenidou, 2012).⁵

The numbers employed in higher level occupations and the numbers employed holding higher level qualifications is also projected to rise. Qualification profiles have changed in almost all occupations in favour of higher level qualifications (QCF4+) and with sharp reductions for the less well qualified (QCF1 and below). Higher level occupations, such as professionals and associate professionals, (and to a lesser extent managers), tend to be much better qualified than less skilled occupations. Qualifications profiles also vary across sectors, reflecting their occupational structure.

Source: Wilson R.A. and K. Homenidou (2012), *Working Futures 2010-2020, Evidence Report 41*, UKCES, www.ukces.org.uk/assets/ukces/docs/publications/evidence-report-41-working-futures-2010-2020.pdf

Similarly, in the United States, a recent forecasting exercise (Carnevale et al., 2010) predicts that in the decade to 2018, nearly two-thirds of job vacancies will require more than high school education, but only half of these, or one-third of all vacancies will require four-year degrees or higher qualifications. So nearly one-third of the vacancies will require some postsecondary qualification but less than a four-year degree – in most cases a postsecondary vocational qualification – in the US context an associate degree, certificate, or certification (Kuczera and Field, 2013).

The implication is that the economies of most OECD countries need a substantial and growing amount of postsecondary vocational provision below bachelor level. Occupational skills requirements do not grow naturally in chunks requiring three or four years of full-time education. Common sense tells us that some occupations involve more than upper secondary qualifications but less than a bachelor’s degree, and the skills

systems of many OECD countries reflect this fact. On the face of it the English system therefore contains a substantial gap in provision, or alternatively, over-provision of vocational bachelor degrees for jobs that do not require three years of training. This chapter looks at why this challenge has arisen and what might be done to address it.

Difficult funding arrangements

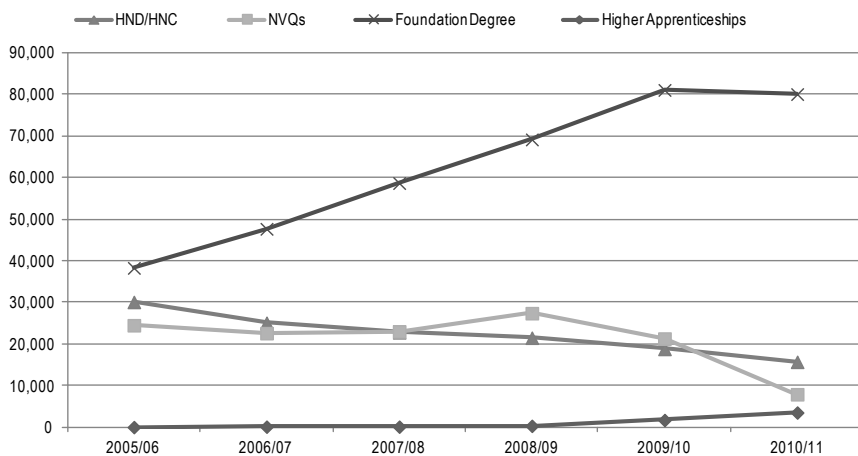
Further education colleges in England have traditionally been the main providers of postsecondary VET programmes (especially the Higher Nationals– HND and HNC) tracing their higher-level work back to the 1950s and 1960s. Other institutions began to offer provision at level 4 to 6 only during the late 1980s and 1990s. Part of this occurred through the sub-contracting of the teaching of courses to FE colleges by partner higher education institutions, often the (then) polytechnics. The polytechnics, created in 1962, had a specialisation in engineering and manufacturing and were in the vanguard of developing new modes of provision such as sandwich courses, and part-time programmes. But they lacked the degree-awarding powers of universities and therefore tended to give more emphasis to sub-degree vocational courses, validated by the Business & Technology Education Council (BTEC). With their transformation into universities in 1992, ex-polytechnics gained degree-awarding powers, and new funding arrangements which gave them more flexibility. Many preferred to develop full bachelor degrees, and gave less emphasis to their shorter vocational programmes, and their franchising arrangements with FE colleges (Parry et al., 2012; UKCES, 2013).

Over time, and in the successive education acts, some categories of courses were re-labelled “prescribed” education, leading to a change in governance and funding responsibilities, and put under the umbrella of higher education (Clark, 2002) as in the case for Higher Nationals (HNCs and HNDs) in 1999. Prior to this and the introduction of the Foundation Degree in 2001-02, Higher Nationals constituted the dominant form of provision in colleges at the postsecondary levels. Today, the number of students pursuing Higher Nationals – available in both FE colleges and universities, is on the decline. The two-year foundation degrees that were supposed to play the role of associate degrees in the US have developed more in academic sectors and have often filled a niche in fields where a licence is needed to practise – such as aircraft technicians. By doing so they have squeezed out some of the previously established shorter programmes, such as the Higher Nationals, although in some occupational sectors Higher Nationals continue to be preferred by employers (see Figure 2.2).

The wide range of non-prescribed courses⁶ offered especially in some professional sectors and for continuing professional development (typically NVQs at level 4 and 5) were also squeezed although the scale of this reduction is difficult to estimate. The funding for these was determined at local level⁷ and was sometimes vulnerable in response to pressures on the overall budget.

Figure 2.2 Types of postsecondary VET programmes in England and evolution of student participation

2005/06 to 2010/11



Source: Data Service (2013), “Learner Participation on Level 4 and above courses”, www.thedata-service.org.uk/Statistics/fe_data_library/further_education_skills/, (accessed on 12 April 2013).

As a government strategy document notes: “Whilst many colleges and providers have long and established track records in offering Level 4 technical and professional qualifications, this has been a neglected area in policy terms for some time” (BIS, 2011a, p.12 as mentioned in UKCES, 2013). The sector has sometimes been characterised as a “neglected middle child”, largely invisible to policy-makers and commentators educated exclusively at school and university” (Norton, 2012).

The separate funding arrangements for further and higher education and the different missions and ethos of further and higher education leaves some postsecondary programmes in a vulnerable position on the dividing line – it is particularly the case for non-prescribed postsecondary programmes.

Programmes delivered in FE colleges are funded in three main ways: directly and indirectly by the Higher Education Funding Council for England (HEFCE) (through franchising with universities); and by the Skills Funding Agency and by other non-HEFCE sources.⁸ According to a survey of senior managers in FE colleges, many believe that there is insufficient postsecondary provision (Parry et al., 2012) partly because of these funding arrangements. One explanation proposed by the authors has to do with low visibility and status of these postsecondary programmes, especially in FE colleges. A second explanation is in terms of the two-sector structure and organisation of the system which was designed to keep higher education (degrees given by universities) and further education (sub-degrees, given by awarding organisations and typically under level 4) in separate sectors, hindering the development of higher level vocational programmes. Lastly, there is the argument (advanced by HEFCE) that some colleges have been insufficiently strategic in their planning and management of higher education (Parry et al., 2012).

Uncertain progression

Complex progression pathways may be an issue in England (Wolf, 2011). For those with level 3 vocational qualifications, progression to higher education is less straightforward than for those with academic level 3 qualifications - A Levels.⁹ The Qualifications and Credit Framework (QCF) and the Framework for Higher Education Qualifications (FHEQ) are disconnected, in the sense that even though in theory vocational and academic qualifications are equivalent, universities are often reluctant to recognise formally acquired vocational qualifications, for entry and progression (Fuller and Unwin, 2011). A second issue is the “freestanding” nature of level 4 qualifications, in the sense that entry routes from level 3 and onward progression routes to level 5 are not clear. When awarded, level 4 qualifications are frequently regarded as at best a stage on a learning programme leading to a larger level 5 or level 6 qualification (i.e. a foundation or honours degree) and at worst a qualification for those who fail to complete a full level 5 or 6 qualification (UVAC, 2009). This makes it difficult for candidates to understand how their qualification compares to others.

Evidence suggests that progression from vocational programmes to higher level programmes (in both universities and FE colleges) is difficult. There are difficulties finding suitable equivalences between vocational and higher education qualifications, in some cases even at the same level.¹⁰ While 93% of higher education institutions gave information about entry requirements for applicants with A Levels, only 55% gave information for those with BTEC National Diplomas and 24% with the OCR National

Extended Diploma. Apprenticeships and competency qualifications are rarely mentioned (UVAC, 2009). The structure and size of vocational level 3-5 programmes is different to university programmes. A 2007 HEFCE study on students in level 3 BTECs finds that one-quarter of BTEC 2002-03 cohort progressed to higher education (HEFCE, 2007). In contrast, a study by HEFCE in 2009 on apprenticeships¹¹ found that progression rates into higher education for apprentices at level 2 and 3 were just 4% and 6% respectively, with large variation by sector¹² (HEFCE, 2009).

By international standards, England has a complex system. As argued in Chapter 1, the diversity of the system, especially in terms of provision, is an asset but it can cause confusion. Students may have particular difficulties in navigating through the full range of programmes, especially those from less educated backgrounds. Better career guidance can help students in their progression. Support to students in their individual choices can also reduce the existing discrepancies in the supply and demand of workers by field of study. When career guidance services are not available, students rely on informal sources such as family and friends that may not be reliable, and reinforce social disadvantage (Musset et al., 2013; OECD, 2010).

In summary

In summary therefore, England has insufficient provision at postsecondary level in comparison with many other countries, and relative to potential demand. Across countries, this sector is most successful when it has a clear set of institutions to champion it. In some countries with strong upper secondary vocational systems postsecondary VET is nested in upper secondary institutions – for example in the German *Fachschulen*, in Romania and Spain. Elsewhere a separate tier of institutions, with clear ownership of short cycle programmes exists – for example the community colleges in Canada and the United States. In England the awkward location of postsecondary VET between further and higher education leaves it in a difficult position. FE colleges are at present in a weak position to play the necessary role of champions for this type of provision, partly because much of their energy is now devoted to mainstream academic teaching at upper secondary level, and partly because ownership of the relevant qualifications is vested either in awarding organisations or (in the case of foundation degrees) in universities.

Recommendation: Strategic development of the postsecondary sector

Take strategic measures to encourage the expansion of high quality postsecondary vocational programmes reflecting both labour market

demand and student needs. Further recommendations in this review are designed to meet this objective. Review funding and progression arrangements to this end.

Supporting arguments

This recommendation is supported by two arguments: first, given insufficient provision, and unmet demand, there is a strategic need to invest in the development of this form of provision. This will require a number of measures, including those advocated in later chapters. Second, better progression routes – both upwards and between vocational and academic programmes would increase student demand for postsecondary vocational programmes.

Setting growth in the sector as a strategic objective

The main argument for this recommendation is both simple and strategic. England's labour market has few distinctive features that could explain the relative lack of individuals in mid-level postsecondary programmes relative to many other OECD countries. This gap may be filled most effectively by developing mid-level programmes as a more cost-effective alternative to full bachelor degrees.

A recent change in the university fees regime in England has meant fees increasing very substantially to a maximum of GBP 9 000 per year (a maximum which in many cases has become the going rate). While the increase has been offset by income-contingent loans, and the effects of this change on demand for higher education has been modest, it will cause some potential students to look seriously at alternatives, including foundation degrees, other postsecondary VET options such as HNCs and HNDs and higher level apprenticeships. If some students are currently pursuing bachelor degrees when a shorter programme would be more appropriate to their career target, then these students are likely to earn a poor return on their investment, and the costs of the inefficiency will fall on them and the state (given some proportion of loan forgiveness for low-earning bachelor's degree graduates). Consequently, the objective should be to offer good practical alternatives to a full bachelor's degree, so that students do not drift into bachelor programmes, and the high costs involved, simply because of a lack of good alternative options.

This presents a historic opportunity for England to invest in the development of the postsecondary sector as an engine of mid-level skills and economic growth, and should be underpinned by a clear government

commitment. This review sets out a connected package of recommendations designed to foster the development of attractive high quality postsecondary programmes, which should appeal to students and be valued by employers. This might be linked to the current efforts to develop higher level apprenticeships, and to other efforts to enhance the status of FE colleges, which would become key engines of provision. One option would be to follow a Scottish model, with a much stronger offer of higher national certificates and diplomas alongside foundation degrees.

There is good evidence of demand for this level of qualification. While some of the low-end vocational programmes (level 1 to level 3) have very weak labour market returns (Wolf, 2011) there is a marked increase in employment rates from level 3 to level 4 and a corresponding lower incidence of unemployment at level 4 relative to level 3 (UVAC, 2009). Those completing level 4 qualifications achieve an immediate 4% earning premium compared to non-completers, which further increased to almost 12% seven years post completion¹³ (London Economics, 2013).

The National Strategic Skills Audit for England by the UK Commission for Employment and Skills (UKCES, 2010) focused attention on the need for intermediate level skills demand to be stimulated if key sectors were to support economic and employment growth. Employers argue that there is a shortage of “technicians”, that may be seen to be at level 3 upwards (UKCES, 2013). The University Vocational Awards Council¹⁴ (UVAC) representing both universities and FE colleges argues that appropriately designed and delivered level 4 qualifications could potentially meet a critical skills need in many sectors (UVAC, 2009).

Chapter 3 of this report argues that reform of the qualification system needs to deliver clearer leading qualifications in each domain, while establishing a share of the curriculum to be locally negotiated between providers and local employers, underpinning qualifications which should be both clearer to students and more reflective of employer needs. Chapter 4 argues that workplace training needs to be made mandatory in postsecondary VET programmes, giving both local providers and employers very strong incentives to establish workplace training partnerships, and binding the mix of provision to the needs of the labour market. Chapter 5 argues that the initial training and professional development of vocational teachers needs to be more attuned to practical and up-to-date labour market needs. This package of recommendations is designed to be mutually reinforcing and should increase both employer engagement and the labour market value of the qualifications, and in turn the overall attractiveness of programmes at this level. So measures designed to improve the offer of programmes, as proposed in this chapter, would be balanced by measures

designed to increase student demand as well as employer support and engagement.

Linking provision to clear learning pathways

Given that nearly one in two students (40 %) in postsecondary education in England are enrolled in a FE college, the weak articulation between level 4 and 6 programmes and university bachelor programmes is a serious problem (Parry et al., 2012). Limited numbers of apprentice graduates and graduates from level 3 are currently entering level 4 programmes in FE colleges, or universities.

The qualifications and programmes offered therefore need to be better linked to clear pathways of learning and careers. One missing element in the English skills system is higher level qualifications for graduate apprentices. Such qualifications play a very important role in the Germanophone countries, deepening professional and technical capacity, developing middle management skills, and in the *Meister* qualifications linking entrepreneurial skills in the management of small business with skills in the supervision and development of apprentices (see Fazekas and Field, 2013; Musset et al., 2013). Qualifications of this type would not only meet the aspirations of existing apprentices (at level 2 and 3) they would also help to provide the skills sorely needed at middle management level in the English labour market. Most fundamentally of all, their very existence would help to underpin the status of the apprentice track, not just as a route to a job, but also as a step on a path of lifelong learning.

There is evidence that students are more willing to pursue shorter VET programmes if they know that such programmes offer a route to more advanced studies (Dunkel and Le Mouillour, 2009). Research found that a majority of learners would be more likely to apply for an apprenticeship if it provided a route through to university (LSC, 2008). The opportunity to progress to higher education may play a particularly important role in supporting the development of higher apprenticeships (level 4) since apprentices at this level will normally have the ability to benefit from higher education. Conversely, if there are obstacles to this progression route, it could powerfully inhibit able young people from pursuing higher apprenticeships (see Box 2.2). This point was stressed by the Skills Commission (2009), recognising obstacles such as a lack of clarity over how different programmes relate to one another, and financial disincentives on the part of some higher level institutions to offer course exemptions.

Box 2.2 Pathways from vocational qualifications to higher education

While it is not realistic or desirable to imagine that a large proportion of those who initially pursue an initial vocational qualification will subsequently enter academic tertiary education, the steady increase in the level of skills required in modern labour markets imply that efforts should be made to open up tertiary institutions to the greatest extent possible. In Germany, access to university for students without the normal higher education access qualification was substantially enhanced in 2009.¹⁵ Switzerland has been relatively successful at opening *Fachhochschulen* to graduates from the dual apprenticeship system through the creation of a specific vocational matriculation examination (the *Berufsmaturität*), to be completed in parallel to an apprenticeship programme, and that provides access to tertiary education. Today, around 12% of all apprentice graduates obtain the *Berufsmaturität* and they represent half of the students in the universities of applied science. Austria introduced a similar exam (the *Lehre mit Matura*) in 2008 (Musset et al., 2013). In Denmark, in 2005-2007, 8-11% of graduates from academy professional programmes started an academic higher education degree within 27 months (Danish Agency for Higher Education and Educational Support, 2012). In France, it is possible for *institut universitaire de technologie* (IUT) students after the first two years of study to be admitted by universities¹⁶ and the *grandes écoles*, whose masters-level graduates may in turn, pursue their doctorates at universities (Dunkel and Le Mouillour, 2009).

Source: Musset P., et al. (2013), *A Skills beyond School Review of Austria*, OECD Reviews of Vocational Education and Training, OECD Publishing.

doi: <http://dx.doi.org/10.1787/9789264200418-en> ; Danish Agency for Higher Education and Educational Support (2012), *Skills beyond School: OECD Review of Post-Secondary Vocational Education and Training – National Background Report for Denmark*, <http://en.fivu.dk/publications/2012/oecdreview-skills-beyond-school/oecd-review-skills-beyond-school-denmark.pdf> ; Dunkel, T. and I. Le Mouillour (2009), “Through the Looking Glass: Diversification and Differentiation in Vocational and Training and Higher Education” in CEDEFOP, *Modernising Vocational Education and Training, Fourth Report on Vocational Training Research in Europe*, Vol. 2.

In England, in the development of postsecondary programmes, the focus should be on progression between levels so level 4 is no longer seen as standing alone. One option would be to make funding of level 3 vocational qualification and apprenticeships conditional on clear progression opportunities, and provision at level 4.¹⁷

Options for qualifications and programmes

It takes time to establish qualifications in the minds of students, employers and providers. A strategic expansion of postsecondary vocational provision should make good use of existing qualifications rather than invent new ones. Foundation degrees, whatever their merits in niche fields, have not succeeded in establishing themselves in the way that was initially hoped. These degrees were established on the US model of associate degrees, but there are important differences. In the US, associate degrees are typically developed by community colleges, and do not require a university partnership. They are also divided into academic and vocational associate degrees, and those pursuing the vocational degrees transition relatively infrequently to full four-year bachelor degrees in a university. Conversely, foundation degrees depend on a partnership with a university, and the foundation name implies this dependence and close articulation with a bachelor's degree. Moreover, the strategy of gradually replacing HNCs and HNDs with foundation degrees now looks very questionable. In the US, it is striking that the most rapidly growing sector of postsecondary education is vocational "certificates", (often between 6 months and two years full-time), rather than the longer associate degrees.

Against this background, there are some arguments for pursuing growth based on different qualifications, particularly those long-established and generally well-respected in this field – looking to the example of Scotland in particular. Such a strategy would be linked to a reform of the qualifications system to give training providers a stronger role in developing locally relevant curricula, as recommended in Chapter 3. This would allow FE colleges and other providers to take clear ownership of this mission, competing actively with universities to provide high quality vocational programmes, shorter and therefore cheaper than full bachelor degrees. Rapid growth in such programmes in many other OECD countries suggests that such a strategy, if appropriately supported, could be very successful.

Notes

1. They analysed that as routine tasks are increasingly carried out by technology rather than people, there will be a greater need for skills such as independent problem-solving, planning, organisation and communication, even in elementary occupations.
2. Including Belgium, Bulgaria, Germany, Ireland, Greece, Italy, Lithuania, Luxembourg, Malta and Portugal.
3. These three occupations are projected to increase their share of total employment from 42% to 46% over the ten year period. Continuing sharp declines in employment are expected for skilled and semi-skilled manual roles, including in skilled trade occupations and process, plant and machine operatives. Administrative and secretarial occupations are projected to see a loss of almost 400 000 jobs, a fall of around 11%, largely as a result of the continuing impact of technology in the workplace.
4. Some have argued that supply has outpaced demand and that the increasing average qualification levels of those in employment just reflects increased supply rather than any real change in requirements (Brown and Hesketh, 2004).
5. There is evidence that the rates of return to obtaining higher level qualifications have held up quite well, suggesting that demand may have kept pace with the supply side (Elias and Purcell, 2011).
6. The expression “prescribed” was used to identify certain provision in relation to The Education Act 1944 and The Education Reform Act (ERA) 1988 and “non-prescribed” simply cover any courses falling outside of the definition of HE courses. “Non-prescribed programmes” do not lead to degrees or national qualifications. There are two main types of “non-prescribed” programmes: the National Vocational Qualifications (NVQs) and professional and technical qualifications awarded by professional, statutory or regulatory bodies (e.g. the Association of Accounting Technicians (Clark, 2002; UVAC, 2009). The Skills Funding Agency has the funding responsibility for non-prescribed courses (including higher-level NVQs). The terminology is often considered negative (UVAC, 2009).

7. Before 1988, higher education in the polytechnic and FE sectors or advanced further education –11 AFE as it was called – was funded by local education authorities (LEAs), although the National Advisory Body (NAB) for public sector higher education had responsibility for the approval of courses and determined the level of resources for the programmes) (Clark, 2002).
8. Similarly and as mentioned in Chapter 1, the programmes come under two quality assurance bodies: the Quality Assurance Agency for Higher Education (QAA) for directly and indirectly funded undergraduate education; and by the Office for Standards in Education, Children’s Services and Skills (Ofsted) for higher level qualifications funded by the Skills Funding Agency.
9. The report “Progression from Vocational and Applied Learning to Higher Education in England” (UVAC, 2009) provides a diagram of the different progression routes for students, illustrating well their complexities (see Figure 2, page 14).
10. The University Vocational Awards Council (UVAC) has shown that the differences between competency qualifications (known as NVQs prior to development of the QCF) and knowledge qualifications (which were previously known as VRQs prior to the QCF) are significant with respect to the articulation between vocational provision and higher education (UVAC, 2009). In the context of competency qualifications achievement is not graded; candidates are deemed to be competent or not competent. The absence of grading has been questioned by the Higher Education sector, but to introduce grading would radically change the nature of this type of qualifications, and the assessment process. Because competency qualifications vary in size and assess skills rather than knowledge (although there is usually some underpinning knowledge), UCAS has been able to position only one level 3 competency qualification on the tariff to date (in accounting).
11. While many level 2 apprentices aspire to Advanced Apprenticeship and are encouraged by their employers to progress to that higher skilled level (and about a third do so), progression to level 4 is uncommon. The notable exceptions are engineering and a limited number of other sectors –typically involving high-end products and services. In many of these cases the licence to practice is linked to the achievement of certain qualifications (UVAC, 2009).
12. For example, 67 % of advanced apprentices in accountancy progressed due in part to the clear progression structure of the programme from level 3 to level 4 (HEFCE, 2009).
13. They compared the outcomes achieved by individuals completing a Level 4 qualification (treatment) relative to individuals who attempted, but

failed to complete, a Level 4 qualification at the same level (counterfactual).

14. UVAC has a membership of approximately 80 universities, colleges and corporate members and Lifelong Learning Networks.
15. New regulation permits those who pass an advanced vocational examination (e.g. *Meister*) a general entrance to academic higher education and holders of vocational qualifications without such qualification a subject-specific higher education entrance qualification.
16. In that case the students get course exemptions for the first two years of university.
17. In England, in the development of adequate postsecondary vocational provision care is needed to ensure vocational qualifications are not distorted from their primary purpose in order to align them with an inappropriately academic culture.

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Chapter 3

Reforming the qualifications system

In England, awarding organisations design qualifications, while further education (FE) colleges and other training providers buy the right to deliver these qualifications under the auspices of the awarding organisation. This approach, although it has yielded some internationally recognised qualifications, also causes dysfunctional competition and disengagement by employers. This chapter argues that the system should be reformed by implementing a franchise system, under which awarding organisations would bid for the right and the obligation to provide the qualifications within specific professional domains, during a given period. Qualifications should also allow a proportion of the curriculum to be locally negotiated with employers by training providers.

The challenges

The English vocational qualifications system, with independent awarding organisations providing qualifications, is unusual by international standards. Although these arrangements have some real strengths, notably in the international recognition of some of the qualifications created by awarding organisations, it has very serious drawbacks. First, the current system gives rise to far too many qualifications. Second, despite the proliferation of qualifications, competition between awarding organisations is weak or even counterproductive. Third, the system effectively inhibits employer engagement, both nationally or locally.

The current system

In England awarding organisations design qualifications, while FE colleges and other training providers buy the right to deliver these qualifications under the auspices of the awarding organisation. Awarding organisations initially seek accreditation from the Office of Qualifications and Examinations Regulation (Ofqual), on the basis of a plan of provision defining the occupational fields with which they are concerned. This accreditation allows the qualification created by the awarding organisation to become eligible for government funding. There are approximately 180 recognised awarding organisations responsible for 18 000 accredited qualifications (Ofqual, 2012 – see Table 3.1). While some of the large providers offer virtually a full range of academic and vocational qualifications, and sometimes sell them overseas, most cover a much more limited number of occupations (UKCES, 2013). The awarding organisations include charities and profit-making organisations, some standalone businesses and others that are part of larger, more diverse organisations¹ (Ofqual, 2012).

Before 2011, Sector Skills Councils (SSCs) played a role in the design of qualifications: they were responsible for approving vocational qualifications,² based on the National Occupational Standards they developed – a role which they have retained.

FE colleges pay a fee to the awarding organisations when they use their qualifications and they then have to comply with awarding organisations' various course and exam requirements. The Association of Colleges estimate that total expenditure by FE colleges on awarding organisation fees rose from an average of 3.5% of core income in 2000/01 to just under 4% in 2009/10. A significant share of other college resources are also engaged (negotiation costs, teaching aids and assessments) roughly equal to the fees,

implying by one estimate that about 8% of current expenditure is involved (Wolf, 2011).

This process is wholly different from the development of qualifications in many countries in continental Europe where a national agency works with employers and unions to establish a single set of qualifications, aiming to avoid too many overlapping and competing qualifications. In Denmark for example, the social partners play an active role in defining new courses and programmes and advising on existing programmes, through participation in an Advisory Council to the Ministry.³ They plan the development of short two-year (academy) programmes, and three-year (professional bachelor) programmes. The social partners may be represented in the educational advisory committees which the institutions set up within the various disciplines of their programmes. The committee advise on the quality and relevance of existing and future programmes. Companies also contribute to the content of the study programmes, for example by providing case studies, through visiting lecturers or participating in joint vocational-oriented developmental work (Field et al., 2012).

While in some ways the qualifications system is much more open in England, it is very far from the more radical deregulation that can be found, for example, in the United States. Awarding organisations, and the qualifications they provide remain regulated by a government body (Ofqual) and built into the qualifications framework described in Chapter 1. The end result is a structure which is rather unique by international standards.

*Too many qualifications***Table 3.1 Number of recognised Ofqual qualifications**

2006/07 to 2010/11

Qualifications type	2006/07	2007/08	2008/09	2009/10	2010/11
Advanced Extension Award	-	-	-	-	-
Basic Skills	100	100	100	100	100
Diplomas	0	50	150	200	200
English for Speakers of Other Languages	150	150	150	150	200
Entry Level	350	350	350	350	350
Free Standing Mathematics Qualifications	50	-	-	-	-
Functional Skills	100	100	100	100	100
GCE A Level	250	450	450	450	300
GCE AS	300	450	450	450	250
GCSE	450	450	700	750	800
General National Vocational Qualification	100	50			
Higher Level	400	500	550	600	550
Key Skills	350	350	350	350	400
National Vocational Qualification	2100	2000	1900	1750	1600
Occupational Qualification	100	100	100	100	100
Other General Qualification	500	600	650	750	750
Principal Learning	-	50	100	200	200
Project	-	-	-	-	-
QCF	150	1000	2450	6100	9700
VCE Advanced Subsidiary Level	-				
Vocational Certificate of Education	100				
Vocationally-Related Qualifications	2650	2950	2950	2750	2400
Total	8150	9700	11500	15300	18100

Note: Number of regulated qualifications of each type for which achievements were awarded, rounded to the nearest 50, where “-” denotes fewer than 50 qualifications.

Source: Ofqual (2012), “Annual Qualifications Market Report”, Ofqual/12/5164.

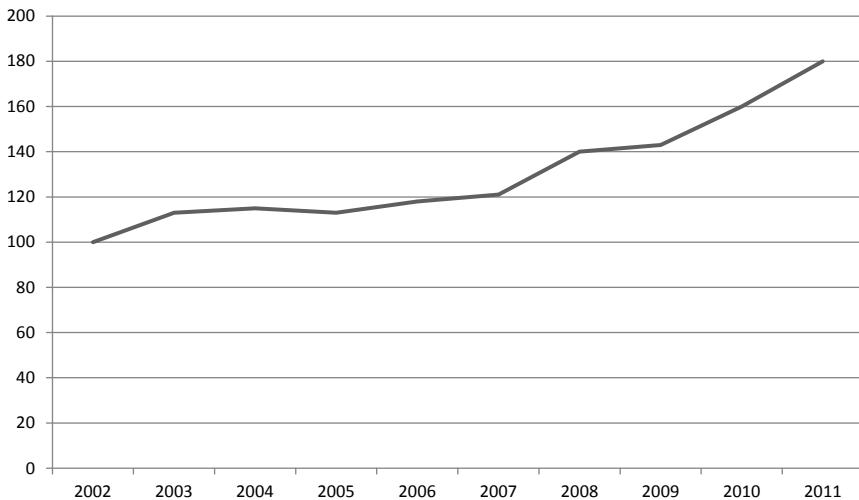
All vocational qualifications have now been transferred to the Qualifications and Credit Framework (QCF) that aims to make them comparable in terms of level, study time and content. Awarding organisations have been changing their portfolios to include more QCF qualifications (an increase of nearly 60% from 2009/10 to 2010/11) as

VRQs and NVQs expire⁴ (see Table 3.1) (Ofqual, 2012). While this new design accommodates the majority of potential qualifications, it prevents qualifications being assembled directly either by employers or other organisations working with groups of learners, or by individual learners in negotiation with a provider or awarding organisation (Lester, 2011). These changes have also resulted in high costs for the awarding organisations, costs that have been passed down to FE colleges.

Since the 1980s, despite multiple attempts to rationalise the system (Wolf, 2011) the number of awarding organisations has risen from 98 in 2002 to almost 180 (see Figure 3.1.) mostly reflecting an increased number of small awarding organisations offering qualifications in niche subject areas (Ofqual, 2012).

Figure 3.1 Number of recognised awarding organisations

2002-2011



Source: Ofqual (2012), “Annual Qualifications Market Report”, Ofqual/12/5164.

The function of vocational qualifications is to convey information - that a qualified person has a package of knowledge and skills, relevant to a particular occupation or career. (If it were possible for knowledge and skills to be observed directly then qualifications would be unnecessary). The value of any given qualification therefore depends on the familiarity of key stakeholders with that qualification – it is this familiarity which allows, say an employer - to see that an individual, on the basis of their qualification,

has the right package of competences to be a good recruit for a particular job. Such familiarity has to be quite subtle; the employer not only needs to know that the job applicant has learnt skills in computer aided design for example, but also at what level, and what guarantee the qualification offers that a weak performer would not have passed the final assessment. While HR managers in big employers may make it their business to learn their way around different relevant qualifications, SMEs will rarely have the time to do this.

If qualifications were like yoghurt, an additional product line would be an advantage, meeting the needs, for example of those with a particular preference for cherry flavour low-fat yoghurt. But qualifications are not like yoghurt. When a training provider (or a student) selects a qualification, they are not just looking for something that meets their very individual needs, they are looking for a qualification that will be very well understood and appreciated by as many employers as possible. In these circumstances, adding another qualification product line to the 18 000 that already exist may not be helpful even if the product line is itself of good quality.

In relatively deregulated labour markets, such as the UK, initial recruitment decisions are less weighty and risky for employers, because the costs and risks of a wrong choice of recruit are lower than in more tightly regulated labour markets (where employment protection may be stricter and minimum wages higher). As a result, employers have fewer incentives to use formal and therefore costly recruitment arrangements, that would typically give weight to formal qualifications. If, in addition, the qualification system is complex and confusing, and qualifications have been developed without much employer engagement or input, employers may lose interest in vocational qualifications. In these circumstances employers can opt to use criteria other than qualifications to recruit, they can take people on for trial periods to directly assess their knowledge and skills, or they can poach skilled labour from other companies rather than taking a risk with a newly qualified person. In short they have ways of opting out of reliance on vocational qualifications, and if employers do this *en masse*, the result will to undermine the whole function of qualifications as a signal of knowledge and skills.

There is now an emerging consensus on the need for reform to reduce the number of funded qualifications – reflecting the approach of many other countries. The EC Council recommended that the UK “simplify the system of qualifications and strengthen the engagement of employers, particularly in the provision of advanced and intermediate technical skills” (EC, 2013). The government’s recent paper, “Rigour and Responsiveness on Skills” (DFE/BIS, 2013) argues that employers contribute insufficiently to the design and validation of qualifications is too restricted.⁵ The government

expects that from August 2013 they will no longer fund over 20% of the 13 000 qualifications on the current list. The Richard review on apprenticeships (Richard, 2012) points out that currently there are many almost identical qualifications covering similar skills which diminishes their currency with employers, and argues that “For each category of occupation associated with an apprenticeship, there should be just one clear and credible qualification that describes the level of skill and competency required to do the job well and to operate confidently in the sector. The qualification should affirm someone’s competency in a given job, having completed an apprenticeship.” The same point applies to any vocational qualification – not just those linked to apprenticeships.

Weak competition between awarding organisations

One potential benefit of competing qualifications is that training providers can choose between alternatives, which should, in principle, encourage awarding organisations to hold down prices and maintain and improve quality. But the evidence suggests that, mainly because of widespread problems of weak information, price competition is weak and competition on quality sometimes has undesirable results. The normal benefits of market competition are therefore largely absent.

First, price competition is relatively weak. Awarding organisations usually operate in specific areas. Frontier Economics (2010) calculates that, on average, awarding organisations offer vocational qualifications across only two of OFQUAL’s 15 high level subject areas.⁶ They also found that in most cases new qualifications introduced by an awarding organisation were within subject areas where that awarding organisation was active in 2003 (Frontier Economics, 2010).

Awarding organisations incur a large proportion of costs upfront in developing and accrediting qualifications, which they must then recoup from future sales. The ongoing costs of offering a developed qualification are relatively low compared to the initial investment (according to interviews by Frontier Economics with awarding organisations); awarding organisations therefore very rarely choose to write off a qualification as long as there is demand.

The market can be relatively insensitive to the considerable price differences between awarding organisations, as decisions are made by heads of subject departments who are often ignorant of the fees and/or the costs are not transparent (as qualifications come with different services). It is very expensive for FE colleges and training providers to change awarding organisations given the costs of renegotiation (Jones, 2011).

So even though in theory each sector is open to competition from new qualifications and new awarding organisations, the market is not fully competitive, because of the importance of market reputation and the high up-front costs linked to the development of new qualifications “the threat of entry from another sector would not be sufficiently rapid, or at a sufficient scale, to prevent a hypothetical monopolist from increasing prices or reducing quality” (Frontier Economics, 2010, p. 74). The awarding organisations operate as a mixture of monopolists (i.e. very similar products, potentially differentiated by non-price considerations) and oligopolists (few, large suppliers, high barriers to entry) (Jones, 2011).

Second, competition on quality may have perverse effects. Given two competing qualifications which are otherwise similar but one being more demanding for students, employers will prefer recruits who have obtained the more demanding qualification, so that students (and therefore providers) would resist the obvious incentive to prefer the “easy” qualification. But such transparency does not exist in reality; employers, particularly small employers struggle to remain up-to-date on the precise value and assessment standards of multiple qualifications. Awarding organisations therefore have incentives to produce more “accessible” specifications, with content that is less intrinsically challenging, in order to attract students and therefore providers, and capture market share.

Pursuing this logic, Richard in his review of apprenticeships (2012) highlights the risk that competition may lead to a “race to the bottom”, with awarding organisations competing to offer undemanding qualifications that are easier to teach and easier to pass. Providers also have incentives to subvert the assessment procedures. Since they receive government funding by qualification according to whether the qualification is obtained by students. The risks are well-recognised, but the only formal, official countervailing forces are the verification and oversight activities of awarding organisations, and Ofsted inspections. Evidence collected for the Wolf review (2011) suggested that awarding organisations have not always offered sufficient oversight of assessment procedures given the risk that by imposing onerous requirements on training providers, they will lose custom to competing awarding organisations (Wolf, 2011).

Limited employer engagement

It is extremely important that employers are fully involved in the design of vocational qualifications. This is partly because they are in the strongest position to know what skills are required by their employees, and partly because their engagement in designing qualifications will make it more

likely that they will use them in practice – to see the qualifications as *their* qualifications.

Looked at in international perspective, there are two main models for employer involvement in qualification design. One is through a national “top-down” establishment of a qualifications system, where employers are involved in creating national qualifications. This framework is relatively common in continental Europe and elsewhere. The other is “bottom-up” through relatively autonomous institutions (such as universities and colleges) that can establish their own qualifications, allowing them to design curricula in partnership with local employers. This approach is common for example in Canada’s college system. The English model of awarding organisations largely rules out both routes to employer engagement. At national level, while employers can get involved in the creation of occupational standards through SSCs, these are at some remove from the multiple vocational qualifications linked to these standards, and it is widely recognised that SSCs have been only variably effective in engaging employers.⁷ At local level FE colleges have no discretion to negotiate curricula with local employers for the qualifications managed by awarding organisations. In many respects therefore, the awarding organisations’ framework offers the worst of both worlds, and appears purpose-built to keep employers at a distance. (Although the recent DFE BIS strategy document “Rigour and Responsiveness on Skills” (DFE/BIS, 2013) agrees to include an element of skills funding (within the Single Local Growth Fund), in order to give local enterprise partnerships (LEPs) the ability to influence provision, in particular for SMEs).⁸

With the exception of the few colleges granted powers to award foundation degrees, FE colleges have no powers to award qualifications: they have to enter franchise arrangements with universities, which then decide on the number of student places and allocate them to the college, or they choose a qualification from those offered by awarding organisations (Parry et al., 2012). This can make the system very un-responsive to local employer needs, as FE colleges are either reflecting university requirements in the case of higher education provision, or the requirements of awarding organisations in the case of other types of vocational provision. In neither case do they have the flexibility to negotiate their own programme to reflect the needs of local employers.

Even if employers do not get involved in the creation of qualifications, one might reasonably hope that they would use them to select recruits. But here too there are problems. The labour market tends to recognise qualifications that are stable and familiar, but English vocational qualifications have been and remain subject to constant change. Academic qualifications have, by comparison, been fairly stable, at least in their titles

(Wolf, 2011). This may cause employers to rely on academic qualifications, combined with on-the-job learning, to build the skills they need, rather than hunting through a confusing range of vocational qualifications. Research on employers' hiring practices show that in England employers not only focus on a limited number of familiar qualifications as selection tools but have consciously decided not to try and keep up with the constant reforms and change (Jenkins and Wolf, 2005; Thomson and Russell 2007 in Wolf, 2011).

In summary

In summary, the current system of awarding organisations has very serious drawbacks. The proliferation of competing qualifications undermines the labour market value of vocational qualifications, price and quality competition between awarding organisations is weak and sometimes negative in its outcomes. While these issues certainly affect postsecondary VET, they apply widely to vocational qualifications outside higher education. As noted in Chapter 1, a whole sequence of previous OECD reviews bearing on the vocational qualification system argued for simplification of the system. The need for reform is now urgent.

It is widely recognised that one of the biggest challenges facing VET in England is weak employer engagement. In that context the qualifications system is particularly unhelpful since it neither facilitates the kind of national engagement of employers in the construction of qualifications top-down that would be found in many continental European countries, nor the possibility of local partnerships between colleges and employers that would be found in more decentralised arrangements such as those found in the United States and Canada (or in the Swedish system of higher vocational education). It is notable that of the wide variety of stakeholders met by the visiting OECD team during their missions in England, only the awarding organisations themselves were prepared to robustly defend the current system.

“Awarding bodies spend their time talking to, and attempting to satisfy the requirements of Ofqual and the SSCs. Ofqual interacts with awarding bodies, both regulating them and accrediting their individual qualifications. Outside, in the cold, are the employers and teaching organisations that actually deal with young people in vocational education and training.” (Wolf, 2011)

Recommendation: Rationalise vocational qualifications through a franchise system

Implement a franchise system for vocational qualifications, under which awarding organisations would bid for the right and the obligation to provide the qualifications within specific professional domains, during a franchise period. Qualifications should allow a proportion of the curriculum to be locally negotiated with employers by training providers.

Supporting arguments

The recommendation is supported by three arguments. First, given the need for reform, the franchise proposal has many advantages over alternative options. Second, implementation would need to be careful and gradual; aiming towards a system that would preserve much that is good in the current system, while being much simpler and more attuned to the needs of employers and students. Third, building local curricular flexibility into qualifications should encourage local partnerships between training providers and employers.

Franchising is the best reform option

Given a recognised need to rationalise the qualifications system and dramatically reduce the number of qualifications, two alternative options for reform were considered in addition to franchising:

- Creation of a single national awarding organisation, on the model of many European countries.
- Encouraging FE colleges and other providers to gain accreditation as awarding organisations to develop their own qualifications locally.

The first option of a single awarding organisation has attractions, but realising that outcome from the current point of departure would be very difficult. A new single awarding organisation would only work if it could rely on the expertise of the existing awarding organisations, leading us towards a franchising model or something similar. The Education Committee of the House of Commons recently looked at multiple examination boards at the GCSE level, and concluded that moving to a franchised system would be potentially less disruptive than moving to a single awarding organisation (Education Committee, 2012).

A parallel example of organising a previously rather chaotic field of provision through franchising is given in Box 3.1. It concerns voluntary organisations providing employment services for people with disabilities in Australia.

Box 3.1 Experience with franchising: An example from Australia

In Australia, employment services for people with disabilities emerged from not-for-profit disability services and the disability consumer movement. Voluntary organisations were active in establishing sheltered workshops which, under public pressure, later received public support. This led to tensions between the government's desire for accountability and the notion that voluntary agencies were superior.

At the start of 2000s specialist employment services for people with disabilities were delivered from 819 different outlets, on a block-grant funding basis. A Business Services Review in 2000 reported that funding levels varied from roughly AUD 1 500 to AUD 30 000 per person, per annum (OECD, 2012). Block-grant funding was progressively replaced by case-based funding, and providers were selected through a tender process. The public sector organisation CRS Australia was the sole provider of government-funded Vocational Rehabilitation Services (VRS) until July 2007, when 18 new providers gained a third of the business following a tender process. In 2010 the different types of providers were all put under a common umbrella, the Disability Employment Service.

Evaluation suggested that the reform had improved administrative and operational practice for employment service providers, although some providers needed assistance with their financial situation. Providers (apart from those with a four or five-star rating) needed to submit tenders against a request for tender formally released in May 2012, open also to new entrants.

Source: OECD (2012), *Activating Jobseekers: How Australia Does It*, OECD Publishing.
doi: <http://dx.doi.org/10.1787/9789264185920-en>

The second option of empowering FE colleges to develop their own programmes is a model that works in many countries – for example in associate degree and certificate programmes in community colleges in the United States. But it is not clear that FE colleges currently have the capacity or will to pursue this route. Very few have yet sought to become awarding organisations themselves, although in principle they could do so. Moreover, if this option were to succeed it would involve a long transition involving two parallel systems in an even more crowded qualification market, as the colleges gradually take over responsibility for the development of qualifications from the awarding organisations. The multiplication of

qualifications during a transitional period would cause further employer disengagement – a compelling objection to this option.

Awarding organisations are deeply embedded in England’s education system and labour market, and they are rich in sector and subject expertise. Awarding organisations often have long histories, both pre-dating and outliving a continuous flow of government initiatives which can change the names and structure of vocational qualifications (Wolf, 2011). Franchising would concentrate subject expertise in the successful franchisee, encouraging a focus on the quality of qualifications and their associated teaching and assessment materials, rather than just meeting the minimum regulatory requirements.

Franchising would ensure competition between awarding organisations in order to gain the initial contracts. Franchise renewal would be based on historical performance, as well as future plans, and this would give incentives to sustain performance in the middle and latter years of their contract. A single awarding organisation by qualification would allow economies of scale to be realised, therefore lowering the costs of developing and delivering qualifications.

Careful implementation

Reform of the awarding organisations system is not easy. The point of departure is not a blank sheet, but rather one where most of the expertise necessary to establish and develop qualifications rests with the awarding organisations. Many of their qualifications have been successful, not just in England, but also around the world. Strategically these strengths need to be preserved, while moving to a vocational qualification system that is drastically simpler, and more attuned to the needs of employers and students. Under the proposed franchise system accredited awarding organisations would be invited to bid to provide and maintain qualifications in a particular vocational domain during a franchise period. The successful franchisee would then be the sole provider of government-funded qualifications in that domain during the franchise period. Other qualifications in that domain would therefore fall into disuse. To win the franchise the awarding organisation would need to demonstrate a commitment to close collaboration with employers in the further development and updating of the qualifications. Employers for their part would have incentives to collaborate with the franchisee, since the awarding organisation would be the sole provider of qualifications in that domain. Rather than FE colleges negotiating individually to buy the qualification the fees and costs of supporting nationwide provision would be bundled into the negotiated franchise.

In some cases such franchise competitions might lead to industry groups becoming awarding organisations, and obtaining the franchise to provide qualifications in their sector. Such industry groups would clearly be in a particularly strong position to demonstrate that their qualifications would be developed in consultation with relevant employers – recognising that any industry group, in order to win the franchise, would need to demonstrate a commitment to meeting the needs of all the employers in the sector (rather than just a subset of them or a small number of large employers). It would take some time for industry to develop relevant expertise in qualification design, but industry would have the incentive to do so if they were dissatisfied with the qualifications on offer from an existing awarding organisation. At the same time, in industry sectors where existing awarding organisations work hard to consult with and satisfy employers, industry might be content to leave the responsibility for qualification development to the relevant awarding organisation. Either outcome should yield qualifications which employers would see as “theirs”.

The Education Committee of the House of Commons identified many of the relevant implementation issues when considering a similar approach to GCSEs. They include:

- Government and regulatory input required to draw up and award contracts to providers.
- Resource implications for awarding organisations (in developing franchise bids).
- Impact on unsuccessful bidders and their future economic viability.
- Effect on pricing for FE colleges and other training providers.
- Impact on small qualifications that are currently cross-subsidised by large ones.

Recognising these challenges, a franchise arrangement would need to be phased in progressively, to sort out teething problems and allow time for the system to adjust. One option would be to launch the exercise as a pilot in one or two selected vocational domains – perhaps domains in which there is currently limited competition between awarding organisations - and evaluate the outcome before proceeding to roll out the franchise exercise across the entire range of vocational qualifications.

Formally this review is concerned with postsecondary VET in England, but it would make little sense to limit the application of this recommendation in this way, since the arguments apply more widely and limitation would not be practically feasible in any case. It would naturally be extended to the full range of vocational qualifications, and in Northern

Ireland and Wales, as well as in England (Scotland already operates with different arrangements).

Using curricular flexibility to build local employer engagement

In other countries, where qualifications are established centrally – for example by the *Länder* for *Fachschulen* postsecondary VET programmes in Germany, or in the central qualifications systems for postsecondary post high school programmes in Romania, there is often scope for a locally negotiated element – around 20% of the curriculum is determined by the individual *Fachschule* in Germany, and around 15% in the post high school in Romania. These arrangements balance the advantages of national consistency in qualifications with responsiveness to local employer needs and should be emulated in England. The Commission on Adult Vocational Teaching and Learning reached similar conclusions, recommending that vocational qualifications should include both a national core and a locally tailored element, giving employers a direct influence in shaping skills programmes and qualifications (BIS, 2012).

It is therefore proposed that as part of the broader reform of the qualifications system, a proportion of the curriculum associated with each qualification should not be established nationally, but should instead be determined locally by FE colleges in co-ordination with employers to reflect local interests. This provides a frame for local partnerships with employers, and may naturally be linked to workplace training agreements (as recommended in Chapter 4) and vocational teachers spending time in industry (see Chapter 5). It therefore forms an organic part of a set of interconnected recommendations designed to enhance local employer engagement, and yielding multiple benefits.

Notes

1. Not all recognised awarding organisations are solely focused on delivering qualifications. Some have moved into qualifications after being involved in related activities. Examples of this are when training providers, including colleges, start offering qualifications, or when employers with in-house training programmes that previously relied on assessment carried out by a separate body, start to offer their own qualifications.
2. Since 2011 the requirement for a qualification to be approved by a relevant SSC has been removed (UKCES, 2013).
3. 21 members including members nominated by trade unions, employers' association, regions, local government, representatives of managers and executives, among others.
4. Since the QCF has three different sizes (award, certificate and diploma), more qualifications were created to replace qualifications on the NQF, such as NVQs and VRQs (Ofqual, 2012).
5. With the exception of the cases when these meet legitimate niche needs.
6. City and Guilds and Edexcel offer by far the highest number of vocational qualifications of all providers, and have also the largest coverage of subjects areas, with Edexcel covering 13 and City and Guilds covering 12 subject areas. In 2006 it was estimated that 400 unrecognised organisations also potentially offer some competitive constraint (as future possible entrants) on accredited providers (Frontier Economics, 2010).
7. The SSCs have been more effective at getting large employers involved than smaller ones.
8. Following the suggestions made by the Heseltine report "No Stone Unturned" (Heseltine, 2012).

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Chapter 4

Enhancing workplace learning

Workplace learning, as an integrated element of vocational programmes, is a powerful tool for developing both hard and soft skills, for transitioning students into employment, engaging employers, and linking the mix of training provision to employer needs. In England, postsecondary vocational education and training (VET) programmes make limited and variable use of workplace training. Based on international experience this chapter recommends making quality workplace training a substantial and mandatory part of postsecondary VET programmes. This would not only have immediate learning benefits for the students, it would also help to link provision more closely to employer needs, and build local partnerships between colleges and employers.

The challenge

In OECD countries the evidence shows that workplace learning plays an essential role in high quality vocational programmes. At the same time, it is too often neglected, partly because education and training organisations find it easier to work on their own without having to involve employers, and partly because employers do not recognise the potential returns from offering work placements to students. Against that background, some challenges arise in England, since postsecondary VET programmes make variable use of workplace training and it is not subject to any systematic quality assurance.

Workplace training has multiple benefits

Workplace training is a powerful tool for developing both hard and soft skills, for transitioning students into employment, engaging employers, and linking the mix of training provision to employer needs. Workplaces provide a strong learning environment because they offer real on-the-job experience. This makes it easier to acquire both hard and soft skills. The acquisition of hard skills sometimes requires practical training on expensive equipment. Rapidly changing technologies mean that equipment quickly becomes obsolete and VET institutions are often unable to afford modern equipment. Workplace training will therefore often be cost-effective, since it makes use of equipment already available in firms. It also allows students to develop key soft skills – such as dealing with customers, teamwork, communication and negotiation – in a real-world environment (see Box 4.1 for an example from Korea) (OECD, 2010).

There are two main ways in which the investment of employers in internships can be recouped. One is because trainees undertake productive work. The other is that employers can use the work placement to select good recruits, saving them the substantial costs of recruitment exercises. While apprenticeships offer the fullest workplace training framework, college-based vocational programmes can also make full and constructive use of the workplace environment through substantial quality-assured internships. Such internships provide the crucial link between newly learnt theoretical knowledge and industry practice (OECD, 2010). The Wolf review, reviewing VET in England, also underlines the importance of supplying genuine work experience to students, in particular in further education (FE) colleges (Wolf, 2011).

Box 4.1 Workplace training in Korea

In Korea, companies often complain that young people are not ready for employment upon graduation (Grubb et al., 2006; Jung et al., 2004). According to a survey of 536 companies, new university graduates typically need over 20 months of training before they can do productive work (Park, 2007). Few students participate in workplace training during their programme and many end up paying for additional training from private training providers before they can find a job (Jung et al., 2004).

The Youth Job Experience programmes offer firm-based training to young students and young unemployed persons, with tertiary students accounting for 83% of participants. According to an evaluation, participants found a job more quickly after graduation and stayed longer in their first jobs than those who did not receive any work experience (OECD, 2007).

Source: OECD (2010), *Learning for Jobs*, OECD Reviews of Vocational Education and Training, OECD Publishing. doi: <http://dx.doi.org/10.1787/9789264087460-en>.

In England, studies of the relationship between work placements in “sandwich” courses, (where a substantial internship is “sandwiched” between two periods of more academic teaching) and subsequent short-term employment outcomes report that sandwich students are advantaged in the labour market; at least in the early part of their careers (Mason et al., 2003). Employers tend to have positive views about graduates who have undertaken periods of work experience during an undergraduate programme as they are seen to have acquired communication, and team-working skills, alongside an awareness of workplace culture (Little and Harvey, 2006).

The use of workplace training is variable and may be declining

While it seems that workplace training is common in some foundation degrees¹ (Gallacher, Ingram and Reeve, 2008), it is normally voluntary for the students – taking place in summer holidays. Due to a lack of data it is difficult to assess the full extent to which students participated in work placements as part of their course work (Centre for Higher Education Research and Information and the Centre for Research into Quality, 2002). This lack of data reflects the fact that work placements are seen as something optional and additional, rather than a core requirement of a high quality vocational qualification.

In certain subjects, like computing and commerce, placements (in particular sandwich courses) are common² (Little and Harvey, 2006). But there is some evidence of a decline in the use of work placements in certain

programmes. Little and Harvey (2006), on behalf of the Higher Education Funding Council in England (HEFCE), carried out an analysis of student numbers on six-month or year-long placements and showed that between 1999 and 2004/2005, the number of students in “sandwich” programmes³ (comprising a six-month to one-year placement) declined by a third: from almost 29 000 to 20 400 in 2004–05. The authors found this surprising given that “sandwich” programmes, with a strong work placement component, were once seen as a distinctive characteristic of undergraduate provision in the former polytechnics (Little and Harvey, 2006).

Workplace training lacks sufficient quality assurance

Experience from a range of countries reveals that when quality standards are not clearly set and links between workplace and classroom training are not explicitly made, it is harder to realise the full advantages of workplace training. Companies can be motivated to use interns and apprentices for productive purposes at the expense of training quality, or pursue firm-specific skills without regard to more transferable skills (OECD, 2010).

In England, as there is no general framework for the placement of students in workplaces, quality assurance mechanisms are discretionary and depend on the approach of individual institutions. A small survey of 41 foundation degree students found that in most cases the students themselves had negotiated the conditions and goals of the placements with the employer, with little involvement from the educational institution (Yorke, 2010).

A study of work placements in the retail sector in the South East of England suggests that students attribute the problems that sometimes arise to a lack of clear guidelines for both the employer and the student. In addition to “sandwich year” placements, forms of work experience cited by interviewees were diverse, from one year to very short placements – usually in the period before Christmas. Within institutions, work experience could be of a range of durations with no fixed standards in place (Ball et al., 2006).

One very important aspect of workplace training quality is the skills and preparation of those who supervise the trainees. A survey of students that had completed a placement in industry found that one-quarter of the respondents observed that they had never been clear about what they had been supposed to do, and the same proportion of students said they had received no feedback about their work during the placement (Yorke, 2010). The study on work placements in the retail sector also highlights a low level of supervision (Ball, et al., 2006). One possible explanation is that the tradition of training in the workplace in England is relatively weak as most of the training is done by external supervisors, and therefore employers are

often not used to managing students on placements. The Wolf review observed that institutions often reported difficulties in organising placements for students in co-ordination with employers (Wolf, 2011), and stakeholders in FE colleges reported similar difficulties to the OECD Skills beyond School review team.

In summary

In summary therefore, despite the very well-established role of workplace training as a key element in high quality vocational programmes, England makes weak and declining use of this option in postsecondary programmes, and does not support it with systematic quality assurance.

Recommendation: Implement mandatory workplace training and ensure its quality

Supporting arguments

Make quality workplace training a substantial and mandatory part of postsecondary VET programmes. Build local partnerships between employers and FE colleges to this end.

This recommendation is supported by three arguments. First, mandatory work placements provide incentives for vocational institutions and employers to form effective partnerships, with a wide range of benefits. Second, a wide range of international experience demonstrates the feasibility and benefits of the mandatory principle. Third, to reap the full benefits, it is important to carefully design work placements and the associated quality assurance.

Establishing partnerships between education and training institutions and employers

Many institutions tend to operate in silos, and education and training institutions are no exception. Reaching out to employers means breaking out of these silos. It also means overcoming a natural resistance on the part of classroom teachers to the idea that students can learn much in the workplace that they cannot learn so readily in the class room. So institutions need strong incentives to establish the partnerships with employers that facilitate an effective workplace learning element in programmes. Employers also need incentives. Sometimes employers believe (often wrongly) that offering work placements is an unnecessary cost, that they can reasonably avoid,

while still benefiting by recruiting from the graduates of a vocational programme.

Against this background, making work placements mandatory can operate as a game-changer. It means that programmes will only be funded when training institutions develop and maintain the active partnerships that support work placements. Under these conditions FE colleges will see employer partnerships as central to their mission, while employers will see that, unless they are willing to offer work placements, the programme from which they draw their recruits may close or contract, and government funding shift to another sector, or another region. Many currently reluctant employers will choose to offer work placements under these conditions, assuming that they value the training programmes. Potentially it also means that some programmes which are of little interest to employers may need to consider reducing training places, or even close. This gives employers a desirable influence over the mix of training provision, allied with the principle that the greatest influence goes to those employers that are prepared to contribute most, by way of the offer of work placements.

This recommendation may be easier to implement in some sectors and/or certain geographical areas, and therefore implementation can be progressive. One option would be to pilot this initiative in a specific sector where employers report skill shortages. Some evidence points to an untapped capacity among employers to offer placements (UKCES, 2013).

This framework of local employer partnerships and local employer influence over provision should both reinforce and be reinforced by the recommendation of Chapter 3 - that vocational qualifications should allow for a locally negotiated element of the curriculum, as a means of encouraging local employer engagement. Locally, employers may reasonably ask for some adjustments to the curriculum to reflect their needs, and they may reasonably be asked, in return, to offer work placements in pursuit of that curriculum.

The establishment of such partnerships linked to workplace learning would bring significant benefits, including, of course, the immediate learning benefits to students, but also other benefits well beyond this. They would encourage the mix of provision to closely reflect labour market needs, help to familiarise employers with vocational programmes and qualifications, and help teachers of vocational subjects to keep up-to-date (see Chapter 5). Collectively this should help to build a new culture of partnerships with employers in the delivery of vocational education and training, a culture which is found in the world's strongest skills systems.

International experience with mandatory internships

A number of countries, such as Spain, Romania and Denmark, and more recently Sweden, have effectively transitioned their postsecondary VET systems to ones involving mandatory workplace training. In Spain, in both upper secondary and postsecondary programmes, workplace training normally takes place through a compulsory three-month module at the end of the programmes (Field, Kis and Kuczera, 2012).

In Sweden, all two-year higher (postsecondary) vocational programmes have a considerable amount of work-based learning (at least 25% of total programme hours), usually in several blocks. This work-based component facilitates good co-operation between education providers and employers, and are designed so that students apply concepts learned in the study programme at the workplace, with specific attention given to the links between theory and practice. The education provider is responsible for quality assurance of the selected workplace programme and many education providers choose to appoint a placement co-ordinator to facilitate the process (Ministry of Education and Research Sweden, 2013).

In Denmark, work placement has been mandatory⁴ in all programmes since August 2009, to ensure that all programmes are professionally oriented and of relevance for the employers and thus the students. All “academy” postsecondary two-year programmes include three months of workplace training and all professional bachelor programmes, include at least six months workplace training. See Box 4.2 for more information on quality assurance mechanisms (Danish Agency for Higher Education and Educational Support, 2012).

Ensuring quality in workplace training

To reap the full benefits, work placements have to be of high quality. When implementing work placements, several elements have to be taken into account. Very short internships raise efficiency issues, since students and employers face the transition costs of introducing themselves to the workplace and learning the basics of the tasks at hand. Low skilled tasks are sometimes allocated to students (OECD, 2010). In England, the Wolf review encouraged FE colleges to favour longer internships, especially at the higher levels (Wolf, 2011).

Quality assurance mechanisms help align learning goals at the workplace with the programme curriculum. A support framework can also encourage companies to offer internships by clarifying roles and responsibilities for each party (see Box 4.2 for an example of Switzerland). In England, it would be important to define the employer’s role clearly. In some countries like Germany and Austria, workplace training supervisors

are required to have formal pedagogical qualifications. In the English context a more gradual approach may be more appropriate, bearing in mind the risk of creating an obstacle to employer engagement in workplace training if they perceive it as too time-consuming and resource-intensive. But higher quality training can also increase the benefits of practical training to firms since better trained supervisors will help trainees to be more productive. It can also have spill-over benefits since the competences acquired tend to be shared among colleagues (Kis, Hoeckel and Santiago, 2012).

Box 4.2 Quality assurance in workplace training in Denmark and Switzerland

In Switzerland, quality in postsecondary Professional Education and Training (PET) is controlled at two levels. Host companies are responsible for checking the progress of students. To help companies improve quality, the Swiss Conference of VET/PET Agencies and employers', employees' and trade associations created the QualiCarte project. It provides a checklist of 28 quality criteria describing key aspects of workplace training (including the engagement of the company, particular aspects of the initial phase of the training and the subsequent training process). These criteria are used by companies for self-assessment. Cantonal authorities control the quality of workplace training by issuing licences, which host companies must obtain to provide workplace training to students. To acquire a licence, companies must meet technical and staff criteria, and demonstrate that their training programme complies with quality standards and the content of training matches the needs of the occupation.

In Denmark, quality assurance mechanisms for workplace training in postsecondary programmes have three key features:

- The quality assurance process is built into the work placement arrangements: these are a decisive factor for the accreditation of new programmes by the Danish Evaluation Institute.
- Attention is given to making these placements as useful as possible for both VET programmes and employers and the analysis of those links forms part of the accreditation process by the Danish Evaluation Institute.
- The work placement arrangements are designed to be closely linked to learning outcomes. Subsequently to their placement, students report back to their institutions and they are assessed to see if they have met their learning objectives. To ensure this, each student has a teacher or a supervisor for guidance.

Source: OPET (2008), Vocational and Professional Education and Training in Switzerland, National report from Switzerland contributing to the OECD Review of VET, "Learning for Jobs"; Field, S., et al. (2012), *A Skills beyond School Review of Denmark*, OECD Reviews of Vocational Education and Training, OECD Publishing.
doi: <http://dx.doi.org/10.1787/9789264173668-en>

Notes

1. QQA define work-based learning as being a fundamental part of foundation degrees but the scope of what is meant by that is very wide, and give no indication about placements in industry.
2. Based on 82 interviews with university students who had recently returned from placements.
3. In first-degree students taking-up placements in any one year in both pre-and post-1992 universities.
4. Since most of the professional bachelor programmes already had work placement before August 2009, implementing mandatory work placement has mostly been a challenge for the Academies of Professional Higher Education in the form of making new guidelines, adjusting programme regulations, and organising work placements.

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Chapter 5

Developing the workforce in further education colleges

The preparation of vocational teachers needs to balance pedagogical requirements with the need for teachers of professional skills to have a full grasp of those skills and for them to keep abreast of developments in their professional field. This issue is very topical given a sequence of reviews of qualification requirements for teachers in further education (FE) colleges. This chapter argues that the qualification requirements set for teachers should encourage a career path helping people with valuable industry experience to enter teaching either full or part-time. Effective mentoring and induction schemes can provide support for new teachers. Local partnerships between FE colleges and employer, as promoted through recommendations in previous chapters, can also sustain and update teachers' knowledge of modern industry.

The challenge

In recent years, notably but not only, because of the Lingfield review process, there has been extensive discussion of the professional training and development of lecturers, teachers and trainers¹ working in further education. While further education also employs many general academic teachers, this chapter looks specifically at the teachers of vocational programmes.

The quality of the teaching and training profession is as critical in vocational programmes as it is in general education (OECD, 2010). Often there are challenges in meeting the demanding twin requirements of pedagogical skills, and practical professional expertise. While most countries require vocational teachers to have pedagogical preparation, as well as practical experience in their specialism, keeping abreast of developments in workplace technology and working practices is often more difficult. This issue is typically addressed in two ways. First, part-time working arrangements, with practitioners continuing to work in their field while also working as vocational teachers, has obvious attractions in terms of the industry knowledge and skills they bring to the profession. Second, directly recruiting practitioners from industry in mid-career is useful. Both strategies require a suitably flexible framework of pedagogical preparation suitable to persons in this position (rather than one merely adapted to younger entrants to the profession).

In England three main challenges may be identified. First, teacher preparation needs to get the right balance of pedagogical training and competence in the relevant profession. Second, the formal requirements for teacher qualifications should not create obstacles to the recruitment of those with significant industry experience. Third, teacher preparation needs to reflect the particular needs of those who are going to teach vocational, rather than academic programmes.

Balance of pedagogical preparation and professional competence

Over the last ten years the system for training further education teachers in England has been the subject of multiple reviews and continuous reform (UKCES, 2013). Prior to 2001, there were no national regulations covering the pedagogical preparation of the roughly 120 000 teachers in further education colleges (BIS, 2012). Many of the teaching staff in vocational programmes were appointed on the basis of their own professional skills and knowledge and while some training programmes were voluntarily pursued

by teachers, only around 40% of them had taken a formal course of teacher training (Lucas, Nasta and Roger, 2012).

Since 2002, new teachers in FE colleges have been required to take an approved teaching qualification (see Box 5.1 for a brief overview), developed by higher education institutions and awarding organisations.² In 2007, a new set of regulations was implemented, the aim being to create a national system for initial training qualifications in further education comparable to that operating in the schools sector and designed to raise the professional status of FE teachers (Lucas, Nasta and Roger, 2012). From 2008, all teaching and training staff have been required to join the Institute for Learning and to maintain their “licence to practise” (Qualified Teacher Learning and Skills (QTLS)) through at least 30 hours of continuing professional development (per year). These qualifications grant a licence to teach both academic and vocational subjects in further education. New staff are required to obtain a recognised qualification within the first year of starting. All staff were given five years (to the end of 2012) to comply with these requirements.

Box 5.1 Qualifications for FE teachers

The qualifications structure includes three qualifications: an initial qualification, “Preparing to Teach in the Lifelong Learning Sector (PTLLS)”; the “Certificate in Teaching in the Lifelong Learning Sector (CTLLS)”; and the “Diploma in Teaching in the Lifelong Learning Sector (DTLLS)”. CTLLS was designed for a category of teachers, known as associate teachers, seen as having a narrower role in the design of curricula, teaching materials and assessment. DTLLS was for full or part-time teachers and other staff with wide responsibilities for teaching, managing courses and supporting students.

These qualifications can be studied at different academic levels. For instance, PTLLS could be offered at levels 3 and 4. The units of assessment for DTLLS were set at levels 4 and 5 with the overall qualification awarded at level 5.

Source: Lucas N., T. Nasta and L. Rogers (2012), “From fragmentation to chaos? The regulation of initial teacher training in further education”, *British Educational Research Journal*, Vol. 38, No. 4.

These post-2007 requirements have been subject to criticism, with some arguing that an over-complex set of qualifications, and the multiplicity of bodies providing them were causing confusion among teachers and FE college leaders.³ Many FE colleges were not willing to bear the training costs, and often teachers have had to take the courses during their own time, and pay the fees themselves.⁴ The system of qualifications and credits is not consistent among teacher training providers and there are concerns about

overall quality (Lucas, Nasta and Roger, 2012; Lingfield, 2012a). Even though almost 77% of teaching staff now hold some form of teaching qualification, only about 15% of teachers have attained “fully qualified” status or committed themselves to the programme of post-qualification study and supervised practice required to achieve it in 2012 (BIS, 2012).

Box 5.2 The Lingfield review of the FE college workforce

Lord Lingfield’s review of professionalism in FE was asked to consider the appropriateness and effectiveness of current arrangements to regulate and facilitate the professionalism of the FE workforce, and to make recommendations on how these should be changed or improved. Recommendations include (October 2012):

- The 2007 regulations should be revoked and replaced by a largely voluntary regime of in-service advanced practitioner training and continuous professional development for lecturers.
- All entrants to FE teaching should take an induction course.
- The qualifications required to teach should be at the discretion of employers (FE colleges).
- The Office for Standards in Education, Children’s Services and Skills (Ofsted) should inspect providers to ensure that their training and continuing professional development is adequate.

Source: UK Commission for Employment and Skills (UKCES) (2013), *OECD Review: Skills beyond School. Background Report for England. Briefing Paper February 2013*. UK Commission for Employment and Skills. www.ukces.org.uk/publications/oecd-skills-beyond-school-england; Lingfield, R. (2012b), *Professionalism in further education: final report of the independent review panel*, established by the Minister of State for Further Education, Skills and Lifelong Learning.

Against that background, the Lingfield review of professionalism in FE, published in October 2012 (see Box 5.2) argued that the system of regulatory compulsion was unworkable and should be abandoned. The government accepted this recommendation and revoked the requirement to obtain the “licence to practise” within five years and to complete 30 hours per year of professional development to maintain this licence. The core requirements for minimum qualifications will be retained for the 2012/13 academic year. Further legislation is expected in 2013 in the light of the final Lingfield report, the outcomes of the review of teaching qualifications to be undertaken by the Learning and Skills Improvement Service (LSIS, 2013) and any relevant recommendations advanced by the Commission on Adult Vocational Teaching and Learning (BIS, 2012).

Obstacles preventing people from industry from moving into teaching

There is some evidence that the current requirements for teacher qualifications and licences to practise have acted as a barrier to the recruitment of teaching staff with useful industry experience, especially in certain vocational sectors where there is steady demand such as construction, motor vehicle engineering and catering (Skills Commission, 2010; BIS, 2012). Currently, the requirements for part-time teachers are the same as for full-timers: they have to achieve the PTLLS within the first year of teaching, regardless of the number of hours an individual teaches for. This is unfortunate because part-time teachers, when they also work part-time in industry can play a very important role in linking teaching with up-to-date industry experience (OECD, 2010). It also limits the opportunity for future recruitment in response to an anticipated wave of retirements: 20% of the FE workforce will reach the age of 65 by 2020 (Skills Commission, 2010).

Initial training may not meet the needs of vocational teachers

Initial teacher training programmes were described in contributions to the Lingfield review as too generic and theoretical, and insufficiently related to the professional and occupational expertise of college lecturers (Lingfield, 2012a). In contrast to secondary school initial teacher training, where trainees are grouped by subject, programmes for FE teachers cater for a huge diversity of trainees and subject and occupational areas. Programmes designed to teach people how to go about conveying practical and vocational skills are rarely available. Lucas, Nasta and Roger (2012) draw on a survey of universities delivering teacher qualifications for FE teachers, to point to the difficulties FE teacher-educators have experienced in providing adequate support for trainees. In their sample, trainees were dependent on the support of specialist mentors who observed them teach and gave wider guidance, but dedicated mentors with enough time to devote to the development of trainees' subject pedagogy were the exception rather than the norm. Among the barriers to professional development were the fragmented and impoverished professional identity of FE teachers and an often tense and pressurised workplace environment.

A decade ago, a major national Ofsted survey of FE teacher education (2003) reported that FE teachers received too little effective mentoring, and that insufficient observation and feedback on their teaching was restricting their ability to improve their subject-specific pedagogical skills (Ofsted, 2003). Similarly, Bathmaker and Avis (2005) studied students from one-year FE teacher training programmes⁵ during their work placements in

colleges, and concluded that new FE teachers often felt marginalised and exploited, with poor working conditions, inadequate resources and a perceived lack of management support. They found that what they had learnt in their initial teacher education did not match practice, and often had a negative view of existing lecturers (Bathmaker and Avis, 2005).

The commitment of FE colleges to the development of their staff is very uneven:⁶ many FE colleges seem to offer little financial support or release time for their staff even when they are undertaking mandatory teacher training. Currently, most of the responsibility appears to lie with the teacher, and little with the employer (Lucas and Unwin, 2009).

Recommendation: Pursue reforms to ensure a good balance between pedagogical skills and up-to-date industry experience in the FE workforce

Pursue reform of further education college teacher qualification requirements to ensure a good balance between pedagogical skills and up-to-date industry experience. Encourage people with valuable industry experience to enter teaching either full or part-time and promote skills updating. Support teachers new to the profession with effective mentoring and induction. Use local partnerships between FE colleges and employers to sustain and update knowledge of modern industry.

Supporting arguments

Four arguments support this recommendation. First, regulations should offer FE colleges the flexibility and encouragement to employ people from industry, rather than to act as a barrier to it. Second, part-time options for teachers should be actively promoted since they allow colleges to benefit from industry knowledge and manage their provision more flexibly. Third, for teachers in vocational programmes, pedagogical preparation should be more closely linked to vocational teaching, and professional development should be encouraged throughout teaching careers. Fourth, local partnerships between FE colleges and employers can help to keep teacher knowledge of industry up-to-date.

Designing flexible programmes for entry into teaching and regular upskilling

Teacher preparation needs to reflect a good balance of up-to-date industry knowledge and pedagogical training. Allowing skilled workers to

acquire their pedagogical competences in a flexible way (e.g. through distance learning) helps to encourage them to practice as vocational teachers/trainers. In Ireland, for example, trainers working in the National Training and Employment Authority (FÁS) may obtain the required pedagogical qualification by attending one or two-day workshops (OECD, 2010).

In Korea, vocational teachers have strong academic and pedagogical preparation, but often lack practical work experience in their field. The OECD review recommended recruiting VET teachers that have relevant prior work experience, and requiring all vocational institutions to ensure that VET teachers regularly update their skills in the vocational area, including their knowledge of technologies and working practices (Kuczera, Kis and Wurzburg, 2009).

The Lingfield review suggests that creating a FE Guild (that would underline the sector's unity while recognising its diversity) could allow the workforce to agree on the amount and the type of professional development obligatory among teachers, and the corresponding obligation on training providers to support such development (Lingfield, 2012b). Lingfield suggests that the Guild should explore with employers' and employees' representatives how teachers can stay up-to-date, mentioning the example of Canada, where many staff members continue to work in their field, and where there is an informal understanding that every five years a teacher obtains a one-year release to go into industry (Lingfield, 2012b). The OECD would support this approach.

Teachers in FE colleges may have heavy workloads and heavy bureaucratic demands (Lucas and Unwin, 2009). But given the benefits of updating the vocational skills of teachers, it is important to ensure that as many teachers as possible benefit from such opportunities. In China, for example, teachers in vocational schools are required to spend one month a year in industry (Kuczera and Field, 2010). Participation in regular skills updating may be encouraged by offering release time from teaching and/or including it as a criterion in individual performance evaluation and career advancement. FE colleges need to be willing to support their teachers in achieving this.

Promoting part-time teaching

The recruitment of part-time teachers can be particularly helpful, because these teachers, when they also continue to work part-time in industry, remain in close touch with the changing needs of the modern workplace. This pattern of working may also appeal to those who wish to develop a career as a teacher but retain a job in industry (OECD, 2010).

Part-time staff bring high quality practical experience that benefits not only students, but also fellow teachers, contributing to skills-updating more broadly (OECD, 2010). It is therefore important that highly skilled and experienced professionals are able to move into teaching - either full or part-time - without having to overcome too many regulatory obstacles, or undertake unnecessary qualifications that may lack relevance to the course they are teaching. Some countries provide a framework in which part-time teachers require pedagogical training but much less than full-time teaching staff, facilitating the use of part-time staff (Field et al., 2012).

In England training and qualification criteria should be reviewed to ensure that they do not create barriers to part-time teaching. A larger role for part-time teachers would also allow FE colleges to adjust their provision more flexibly in response to swings in labour market as well as student demand. As the shortage of teachers is acute in some professions already and is likely to worsen in the future with a wave of retirements, more flexibility in staffing arrangements would help to alleviate skills shortages. For example, in Norway, VET institutions and local employers co-operate to ensure an adequate supply of vocational trainers (OECD, 2010).

Similarly, the Commission on Adult Vocational Teaching and Learning recommends that teachers should develop their “dual professional” expertise, combining occupational and pedagogical expertise. The Commission refer to “Teach Too”, a scheme designed to encourage experienced professionals to enter teaching (BIS, 2012).

Adapting pedagogical training to the vocational teacher

As in general education, the quality of teachers is the most critical factor in effective learning in vocational programmes. Even though the option to enter the teaching profession without formal pedagogical training removes one obstacle to potential applicants who are employed in industry, having the right pedagogical skills is important, so teachers can transmit their skills and knowledge to students (OECD, 2010).

In England, many vocational teachers have limited preparation in how to convey practical skills. The training for teachers in FE colleges (both initial and continuous) is more focused on generic pedagogical skills, and as a result, some teachers start teaching without the skills needed to transmit their vocational knowledge to students. There are some requirements defined by awarding organisations about the characteristics of the FE college workforce, but these are not transparent.

This is a challenge that has to be addressed in many countries: in Mexico for example, where the pedagogical preparation of some VET

teachers was insufficient, the OECD review team recommended that VET teachers should receive pedagogical training before or shortly after entering the profession and requiring schools to develop strategies to update the vocational skills of their staff (Kis, Hoeckel and Santiago, 2012). In Switzerland, VET teachers and trainers in professional colleges are well prepared both in their profession and pedagogically. They are required to have a professional college degree or a higher education degree, or an equivalent qualification in their chosen field. The Swiss Federal Institute for Vocational Education and Training provides basic and continuing training for teachers and assessors. The supply of well-trained teachers and trainers is underpinned by flexible arrangements to blend work in the profession with teaching (Fazekas and Field, 2013).

Although no substitute for pedagogical training, induction programmes may also be helpful for teachers who start teaching without any pedagogical preparation. Currently, relatively few colleges have mentoring schemes that provide support to trainees from more experienced colleagues or allow newcomers to have reduced teaching loads to spend more time on professional development activities (Lucas and Unwin, 2009). Research shows that professional development activities that have the most positive impact on teachers' practices are the ones that allow more interaction among teachers, and that provide them with the opportunity to evaluate their own work, through for example peer-review, mentoring, lesson studies, and extended workshops (Musset, 2010).

Using local partnerships with employers to sustain and develop teachers' understanding of industry

Chapter 3 of this report recommended local flexibility in curricula to encourage partnerships between FE colleges and employers. Chapter 4 proposed mandatory workplace training, involving substantial efforts to improve linkages between colleges and employers. One advantage of these initiatives is that they will naturally involve teachers in developing and updating their knowledge of modern industry. Implementation of these recommendations would therefore make it easier to sustain the industry knowledge of teachers. Conversely, teachers that are more knowledgeable about modern industry will more readily and effectively build elements into the curriculum that are appropriate for local employers. The same knowledge and the curricular adjustment will help them to negotiate work placements for their students with local employers. So the recommendations in this review form a mutually reinforcing package.

Notes

1. Teachers teaching in the FE colleges are usually referred to as lecturers and those teaching work-based learning are normally called trainers. In this chapter both categories will be referred to as “teachers”.
2. Potential course providers must go through a process of awarding organisation validation before they can offer the qualification. The validation process differs slightly between different awarding organisations, but will involve submission of a course proposal, generally a visit from a representative of the awarding organisations to check the learning environment and the facilities available to course students. Awarding organisations also need to check the qualifications and experience of the teacher training and teaching practice observation teams, and usually require details of who will take the lead in assessing the course, and who will act as the centre’s “verifier” or “moderator”.
3. These included DTLLS at level 5, Certificate in Education (Cert. Ed.) offered at levels 4, 5 and 6, Professional Graduate Certification in Education (PgCE) at level 6, and Post Graduate Certification in Education (PGCE) at level 7, but with variation in the number of Masters (M) level credits required: in one institution 40 M level credits were required, whereas in another the requirement was for 60 M level credits.
4. The review team heard about unpublished survey data that showed that 60% were paying for themselves and doing it in their own time.
5. The survey took place in the academic year 1999-2000 in which 43 students in initial teacher training programmes participated. They spent two days a week in their placement FE college.
6. Legislation was passed in 2007 introducing minimum requirements for the amount of professional development to be completed by full-time teachers in FE colleges (30 hours per year). FE teachers, who participated in a survey about their development, highlighted the failure to recognise that effective learning for teachers and trainers is personalised and differentiated. The survey suggested that sessions were often planned with no consultation with staff, or recognition of their current knowledge or needs (IfL, 2012).

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Further reading

OECD (2010), *Learning for Jobs*, OECD Reviews of Vocational Education and Training, OECD Publishing.

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