

A report by the Skills Commission

‘GOOGLE, WIKI  
& MCKINSEY  
COLLEGES?’

**SPECIALISATION**

**IN PUBLIC**

**AND PRIVATE**

**FURTHER EDUCATION**



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# FOREWORD

## Facing up to the new economic reality

Over the last five years the Skills Commission has examined all of the big skills issues – apprenticeships, teacher training, vocational and technical education, and information, advice and guidance. In each case, we have focused on a specific area of policy and developed a targeted set of recommendations.

This inquiry has been different. In many ways it brings together all that we have learnt over the last few years and sets out a bold vision for the future of our sector.

This vision necessitates making a series of tough and strategic choices about what our sector should do, not just in the coming years, but in the coming decades. In making these choices, we believe we must face up to the new economic reality. A reality of declining public sector investment, bigger and better competitors from around the world, and an increasingly competitive jobs market for people of all ages.

This paper sets out our vision. It is inspired by the best we have seen and heard from across the further education sector. Whilst ambitious and challenging, our recommendations are firmly rooted in our sector's long and proud tradition of vocational and technical education, and seek not to invent new structures, but to build on best practice.

Baroness Sharp's recent inquiry has provided the philosophical foundations upon which we seek to build. Colleges must always be at the heart of their community. This paper focuses on one aspect of this – the economic community. Lord Lingfield's review of professionalism has also reminded us that whilst we are a diverse sector, we must also have a clear and focused mission.


In examining specialisation we have sought to understand how it can help improve educational and employment outcomes for learners and how it can act as a catalyst for productive partnerships between employers and providers. Indeed we believe the future of our sector depends on collaboration: a shared endeavour between all those that have a stake in it. We have also considered how further specialisation within our sector can help to reposition colleges as part of the UK's innovation infrastructure – it's not just universities that are leading-edge.

We do not argue that specialisation should be universal in its application, and we do not believe that specialisation is an answer to all the challenges our sector faces. However, our examination of specialisation has revealed it to be a key agent in the development of employer-led provision. We believe specialisation warrants further consideration by policymakers and practitioners.

This paper champions the best of what our sector has to offer, but also challenges it to do more. We do this so that in years to come further education will continue to be the strong, inclusive and admired part of our education system that it is today.



Barry Sheerman MP  
Co-Chair, Skills Commission



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# INTRODUCTION

## Reimagining our vocational and technical specialism

Almost two decades after the incorporation of further education (FE) colleges, we are entering a whole new educational world. It's 1993 all over again as colleges are being afforded the space to make their own choices about what they do, and how they do it. The Coalition Government is tearing down the regulatory and supply-side wall and opening up the FE sector to a range of new providers.

This raises a fundamental question: what does the sector do with this new endowment of freedoms? In a fiscally constrained, devolved and globalised education system, what is the place and purpose of an FE provider? What role should a college play compared to that of a school or university? Do they need a clear identity and focused mission – less department store and more boutique? Does FE need a new set of strategic objectives?

With new freedoms, come new choices, new responsibilities, and the need for locally driven strategy. Seven years ago Sir Andrew Foster called for a 'purpose imperative' so that the FE sector could 'realise its potential'. More recently, Lord Lingfield has argued that the sector must prioritise its role delivering vocational education over other provision such as remedial and community education. This paper seeks to revisit Sir Andrew's call and build on Lord Lingfield's recommendation.

This inquiry has identified the cultures, concepts and characteristics of specialisation within public and private FE, and considered what impact they have on educational and employment outcomes for learners. We found that a spectrum of specialisation exists within our FE system – from institutional specialisation to within-college specialisms, and more in between.

A common characteristic that united many examples of specialisation was its generative capacity – its ability to foster better reputations, attract employers, improve quality of provision, and ignite the passions of learners. In many examples, specialisation also exhibited a multiplier effect, developing and enhancing existing good practice.

It is vital that the sector finds new ways to manage declining public sector investment and move to a distributed funding model; we need to maintain and develop our infrastructure and facilities so that they are fit for a twenty-first century purpose; we need to find new mechanisms to help providers work more collaboratively with employers; and we must ensure that our teaching and training is firmly rooted in the needs of local labour markets and helps individuals to find a job.

We believe that a better understanding of specialisation and its effects can help provide solutions to these challenges.

In making our proposals, we are not seeking to challenge the fundamental character and personality of our college and training sector. Colleges and training providers are servants of the people, and will always be more Big Society than big business. Neither are we suggesting that through specialisation the FE sector, its institutions, and its learners should become one-dimensional. However, as the public sector and educational providers attempt to do more with less, we need to think seriously about the place and purpose of FE.

We believe that this place is firmly rooted in both a social and economic definition of community and both the public and private sectors: a new shared space, where providers and employers engage in a meaningful and symbiotic way. And we believe that this purpose is to provide education and training that will help people into work.

The Coalition Government has outlined a clear vision for schools and universities. We need to do the same for FE and find our own place, purpose and identity. We need to rediscover our vocational and technical heritage, and reimagine this educational specialism for the twenty-first century.

# UNDERSTANDING SPECIALISATION

## Concepts, cultures and characteristics

The purpose of this inquiry has been to explore and examine the concepts, cultures and characteristics of specialisation in public and private further education (FE) and consider whether specialisation can improve educational and job outcomes for learners.

The Commission has set out to identify and understand the different varieties and models of specialisation that exist across the FE sector, evaluate the strengths and weaknesses of these models in the context of a new devolved and fiscally constrained policy landscape, and consider what strategic guidance can be developed.

Historically, specialisation has been limited in its breadth and variety. Its two principal categories have been those that are subject-based, such as specialist technical colleges, and age-based, such as sixth form colleges. The Commission recognises the historic criticisms of these types of specialisation. Participants have drawn our attention to the fact that specialist colleges have often evolved into general FE colleges. Many of the Victorian technical institutes, for example, later became more general educational institutions as their specialist focus became unsustainable due to changing industrial demand.<sup>1</sup> Others have argued from the individual level, suggesting that specialisation can narrow an individual's educational and career options. Participants have also highlighted the inconclusive and limited evidence base to support specialisation, questioned its impact on quality, as well as its cost-effectiveness.

The Commission would like to draw a distinction between these and the contemporary models we have examined during our inquiry, whilst still remaining sensitive to the criticisms we have outlined. We do so because we believe that today specialisation encompasses a much broader spectrum of types.

## VARIETIES OF SPECIALISATION

A common model of specialisation is specialisation as institutional structure. This type includes specialist institutions focused on delivering provision targeted at one or a limited number of sectors. Today, this type includes land-based colleges, dance and drama colleges, and arts colleges. In other examples, specialisation is best understood in a relational sense, as a partnership between different

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<sup>1</sup> Adrian Perry, *If I were you I wouldn't start from here* (2005)



organisations. This could include colleges working with a large employer to deliver training and workforce development, or a college and independent provider collaborating to provide a particular vocational qualification. In these cases organisations have collaborated in order to benefit from each other's expertise, perhaps in a specific pedagogical technique or niche training practice. A different form is specialisation as strategy, which might include a college or provider working with a Local Enterprise Partnership on an agreed economic objective. In another articulation, specialisation can be understood as a culture that drives and permeates a particular institution. In this example, it is necessary to understand the values that underpin the institution and how they impact on staff and learner motivation. It is also possible to distinguish between these variations by their sustainability – some were no more than short-lived initiatives, others substantive and enduring partnerships.

Our investigation has revealed specialisation's diversity and complexity. It is sometimes *ad hoc* and organic in nature, and in many contemporary forms inherently dynamic – an iterative and reciprocal process between providers and employers (this is in contrast to some previous government-led initiatives which have been centrally directed and reliant upon state funding). The provision found in these cases was defined by meaningful and ongoing engagement from employers, where the boundaries between provider and consumer often became blurred, a 'revolving door' between colleges and employers was established, and a new public-private space was created.

## A SPECTRUM OF SPECIALISATION

### Specialist institutions

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At one end of the specialisation spectrum are specialist institutions such as land-based and agricultural colleges. These institutions are often mono-technics, and usually have deep historic links with the sector. They have clear and recognisable brands which act as a significant pull to employers and learners. They can be dynamic places of learning, with extensive exchange of knowledge and practice between teachers, highly motivated student bodies, and long-term engagement from employers.

The Commission was struck by the learning cultures that had been developed at specialist institutions such as the University of the Arts London. We found institutional commitment to the professional development of teachers, innovation in areas such as qualification development through the establishment of a specialist awarding body, excellent links with international arts organisations and providers, and a cultural commitment to the arts which permeated the institution, its teachers and learners.

An altogether different type of specialist institution examined by the Commission was the London College of Beauty Therapy (LCBT). LCBT was established as a Centre of Vocational Excellence for beauty, retail and holistic care. During the Commission's visit to the LCBT, we found an animated student body and a highly motivated staff. The LCBT has strong industry links and innovative teaching. Its specialist status enables it to offer all year round enrolments.

Similar to the LCBT, the Fashion Retail Academy was also established as a Centre of Vocational Excellence for the fashion retail sector. The Academy was founded with support from businesses including Next, the Arcadia Group, Tesco, and Marks and Spencer. Employers were involved with the development of the Academy from its inception, and the Academy continues to be sector-driven in terms of its governance, curriculum development and pedagogy. The Commission noted the ‘real world’ nature and authenticity of the Academy’s provision and the impact of this on student motivation.

In all of these examples, the providers work closely with employers and do not supply skills and training *to* their respective sectors, they do so *with* the sector.

### Within-college specialisms

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At the other end of the spectrum are within-college specialisms. In these cases a general FE college has developed an area of expertise that sits within more general provision. Employer engagement is vital to develop and maintain the quality and relevancy of the provision. However, local employers also receive significant benefits. At Chichester College the development of a furniture making specialism has had a productive impact on the local furniture making industry. City College Norwich and Cornwall College have developed multiple within-college specialisms that they believe have significant reputational and brand value. They attract employers to the college by demonstrating a commitment to the occupational sector.

In between these types, the Commission explored and investigated a range of different forms, particularly in relation to their geography and ownership model.

### National networks

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Since 2001, the Government has sponsored the development of a series of employer-led National Skills Academies. The National Skills Academy for Creative and Cultural Skills has established a specialist network across the United Kingdom, designed to promote and develop the specialist skills needed by the sector, including qualification development, knowledge exchange, and careers guidance. Similar regional networks exist in the Netherlands, where Regional Training Centres have been established since the 1990s.

### Private sector

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In 2009, the airline Flybe was supported by the Learning and Skills Council and the Capital Specialisation Fund to establish an independent training centre at Exeter International Airport. In partnership with City & Guilds and supported by public investment, Flybe later developed its own qualifications approved by the Quality Assurance Agency. Rolls-Royce has also developed its own apprenticeship training centres across the UK.

### Employer groups

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The Commission also examined a number of Group Training Associations (GTA) and other independent providers with specialisms in vocational and technical education. GTAs were originally formed in 1960s and have been described as a

specialist inter-firm training model.<sup>2</sup> Many GTAs focus on a particular sector and are able to provide workforce development support for smaller firms which lack the resource and capacity to do so independently. They are often not-for-profit and governed by a board comprised principally of employers. There is a growing lobby for the expansion of GTAs.

## Cultural

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A different form of specialisation examined by the Commission was specialisation as culture. The Gazelle Group of Colleges was founded on the belief that colleges need to become more entrepreneurial, develop a commercial ethos, and work more closely with the private sector to develop new curricula, and find new sources of non-state investment. Understanding how this specialist culture permeates the member institutions of the Gazelle Group is vital to understanding its impact on the college and the local community more widely.

## CONCLUSION

This description of specialisation, although not exhaustive, seeks to demonstrate the variety and diversity of specialisation across the FE sector. The Commission has found many of these examples of specialisation to be innovative in their design, productive in their impact, and highly motivational for teachers and learners – specialisation as inspiration.

The following chapters examine these models further, and evaluate their impact on quality, employer engagement and innovation.

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<sup>2</sup> For a further discussion see the Centre for Learning and Life Chances in Knowledge Economies and Societies, Report of the Commission of Inquiry into the Role of Group Training Associations (2012)

# SPECIALISATION AND QUALITY

## Whole-institution commitment

What does quality within vocational and technical education mean today? Moreover, what will quality mean in the future? In examining the relationship between specialisation and quality, the Commission has sought to understand the level, type, and nature of the skills needed within our economy today and in the future.

In addition, our examination has been contextualised within a scenario of limited public investment, in which it is vital that investment is optimised. We also emphasise the importance of understanding how providers impact upon and interact with the wider skills ecosystem, such as their relationships with Local Enterprise Partnerships.

There is a long history of government support for specialisation within our education system, particularly in relation to the schools sector. Previous government initiatives have placed specialisation at the heart of their school improvement strategies, arguing that specialisation within schools has enhanced leadership, quality of provision, and teaching.<sup>3</sup>

The Department for Education has previously concluded that:

*Specialist schools have been successful because they have provided a means for inspirational headteachers to forge a distinctive mission and ethos...They have used additional investment and support to enhance their specialist facilities, to develop excellence in their specialist subjects and to extend the insight it gives to best practice in teaching and learning to other areas of the curriculum. They have used their specialist status to raise standards across the board...Through these mechanisms we have seen performance in specialist schools improve at a faster rate than other maintained schools.<sup>4</sup>*

Policymakers have also argued that greater specialisation and diversity within post-16 education can lead to better quality and a more responsive educational supply side.<sup>5</sup> More recently there has been renewed support for specialisation and for the reinstatement of the specialist schools programme.<sup>6</sup>

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<sup>3</sup> Department for Education and Skills, *A New Specialist System* (2003)

<sup>4</sup> *Ibid*

<sup>5</sup> See Wendy Piatt, *Diverse Missions* (2004) and Department for Education and Skills, *Success for All* (2001)

<sup>6</sup> Lord Andrew Adonis, *Education, Education, Education* (2012)

Data collected from Ofsted inspections suggests that there is often a correlation between specialisation and quality of provision. Of the 17 specialist land-based, and art, design and performing arts colleges, 14 are judged as outstanding or good.<sup>7</sup> Evaluation of the establishment and development of Centres of Vocational Excellence (CoVE) concluded that they had a number of positive effects on the status of vocational education, increasing enrolments on vocational courses, and helping to improve access to quality vocational provision for individuals studying in schools.<sup>8</sup>

A survey carried out by the Learning and Skills Council found that employers believed working with CoVEs improved their efficiency and led to the introduction of new working practices within their organisations. It was also found that CoVEs had a positive effect on employers' perceptions of FE colleges.<sup>9</sup>

Specialisation is often closely linked to critical mass – both in terms of numbers of teachers and students. In its review of science teaching in colleges, Ofsted concluded that critical mass was a key factor in the successful delivery of science courses.<sup>10</sup> Colleges with higher numbers of students enrolled on science courses achieved better success rates compared to colleges with smaller numbers, as well as having greater capacity for innovation and sustaining improvements (the importance of critical mass in relation to teaching will be discussed later in this chapter).

The Commission's own investigation has identified many examples of successful providers who have stated that the quality of their provision is linked to their specialist status. In some cases, however, the nature of the relationship was said to be unclear, with participants questioning whether specialisation is a driver for, or outcome of, quality.

Evidence submitted by Chichester College suggested that their own within-college specialisms have impacted on the quality of provision more widely across the institution, with good practice spilling over into other areas of the institution.<sup>11</sup> The College suggested that the establishment of a specialism in furniture making – in effect a local centre of excellence – has had a significant impact on local employers operating within the sector.

*In furniture making the development of this curriculum undoubtedly inspired other parts of the Construction team to improve their quality... The renaissance of furniture making at Chichester College has stimulated the local economy. There are bespoke furniture making companies in the local area which have succeeded because of the number of skilled students the College has produced...<sup>12</sup>*

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<sup>7</sup> Data submission from Ofsted (2012)

<sup>8</sup> Ofsted, Centres of Vocational Excellence in Practice (2005)

<sup>9</sup> Learning and Skills Council, Impact of the Centres of Vocational Excellence Programme: Attitude and Engagement of Employers and Key Stakeholders (2004)

<sup>10</sup> Ofsted, Improving Science in Colleges: A survey of Good Practice (2011)

<sup>11</sup> Written evidence submission from Chichester College (2012)

<sup>12</sup> Ibid

In evidence submitted by City College Norwich it was argued that specialisms can act as badges of excellence that attract employers to institutions and help develop industry links, which in turn improves quality of vocational and technical provision. *Our specialisms have undoubtedly brought us reputational value and allowed us to work with employers previously beyond our reach.*<sup>13</sup>

The reputational benefits of specialisation were highlighted by many other participants throughout the inquiry (further consideration will be given to specialist brands later in this paper).

Many participants argued that the establishment of National Skills Academies (NSA) has had a significant impact on quality of provision, as well as employer engagement in the design and development of new training and qualifications. For example, the NSA for Creative and Cultural Skills has established a national network of college and industry representatives from across the commercial and live music sectors. The NSA believe that this network has helped the sector to provide better information, advice and guidance, develop better business support for SMEs, and provide a strategic planning function for new apprenticeship frameworks.<sup>14</sup>

Analysis undertaken by the Department for Business, Innovation and Skills supports many of these findings and suggests that NSAs can have a significant impact on the quality of vocational provision, such as giving reputational advantage; improving staff development and opportunities for reflective practice; creating additional business leads; and achieving better employment outcomes.<sup>15</sup> Underpinning their success has been the capacity to distribute and multiply best practice. By developing a national network based on a diverse membership, best practice is distributed both geographically and cross-sectorally, between both providers and employers.

## CRITICAL MASS AND PEDAGOGICAL CHAIN REACTIONS

Previous models of specialisation have often been centrally funded, and have been described as superficial attempts at specialisation, creating a thin, plastic layer of specialist provision within an institution. The provision can be in reality no more than a bolt-on, not fully embedded within the whole institution. These compare unfavourably to providers that exhibit an institutional commitment to a particular sector. To understand these examples fully, we must consider the culture that underpins the specialist provision and how this cultural commitment can improve educational outcomes and the quality of teaching.

Specialisation as ‘cultural commitment’ is very apparent in many land-based colleges, such as Capel Manor. Participants argued that the shared professional background amongst teachers, managers and leaders meant that greater sensitivity was given to the specialist continuing professional development (CPD) needs of teachers and trainers. This led to more relevant provision as well as many more informal opportunities for reflective practice and knowledge exchange

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<sup>13</sup> Oral evidence submission from City College Norwich (2012)

<sup>14</sup> Written evidence submission from Creative and Cultural Skills (2012)

<sup>15</sup> Department for Business, Innovation and Skills, Evaluation of the National Skills Academies (2011)

between teachers.<sup>16</sup> Participants expressed support for the expansion of this type of peer-to-peer reflective practice and highlighted the importance of critical mass in fostering this type of supportive institutional culture for teachers and trainers.

Commenting on the importance of critical mass to the establishment of communities of practice in teaching, the Institute for Learning has said:

*Isolation of teachers is the enemy of the good. There is a critical mass of teachers needed within a specialist field to enable collaborative professional exchanges and reflection...Collaboration can be within an organisation as well as through broader networks.<sup>17</sup>*

In many of the specialist providers the Commission examined it was common to find this critical mass. Similar to the self-amplifying events of a chain reaction, the critical mass allowed the exchange of knowledge and practice between teachers and trainers to occur more regularly, creating more space for innovation and the development of best practice – pedagogical chain reactions.

In addition to isolation, research by the Institute of Education suggests that teachers often find CPD ‘too generic’,<sup>18</sup> and that there is a need to rebalance the focus of CPD towards more specialist training and updating. This ‘all college’ approach often fails to meet the specific pedagogical or subject needs of teachers and trainers.<sup>19</sup>

In case studies examined by the Commission specialist institutions were to a significant extent able to overcome the dual problems of isolation and generalism within CPD because of the critical mass of teachers and the institutional commitment to their professional needs. In many examples of specialisation the whole-institution commitment to a particular sector meant that every layer of management and leadership demonstrated a greater expertise and awareness of the CPD requirements of individual teachers. These institutions designed greater flexibility into their CPD programmes, giving teachers and trainers more control over what CPD they undertook. CPD is often driven at the institutional level, but in these cases we saw a more devolved and distributed approach.<sup>20</sup>

In many of the specialist providers the Commission also found extensive partnership working with organisations such as professional bodies who have significant expertise in specific sectors. These partnerships need to be replicated across the FE sector.

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<sup>16</sup> Oral evidence submitted to the Commission (2012)

<sup>17</sup> Ibid

<sup>18</sup> See Janet Broad, *What Teachers Want* (2012)

<sup>19</sup> Lloyd, Payne, and Larre, *Making the Most of Teachers' Knowledge and Skills* (2012)

<sup>20</sup> For a further discussion see the Skills Commission, *Teaching Training in Vocational Education* (2010)

## PUBLIC-PRIVATE PARTNERSHIPS

In many of the case studies investigated by the Commission, the establishment of a strong public-private partnership was a key factor in the quality of teaching.

BAE Systems and Runshaw College have developed a specialist partnership model for training BAE apprentices. The partnership goes beyond a transactional relationship between provider and employer – it is more than the selling and buying of a particular qualification. The partnership is designed to meet the strategic needs of BAE and should therefore be understood as a long-term service offered by the College. Teachers from the college have become fully embedded within the internal training processes at BAE Systems. Commenting on the partnership, the Institute for Learning has said:

*Their time at BAE Systems has an ‘upstairs, downstairs’ arrangement. During the early part of their apprenticeship, they spend more time with teachers in the further education rooms upstairs, then increasingly benefit from hands-on practical experience and experimentation in the work areas downstairs, with their teachers setting tasks and supporting them. On and off-the-job training are integrated, and frequent visits upstairs for review, reflection, reinforcement of learning and more in-depth theory with the FE teachers help accelerate their learning.<sup>21</sup>*

The creation of this deep partnership between providers and employers has significant implications for the quality of provision, and creates a new ecology of teaching. The theoretical and practical elements of vocational and technical provision become fully integrated, and the space allows for regular updating of new sector specific practice. Instead of teachers being isolated from industry, teachers are embedded within industry and CPD is integrated within their professional routines.

## CONCLUSION

In examining the relationship between specialisation and quality it has not been possible for the Commission to find unequivocal evidence demonstrating a causal link. Indeed, the Commission has identified a significant data gap. Whilst specialisation may not be a sufficient factor for the development of high quality provision, in many examples we have considered it has been a necessary factor.

Specialisation often exhibited a capacity to generate new cultures within an institution and achieve a critical mass of expertise. While less tangible and more difficult to evaluate, the Commission believes that these cultures are fundamental to the success of the case studies we have examined. They have demonstrable effects on teaching, and a productive, often determining, impact in the development of provider-employer partnerships.

The Commission has found significant support for specialisation and believes that further evaluation of its links with quality, best practice in teaching, and learner outcomes and employer engagement should be undertaken.

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<sup>21</sup> Institute for Learning, Engineering Apprentices Assess their Teaching (2012)



**Recommendation 1**

Ofsted should undertake a thematic review of specialist technical and vocational provision across the further education sector.

**Recommendation 2**

The Institute for Learning and the Learning and Skills Improvement Service should examine the provision of, and access to, specialist continuing professional development in further education providers.

# SPECIALISATION AND EMPLOYERS

## Dyson Colleges, Google Colleges, Virgin Colleges

Understanding how we can foster closer and more productive relationships between providers and employers has been a key issue for this inquiry. The quality of provider-employer relationships has a determining influence on the quality of vocational and technical provision and learner outcomes – something that is made even more important in the context of high levels of unemployment. The examples of specialisation examined have highlighted the powerful role that specialisation can play in both the creation, and maintenance of these relationships. Specialisation can be a magnet to attract employers to providers and the glue to stick both together.

Developing these relationships is vital given the need to better align vocational and technical provision with the needs of local labour markets – a problem identified by Lord Heseltine’s recent growth review and many other studies.<sup>22</sup> Optimising investment within further education by ensuring education and training is responding to employer demand will be vital in a time of scarce resources. Moreover, as funding for education and training shifts away from public contributions towards greater private investment from individuals and employers, both these groups will demand more for their investment.

At their best, specialist provider-employer partnerships were defined by deep and meaningful engagement, often symbiotic in nature. In these cases the relationship was underpinned by a reciprocity of knowledge and expertise.

## INFRASTRUCTURE, FACILITIES AND EQUIPMENT

Much of the vocational and technical provision within FE is costly to establish and maintain. This is particularly true for sectors such as science, technology and engineering, which often require highly specialised equipment and are technology rich subjects.<sup>23</sup> Previous research undertaken by the Commission has argued that the FE sector must be given more support so that it can make a bigger contribution to the provision of these subjects, particularly at levels 3, 4 and 5 (provision that is not remedial).<sup>24</sup> However, the Commission recognises that

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<sup>22</sup> For example see Centre for Economic and Social Inclusion, *Hidden Talents* (2012) or the Work Foundation, *Employability and Skills* (2010)

<sup>23</sup> See 157 Group, *The Challenges of STEM Provision for Further Education Colleges* (2012)

<sup>24</sup> See Skills Commission, *Technicians and Progression* (2011)

recent changes to programme weightings for STEM subjects are making it more difficult for colleges to do this.<sup>25</sup>

The Commission supports the Government's objective to incentivise employers to invest more in the sector's infrastructure and facilities<sup>26</sup> and recommends that specialisation should be examined as a key policy lever for this.

## EMPLOYER INVESTMENT

### CATCH Centre

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Established in 2006, CATCH (the Centre for Assessment of Technical Competence) was developed to provide a full scale industrial training environment for the processing, manufacturing and energy industries. The centre delivers specialist training in partnership with employers and other providers.

The initial investment for the first phase of the centre's development was secured from both public and private sources. The Regional Development Agency, the European Regional Development Fund and the Learning and Skills Council provided £6 million investment matched by £2 million equipment from industry. In response to demand from industry, the Centre later underwent further expansion, funded by public sector and private investment.

CATCH is an innovative example of a public-private specialist partnership that has been developed collaboratively in response to employer demand within the local economy. The Commission was struck by the ability of the Centre to attract new funding and resources to expand and develop its facilities.

### Hackney University Technical College

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The Hackney University Technical College (UTC) is a similar example of provider-employer partnership in the development of specialist training facilities developed to meet the needs of the local economy. Opening in 2013, the UTC is being established in response to a growing technology sector within the East End of London. It has been developed with support from the Department for Education, employers such as BT and the National Health Service, as well as the sponsoring provider Hackney Community College.

It is vital that new incentives are found so that these types of partnership become more common across the FE sector. The Government should explore how employers can be encouraged to invest strategically in the sector's infrastructure so that it becomes more common for employers to co-invest in equipment and facilities. The UK Commission for Employment and Skills should also consider how specialisation could assist in directing the next phase of the Employer Ownership Pilots.

Consistent with some shifts away from grant funding to loans in other parts of the education system, the Department for Business, Innovation and Skills should give

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<sup>25</sup> See 157 Group, *The Challenges of STEM Provision for Further Education Colleges* (2012)

<sup>26</sup> See Department for Business, Innovation and Skills, *New Challenges, New Changes* (2011)

consideration to the establishment of a publicly backed loan system for the development of specialist infrastructure, facilities and equipment within FE. Providers need to be able to access finance to fund the development of new equipment and facilities whilst still retaining autonomy over how it is spent.

## BRAND VALUE

In addition to attracting more private sector investment, we believe that specialisation can provide significant reputational and brand value, and that there is scope for these forms of partnership and related ownership or sponsorship models to be developed further.

Examples of privately sponsored provision already exist across the education sector. Samsung has developed an academy in partnership with Birmingham Metropolitan College, training young people in software and application development. Jaguar Land Rover and Aston University sponsor existing colleges and 14-19 technical provision. Since 2009 a network of enterprise academies sponsored by the businessman Peter Jones has also been established. In higher education it is becoming more common for employers to sponsor courses, students, departments, and specialist centres. KPMG supports students studying at Durham University, and Rolls-Royce has invested in a number of research and development centres at universities around the UK.

Could we imagine a time when it is commonplace for large employers to sponsor specialist facilities or entire colleges within the FE sector? What could the benefits of this be to learner outcomes?

For example, what might a 'Dyson College' look and feel like to a student? Would it instil in them a sense of invention and open up a new world of craft, engineering and design, as well providing the latest equipment for training? What effect would a 'Google College' have on the way in which a student is taught? Would the Google brand improve staff morale and lead to the development of new forms of pedagogy and personalised learning? How might a 'Virgin College' affect the content of training? Could Virgin's focus on user-centred design lead to innovations in curriculum development that better match the needs of learners and employers?

The three companies highlighted for the purpose of illustration all have clear brands and reputations. Their values and cultures are well known, indeed fundamental to their success. There is a parallel between these corporate brands and the institutional cultures that the Commission found in many specialist institutions, such as the example of land-based colleges discussed earlier in this paper. In each case, the whole-organisational commitment to a particular set of values and objectives is a key driver for their success.

The Commission urges the Government and sector bodies to explore how these forms of employer ownership and sponsorship could be expanded across the FE sector.

**Recommendation 3**

The UK Commission for Employment and Skills should consider the role of specialisation in directing the next phase of the Employer Ownership Pilots.

**Recommendation 4**

The UK Commission for Employment and Skills should consider how employers can be encouraged to invest strategically within the further education sector and its specialist infrastructure, facilities and equipment.

**Recommendation 5**

The UK Commission for Employment and Skills should undertake an audit of specialist infrastructure, facilities and equipment across the further education sector.

**Recommendation 6**

The Department for Business, Innovation and Skills should examine the feasibility of establishing a government backed loan scheme to support the development of specialist infrastructure, facilities and equipment within further education.

# SPECIALISATION AND INNOVATION

## Wiki-Colleges and McKinsey Colleges

One of the most impressive characteristics of specialisation identified by the Commission is its ability to act as a catalyst for innovation. In many of the case studies the Commission examined, specialisation acted as a stimulus for new structures, cultures and practice in both providers and employers.

Nurturing and strengthening the innovative capacity of the FE sector will be vital if the sector is to keep pace with the radically changing nature of many of our most important sectors and the wider economy. Providers must be hardwired into industry, almost becoming part of the industrial furniture. To do this, providers must be able to win the confidence of employers and demonstrate that, like many of our leading companies, they are dynamic and innovative institutions.

### WIKI-COLLEGES

The most successful examples of specialisation exhibit an openness to new theory and practice. The School of Communication Arts is a not-for-profit social enterprise providing vocational education for the advertising industry. The School has developed an innovative curriculum development process called 'Curriculum Wiki'. The aim of this process is to allow anyone working in the advertising industry to contribute towards the School's curriculum by submitting suggestions for qualification and course content. The adoption of 'open-source tools' enables the school's curriculum to be updated and modified in line with the latest industry practice and ensures that learning is industry driven.<sup>27</sup>

The Commission supports this approach to specialisation within curriculum development and believe it can be applied more widely across the sector. We would like to see the development of the 'Wiki-College' and the adoption of an open-source approach at the institutional level.

This type of college would open itself up to industry, allowing for an iterative process of college development. In Wiki-Colleges, departments could be redesigned to meet the needs of a particular sector, pedagogy could be rethought to meet the needs of a new industrial practice, and governance could be redefined to cater for new strategic priorities within the local economy. The Wiki-College is designed so that it can adopt new approaches to learning and training, such as a

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<sup>27</sup> See the School of Communication Arts <http://schoolcommunicationarts.com/>

new specialist form of assessment developed within industry or by an independent provider. We believe this concept can act as a powerful strategic tool for colleges.

## The Gazelle Group

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Many colleges already adopt this notion and embrace good practice from outside the FE sector. The Gazelle Group of colleges was established in 2011 with the aim of creating a cluster of specialist entrepreneurial colleges within the FE sector. Whilst not abandoning the traditional social mission of the sector, the Group believes colleges must redefine themselves as social enterprises, become less dependent on public funding and play a more active economic role. Key objectives of the Group include engaging more systematically with commercial sponsors, promoting industry standards in qualification development, and developing new forms of assessment that are better suited to the labour market. This includes the establishment of learning companies, the creation of real world and commercial learning environments, and the incubation of micro businesses and SMEs.<sup>28</sup>

The implications of this specialisation for the member colleges have been profound. Firstly, governance has been refocused away from traditional scrutiny functions towards strategic oversight. Governors have reconceptualised the college as part of the local economic ecology, not simply a supplier of qualifications and training, as well as adopting a more strategic approach to securing industry representatives on the board of governors. Secondly, member colleges believe that their specialism must be more than simply a bolt-on to existing college structure and process. A number of member colleges are now redesigning their internal departmental structure by replacing subject based departments with learning companies.

Commenting on its aims, the Group has said:

*Gazelle combines the exceptional experience of entrepreneurs who have succeeded in business with leaders in the further education and wider public sector. We believe that in the current economic global climate it is vital to foster a new generation of social and commercial entrepreneurs; entrepreneurs who can add value to communities, bring innovation to existing businesses and who can create their own employment with confidence and ambition.*<sup>29</sup>

This example demonstrates the strategic function of specialisation, and its capacity to help identify new objectives, shape practice, and develop structures. At its best, it is a powerful driver for strategic change within an institution.

## University of the Arts London

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A further example of innovation through specialisation examined by the Commission is the specialist awarding body developed by the University of the Arts London. Established in 2007, the body aims to spread good practice in school and college education through the use of its specialist qualifications. More than 40 institutions use the body, many of whom are moving from generalist awarding

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<sup>28</sup> Gazelle Group, *Enterprising Futures* (2012)

<sup>29</sup> *Ibid*

bodies.<sup>30</sup> At a time when the value of vocational qualifications has been questioned, the Commission believe this type of qualification development – a devolved design process, led by specialists from within the sector – should be supported and examined further. The Commission also notes the establishment of similar specialist awarding bodies such as EAL, which has been highly successful in developing manufacturing qualifications.<sup>31</sup> We believe that these types of specialist organisations have a crucial role to play in enhancing the reputation of vocational qualifications with employers and learners.

## MCKINSEY COLLEGES

So far these innovations have been focused on internal change. Yet many of the case studies the Commission has explored have had a demonstrable impact on their local economy and community. Colleges and other providers could have an even wider and more integrated role to play in their local communities, and it should become commonplace for providers to offer consultancy and business development services for local employers – what we call the ‘McKinsey College’.

Many parts of the FE sector already provide these services. In the most successful examples, providers have developed deep partnerships with employers that go beyond limited transactional engagement – where a given amount of training is sold and bought – and have established longer-term relationships that provide business development services to employers. In these cases, the service offered by the provider is fully integrated into the business development strategy of the employer.

These types of partnership can provide valuable sources of income for providers, and as discussed earlier in this paper, provide opportunities for informal CPD for teachers and trainers.

This type of training intervention is also crucial to achieving long-term changes in business productivity. Commenting on this, the Centre for Skills, Knowledge and Organisational Performance has said:

*...on their own, interventions aimed at boosting the supply of skills are unlikely to automatically transform organisational strategy. To do this, other interventions made through different means of business support may be necessary to securing and sustaining systemic change...<sup>32</sup>*

The Commission would like further evaluation of the provision of these services to be undertaken across the FE sector. We believe that expansion of these services can help position FE providers as key economic development actors at the local and regional level.

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<sup>30</sup> See University of the Arts London <http://www.arts.ac.uk/>

<sup>31</sup> See EAL <http://www.eal.org.uk/>

<sup>32</sup> Stanton and Hughes, *Further Supporting Business* (2003)



## Cornwall College

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Cornwall College has developed a number of successful specialist centres that provide this type of service. Their Food Manufacturing and Marine Composites Centres provide technical and business innovation services to local employers. The centres were developed in response to demand from employers for technical support, in addition to the workforce development support that the College was already providing.

Funding to establish these services was public, routed through the Technology Strategy Board and the Knowledge Transfer Partnership (KTP) programme. However, the college aims to run the centres on a commercial basis, with the majority of funding coming from employers paying for the services offered.<sup>33</sup>

Many colleges already provide these types of services and previous government initiatives have called for the expansion of KTPs and similar schemes.<sup>34</sup> In many of these examples, however, this type of activity is merely a bolt-on to the work of the college, and is the responsibility of a business development manager.<sup>35</sup> For these services to function effectively for both the college and business, there must be a whole-organisation commitment to them, with college leaders, department heads, and teachers all playing a role in this service and all acting as touch points for the employer. Teachers and curriculum specialists must play a central role in employer engagement and developing new partnerships.

Just as universities have a dual purpose of teaching and research (and receive funding for both), colleges should also have a dual purpose of teaching and business development. Teaching in FE should be ‘practice-led’, in the same way as teaching in universities is ‘research-led’.

Previous research undertaken by the Learning and Skills Development Agency has concluded:

*There is a precedent in the case of public funding for universities, which provides separate funds for teaching and for research, reflecting the legitimacy of both functions. Colleges could also have the dual functions of teaching and development.*

*Just as it is accepted that the teaching activity of universities is enhanced by the involvement of their staff in research, so the design and delivery of vocational courses would benefit from the involvement of college staff in this development work.<sup>36</sup>*

In supporting the growth of these types of services, the Government and sector bodies should explore new incentive frameworks that would enable more colleges to develop the necessary understanding and capacity to perform these functions.

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<sup>33</sup> Written submission from Cornwall College (2012)

<sup>34</sup> For example, see Department for Education and Skills, 21<sup>st</sup> Century Skills (2003)

<sup>35</sup> M Hughes and B Smeaton, Exploring Employers' Perceptions of Employer Engagement

<sup>36</sup> Stanton and Hughes, Further Supporting Business (2003)

## KNOWLEDGE TRANSFER

Knowledge Transfer Partnerships (KTPs) have played a key role in helping to develop these sorts of services and relationships between providers and employers. Whilst mostly used in higher education, the Commission believes that there is significant scope for the expansion of KTPs within the FE sector.

### South West Business Innovation Accelerator Project

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The South West Business Innovation Accelerator Project was an innovation pathfinder (programmes aimed at utilising the technical expertise of the FE sector) comprised of Cornwall College, Kingston Maurward College, Petroc College, South Devon College, and the University of Plymouth. By pooling each institution's capacity and expertise the partnership aimed to utilise this collective capability to assist local companies in process innovation and business growth. Initially, the network focused on developing business innovation mentors to work with local companies to identify their development needs. The next iteration of the project sought to undertake follow up work with local companies and provide a more strategic, and long-term, development service.<sup>37</sup>

There have also been a range of other successful KTPs across the sector. Colleges such as Gateshead College have assisted in electrical vehicle design, and Newham College has supported industry in the development of new applications of radio frequency identification.<sup>38</sup>

KTPs and similar knowledge and technology partnership programmes are still largely the preserve of universities. Indeed, the Government's own innovation and research strategy has few references to the role that FE can play in this agenda.<sup>39</sup> This is an important omission, particularly at a time when the Government is seeking to stimulate growth and innovation in the private sector.

During our inquiry, the Commission did find support for the development and expansion of these types of innovation programmes within FE. In 2007 Lord Sainsbury, the then Science Minister, argued that there was considerable scope for FE to raise the innovation performance of SMEs.<sup>40</sup> The Technology Strategy Board (TSB) has also told the Commission that while the take up of KTPs in FE has historically been minimal, where utilised they have been very beneficial to the partner institutions.<sup>41</sup> Research undertaken by the New Engineering Foundation has also concluded that KTPs could be utilised by the FE sector to enable colleges to offer consultancy services to business or even undertake collaborative research and development.<sup>42</sup>

In advocating the development of the McKinsey College and expansion of programmes such as KTPs, the Commission is seeking to reposition colleges as

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<sup>37</sup> Learning and Skills Improvement Service, *Innovation Pathfinders: Final Report* (2010)

<sup>38</sup> New Engineering Foundation, *The Impact of Knowledge and Technology Transfer in FE* (2010)

<sup>39</sup> See the Department for Business, Innovation and Growth, *Research and Innovation Strategy for Growth* (2012)

<sup>40</sup> Lord Sainsbury, *Race to the Top* (2007)

<sup>41</sup> Oral evidence submission from the Technology Strategy Board (2012)

<sup>42</sup> New Engineering Foundation, *The Impact of Knowledge and Technology Transfer on FE* (2010)

part of the innovation infrastructure within the UK. We strongly believe that colleges can play a fundamental role in helping grow the UK's share of emerging high value added sectors, by nurturing and building capacity within the SMEs that will drive this growth.

### **Recommendation 7**

The Technology Strategy Board should review the take up of Knowledge Transfer Partnerships within the further education sector and consider how further education providers can be incentivised to take up more Knowledge Transfer Partnerships.

### **Recommendation 8**

The Association of Colleges and Association of Employment and Learning Providers should undertake a review examining the proportion of further education providers that offer business development services and the proportion of funding that providers secure from these services.

### **Recommendation 9**

The Association of Colleges and Association of Employment and Learning Providers should develop a set of best practice guidelines for the establishment of business development services offered by further education providers.

### **Recommendation 10**

The Business, Innovation and Skills Select Committee should consider the role of specialist providers in regional and local economic development.

# RECOMMENDATIONS

## QUALITY

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- 1 Ofsted should undertake a thematic review of specialist technical and vocational provision across the further education sector.
- 2 The Institute for Learning and the Learning and Skills Improvement Service should examine the provision of, and access to, specialist continuing professional development in further education providers.

## EMPLOYERS

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- 3 The UK Commission for Employment and Skills should consider the role of specialisation in directing the next phase of the Employer Ownership Pilots.
- 4 The UK Commission for Employment and Skills should consider how employers can be encouraged to invest strategically within the further education sector and its specialist infrastructure, facilities and equipment.
- 5 The UK Commission for Employment and Skills should undertake an audit of specialist infrastructure, facilities and equipment across the further education sector.
- 6 The Department for Business, Innovation and Skills should examine the feasibility of establishing a government backed loan scheme to support the development of specialist infrastructure, facilities and equipment within further education.

## INNOVATION

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- 7 The Technology Strategy Board should review the take up of Knowledge Transfer Partnerships within the further education sector and consider how further education providers can be incentivised to take up more Knowledge Transfer Partnerships.
- 8 The Association of Colleges and Association of Employment and Learning Providers should undertake a review examining the proportion of further education providers that offer business development services and the proportion of funding that providers secure from these services.
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- 10 The Business, Innovation and Skills Select Committee should consider the role of specialist providers in regional and local economic development.

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Almost two decades after the incorporation of further education (FE) colleges, we are entering a whole new educational world. It's 1993 all over again as colleges are being afforded the space to make their own choices about what they do, and how they do it. The Coalition Government is tearing down the regulatory and supply-side wall and opening up the FE sector to a range of new providers.

This raises a fundamental question: what does the sector do with this new endowment of freedoms? In a fiscally constrained, devolved and globalised education system, what is the place and purpose of an FE provider? What role should a college play compared to that of a school or university? Do they need a clear identity and focused mission – less department store and more boutique? Does FE need a new set of strategic objectives?

This paper examines the concepts, cultures and characteristics of specialisation in public and private FE and considers whether specialisation can help improve the educational and employment outcomes for learners.

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