

Higher Education at Work – High Skills: High Value

Summary

- The Chartered Insurance Institute welcomes the Government's commitment to improve the skill levels of the UK workforce.
- Professional Bodies play a vital role in skills development and due to their nature they are able to offer a particular insight into the thoughts of individuals and employers alike.
- The relicensing of SSCs needs to be robust so that those with the licences are able to help carry out the role outlined by the consultation document.
- SME engagement is essential – though not just for leadership and management development. Providers have to better understand the needs of SMEs.

The Chartered Insurance Institute

The CII Group is the world's leading professional organisation for insurance and financial services with over **92,000 members** in **150 countries** and around **100,000 students annually**. The CII has delivered education and examinations to over **one million students** worldwide over the last 10 years.

A Response by the Chartered Insurance Institute

Background

The Chartered Insurance Institute (CII) is the world's leading insurance and financial services professional body and one of the UK's largest awarding bodies. We offer qualifications to those working in insurance and financial services, many of which are accredited within the national qualification frameworks. Our qualifications range from certificate (level 3) to degree level (level 6).

Consultation Response: General Comments

The Chartered Insurance Institute supports the Government's drive to increase skill levels within the UK workforce and welcomes the proposals within this consultation paper to better align the needs of business with educational provision.

The Role of Professional Bodies

We are a professional body and like other similar bodies we play an important role in the development of skills. The unique nature of a professional body means that we are close to both employers and individuals alike and are able to marshal the opinion of large parts of our industry. Professional bodies' specialism enables them to offer a detailed knowledge and insight into specific areas that other bodies cannot offer.

With this in mind, we are concerned at the lack of recognition the consultation paper gives to the role of Professional Bodies in the development of skills and echo the points made by the Professional Associations' Research Network (PARN) in their response to this consultation:

"The significance of professional bodies is barely recognised in this document. Professional bodies are not mentioned at all in the executive summary and no reference to them is made in the set of specific questions listed for exploration and debate.

"Professional bodies play a fundamental role in the shaping of initial professional qualifications; that is, in ensuring that institutions providing higher level skills are providing skills that are relevant to employability and effective professional practice. In some cases they provide this education directly, in others they work with Further Education Institutions and Higher Education Institutions to ensure that what is provided is relevant. More than this, there is already a well established system adopted to varying degrees by the vast majority of professional bodies, to support and guide the maintenance and development of professional competence and personal growth: the very things that are significant contributors to the second aim of the

Key Points

- **Good information, advice and guidance is necessary from an early age.**

Employers will engage if the system is shown to be beneficial.

- **Graduates**, and those leaving education in general, **need a strong grounding in the basics – literacy, numeracy etc.**

- **Universities looking to accredit employer training schemes must required to meet the same rigorous standards as those bodies already accrediting.**

report. In addition this system provides more than skills and capacity for innovation and enterprise. Trust in the quality of higher level skills or expertise is an essential component for competitive success in the ever expanding services sector. Arguably it is in services that all developed economies need to find their competitive edge. The very minimal role for professional bodies as well as the general idea of professionalism and the importance of continuing professional development for the maintenance and enhancement of that professionalism are serious problems for the success of the strategy envisioned in this document.”¹

In addition to the points made by PARN, we do have concerns in relation to the one mention of professional bodies. The consultation calls for better collaboration with sector skills councils (SSCs), which we are in agreement with, however it is unclear as to whether we and others like us will be expected to work solely through SSCs. Though working in partnership with a SSC is beneficial in many cases, professional bodies have long established, mature and direct relationships with employers and employees.

The CII is a keen supporter of Lord Leitch’s vision for UK skills in 2020 as set out in his 2006 skills report and the Government’s subsequent response. We are acutely aware of the skills challenge that this country is facing. It is correct that industry drives new initiatives and helps shape the offerings of educational institutions and we at the CII have been working closely with our members and firms to develop relevant and up-to-date solutions that best meet their needs. For example:

- The CII Broker Academy is a ‘one stop shop’ for training and development aimed at insurance brokers. This was developed in close collaboration with the British Brokers Association and major insurer Axa. The Academy is of relevance to brokers at all levels and allows individuals to the link services on offer to their own specific training needs;
- The CII talent initiative is an award winning², industry-led recruitment programme for the insurance industry. It is the first of its kind and aims at raising the sector’s profile to attract the best new talent be they graduates, school leavers or career changers. It also encourages firms to develop in-house talent. This was developed with support from a whole host of major employers including Allianz Cornhill, Axa, RSA, Zurich and RBS insurance.

Employable Graduates

In a recent survey of our membership, we found that 61% of employers thought that graduates “struggled with basic skills like grammar and numeracy”.³ These, as well as the ‘employability skills’ the consultation document talks of, are what employers in our sector look for in new recruits.

¹ Source: Professional Associations Research Network

² ‘Best Integrated Marketing Campaign’ at the 2007 Association of Graduate Recruiters Awards

³ CII Membership Skills Survey 2008 – 3511 members surveyed, of which 834 were employers.

http://www.cii.co.uk/downloaddata/CII_Group_Skills_Survey_2008.pdf

Employers want individuals who have a good grasp of literacy, numeracy, financial capability, information technology and languages and it should be the development of these skills that is at the forefront of Government policy. These skills provide the base upon which technical training can build. Improvements need to be made throughout the whole of the education system, not just universities, to ensure that individuals are entering the world of work with a strong grounding in the basics.

Professional Skills

We agree with PARN that:

“Just as there are common employability skills such as communication, motivation, independence, analysis, confidence and problem solving; there are also common professional skills. In particular the importance of reflective practice and ethical competence should be more widely part of the syllabus of HEIs. Many professional bodies have developed materials that would be useful for such courses and other forms of education. There is a problem with calling all of these things skills as well. Independence is certainly not a skill. Motivation is not a skill. These are capabilities that contribute to competence.”

Empowerment of Sector Skills Councils

The CII welcomes the creation of the UK Commission for Employment and Skills and the SSC relicensing process which is about to begin. SSCs do have a role in the Government’s skills agenda and it is important that they have both the correct focus and the capacity to achieve their aims and objectives. The consultation clearly defines the enhanced role for SSCs and it is therefore important for the economy as a whole that there is an improvement on Lord Leitch’s mixed assessment of SSC performance.

We need the enhanced SSCs to focus on areas of need and not on existing strengths. For example securing access to government funding – employers in financial services rarely draw on government support yet there may be funding available to help develop staff at levels 2/3.

Financial services employers have a good record of developing their workforce, supported by professional bodies like the CII. Professional bodies are funded voluntarily by those within the sector (i.e. not government funded). This provides a strong link between body and employer, and also shows that the service provided to employers is a good one as they continue to provide funding.

SME engagement

A large number of our members are SMEs and although the consultation makes provision for leadership and management support, we believe more is needed to better engage with SMEs. Providers, including ourselves, have to be flexible and understand the unique pressures faced by SMEs. For us to

CII Skills Survey 2008

- In April 2008 the CII undertook a **membership skills survey**. 3511 members took part, including 834 employers. This was the second year that the CII held a skills survey.
- **76% of employers reported skills shortages** – 5% more than in last year’s survey.
- **40% of all respondents said that those joining the industry today are not as well equipped as those ten years ago.**
- **57% of employers felt that the education system does not serve financial services well enough.**
- There has been a huge **increase in the awareness of skills as an issue in boardrooms** – up by 20% to 79%.

The Chartered Insurance Institute

The CII Group is the world's leading professional organisation for insurance and financial services. With over 92,000 members in 150 countries, we are committed to maintaining the highest standards of technical expertise and ethical conduct in the profession:

- **Education:** we offer 43 modules in general insurance and 24 in financial services.
- **Qualifications:** CII's Certificate in Insurance and all CII's Financial Planning qualifications, at Certificate, Diploma and Advanced Diploma (opening up the route to Chartered status) level are recognised within the English national qualification frameworks.
- **Code of Conduct:** to which our members must comply sets out required standards.
- **Continuing Professional Development:** all qualified members are required to undertake various learning activity to maintain their knowledge.

reach the targets set by Lord Leitch in his report⁴ we need to reach out to SMEs and create the conditions for a culture change – whereby they do not see training as a burden but something that can help their business grow.

University & Employer links

We are supportive of the plans for strengthened links between employers and universities. Our recent membership skills survey, 57% of employers were of the opinion that the education system as a whole was failing to meet their needs. Anything that improves this is very welcome.

University Accreditation of Employer Schemes

Though we have no objection to this proposal in principle, it must be the case that universities are required to meet the same rigorous standards as those bodies already accrediting. There will also need to be close scrutiny of whether the universities which apply to do this have the practical experience to accredit work-based training. In addition, this proposal is not necessarily a driver to increased provision if what is being accredited is already taking place – it could end up being an exercise in statistical window dressing, with no increase in training spend from companies.

Employer Co-Funding of High Level Qualifications

The co-funding of qualifications by employers should lead to courses that better meet the needs of employers. However, to ensure that employers engage with this, work will be needed to persuade them of the benefits of taking part. Is there a strategy being developed to achieve this? One point which is not clear in the consultation document is what happens to the Government money if employers do not sign up – does the system lose out on this funding?

Consultation Response: Questions

Question 1: *What incentives would encourage employers to be more involved in providing careers information, advice and guidance (IAG) both before, and during university?*

Employers need to see the impact and the benefits of involvement and outlay of capital on providing such advice. The improvements employers can reap from providing such information and guidance need to be better highlighted to those not involved. In addition employers should be made aware that being involved in giving IAG can help meet corporate social responsibility (CSR) requirements.

If one wanted to provide a real incentive to business, the offer of tax breaks could be made to any money employers spend on IAG.

Traditionally employers in insurance have not been strong in this area, but this is changing. The CII is already involved in promoting the insurance industry to

⁴ Leitch Review of Skills, Prosperity for all in the global economy - world class skills report, Chapter 8 pp137ff

university students, in collaboration with major insurance employers who recognise the value of this (see above p2 – CII talent initiative), through the provision of information and guidance. The campaign has been very successful in raising the awareness of insurance as a career option and the dedicated website has seen many hundreds of applications from students. We are currently looking at extend this initiative further to pre-university.

Question 2a: Given that subject choice at 14 and GCSE and A-level attainment are critical factors, is there a case for specific incentives to prospective students to take Science, Technology, Engineering and Mathematics (STEM) subjects?

STEM subjects are vital to many sectors of the economy and insurance is no different. For example:

- there are a number of areas in which insurers are leading on the issue of climate change and the associated hazards that arise as a result;
- innovations in safety – for example insurers work with organisations like Euro NCAP to improve motor safety, and with relevant bodies in the area of fire safety;
- insurers and reinsurers make substantial use of modelling in their risk and capital markets activities. The use of ever more complex modelling, such as that employed by Lloyd's of London in their capital assessment requirements is designed to prevent market issues such as the 'credit crunch' currently dominating the headlines.

Therefore we would agree that there is a case for incentivising the take-up of STEM subjects.

Question 2b: How could any incentives avoid simply reinforcing the decisions of people who would have chosen STEM subjects anyway?

Any incentives would need to be supported by good quality IAG. Students need to be aware of the wide range of careers that are open to someone with a STEM qualification – for example a physics degree does not necessarily lead to a life in a lab.

Question 2c: More generally, is there a case for providing incentives to universities or employers to encourage more young people to study STEM and pursue careers in it?

Some employers already sponsor students through university with the promise of a job at the end of the course. If more firms were encouraged to do this for students studying STEM subjects you would more than likely see a greater take up of those disciplines. Again tax incentives could be used to enlist the support of companies.

Question 3: What support and incentives would help universities offer access to the workplace for all of their students?

University course funding could be linked to workplace access targets. Those institutions offering work placements as an integral part of their courses would receive more money. This could follow the specialist schools model (schools that specialise in a particular subject receive more money, £129, per student head).

There is a separate issue here about the quality of those teaching in universities, especially vocational qualifications. Those teaching in universities are often researchers first and teachers second – we need to follow the model of the United States whereby the learning experience is provided by dedicated teachers or experienced practitioners from industry.

Question 4: How can we help employers better articulate their needs for broad based employability skills?

Bodies like the CII, that are funded voluntarily by employers should be utilised more in this respect. Employers already have good relationships and dialogue with professional bodies and find it much easier to engage them as opposed to a government body.

Question 5: *What more can we do to provide more graduates with the language skills and cultural awareness to thrive in a global marketplace?*

There needs to be greater investment and promotion of business languages. This is where the needs of employers increasingly are – China, India and the Middle East. Language skills play an important part in being able to compete on the global scale.

We've found that 'cultural awareness' is not an issue for our membership and that the big issue concerning them is the level of basic employability skills new entrants to the industry have once they leave the education system.

Question 6a: What further incentives are needed to stimulate and meet employer demand for high level skills?

There is already demand from employers for high level skills. However there needs to be greater incentivisation to encourage employers to use the UK system (rather, and this applies mainly to global corporations, than looking abroad to fill positions). Again tax breaks could be used to stimulate employer engagement with the system – perhaps using the model from Ireland where tax incentives were used to encourage organisations to relocate their head offices there.

Question 6b: How can we best build on the contributions of further education colleges and providers and their links (in particular) to networks of small and medium sized enterprises?

Professional bodies that have existing links with SMEs and provide these small businesses with a voice can play a vital role in creating links. SMEs help fund professional bodies via subscriptions and realise that they are able to make their needs known through such bodies.

Question 6c: How well does the framework for high level skills support employer engagement?

There needs to be a rationalisation of the system as highlighted in the recent IUSSC evidence session on the implementation of the findings of Lord Leitch's skills report. The landscape is baffling employers who would much prefer to deal with a single body rather than the plethora of organisations that exists at the moment.

Question 7a: How can we best work with businesses and employers, Trade Unions and employees to encourage demand for high level skills?

This needs to be amended to include asking how DIUS can best work with professional bodies as well as employers, Trade Unions and Employees to encourage demand for high level skills. The answer to this could be to set up fora to do this, perhaps through existing SSCs, or to set up a new SSC dealing with the professions in a broad way or as some other offshoot of the UKCES, or to widen the whole notion of employee-led to include professional bodies.

Question 8: *Do we have the right incentives to encourage higher education providers to be more responsive to business and employer demand?*

The key here is for higher education providers to change their attitude to employer relationships – the sector needs to become more responsive in its product offer, its delivery timetable and speed of delivery. There is some progress as a number of the post-92 universities have already developed an employer-focused approach (in contrast to Russell Group universities who focus more on research than employer engagement). The allocation of funding could be formulated to reflect an institution's responsiveness to the needs of business.

Professional bodies like the CII have a part to play in moving the content of degrees more towards what employers want, through inclusion of part or all of their qualification units. Universities need to be flexible in accepting this and working more collaboratively.

Question 9: What should be the key features of a model for regional and sectoral bodies to play a much greater role in solving local skills problems and linking higher education institutions and businesses?

- and -

Question 10: How can we encourage Regional Development Agencies and Sector Skills Councils to work together to solve local and sectoral skills needs?

Many employers are national companies and find it difficult to deal with the various bodies that differ from region to region. Firms prefer to deal with one body

Question 11a: What further incentives are needed in universities – e.g. through internal appraisals, promotion processes – to increase demand from academic staff for business secondments?

The introduction of fixed term contracts rather than the present system of tenure could be used to help provide the incentive for academic staff to be seconded to the private sector.

Question 11b: And how can we encourage movement in the other direction so that business people are increasingly contributing directly to course content, design and teaching?

Tax incentives could be offered to firms who build secondments to the HE sector into their staff training programmes. We could see more people being trained as a result if employers then put the money saved back in to training.

Question 12: How can we do more to increase the level of STEM skills in the existing workforce?

Given that three quarters of the 2020 workforce is already in employment improving the level of STEM skills of the existing workforce is as important as developing those who are still in education. Incentives could be offered to those employers who undertake improving STEM skills of their workers and also for those providers (both FE & HE) who are involved in devising solutions to the needs of these employers.

Further Information

If you require anything further from the CII in relation to this particular consultation, please contact Daniel Pedley (Tel: 020 7417 4450; Email: daniel.pedley@cii.co.uk).

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