



Innovation, Universities and Skills Select Committee

Inquiry into Funding for Equivalent or Lower Qualifications (ELOs)

Memorandum from the Chartered Management Institute

7 January 2008

MEMORANDUM IN RESPONSE TO INQUIRY INTO FUNDING FOR EQUIVALENT OR LOWER QUALIFICATIONS (ELQS)

1. Summary

- 1.1 The Chartered Management Institute welcomes the opportunity to submit brief written evidence to the Innovation, Universities and Skills Select Committee as part of its inquiry into Funding for Equivalent or Lower Qualifications (ELQs).
- 1.2 Analysis shows that the proposed ELQ funding changes will disproportionately affect those studying management on a part-time basis. This is particularly disappointing given that the previous Education and Skills Committee's report on Post-16 Skills had highlighted how a stronger focus is needed on developing management skills per se – an area identified as particularly weak in the UK and largely neglected to date in policy (Volume 1, para 8).
- 1.3 These policy proposals do not appear to recognise that management is often a secondary discipline that experienced employees will study on a part-time basis, at an equivalent level to their initial specialist subject area, having been promoted into a position where they take on new management responsibilities.
- 1.4 It is an established route of career progression for individuals to take a management degree as a second degree, at both Undergraduate and Postgraduate levels. In many cases employers are already providing support in terms of granting time off for study leave, rather than by direct funding.
- 1.5 It is a key concern that many of the institutions who have done the most to widen participation to those already in the workplace, in terms of part-time courses, are likely to be hit hardest by the ELQ funding reforms. As the leading professional body for management and leadership, the Institute works closely with 200 universities and FE colleges in the UK to help deliver high quality management education, and many of these educational partners are likely to be affected.
- 1.6 We believe that it should continue to be a high priority for public funding to help support and encourage those seeking higher level management skills that are of critical importance in driving UK's competitiveness.

2. Disproportionate impact on part-time management studies

- 2.1 The HEFCE modelling of the withdrawal of funding for ELQs by subject, mode and level clearly demonstrates the impact on management qualifications. Table 1 of this modelling shows that of the overall 52,504 students to be negatively affected by the proposed changes, 9,776 (19 per cent) will be those studying business and administration. The more detailed breakdown by level indicates that of the 9,776, the majority of those affected will be those studying on a part-time basis (7,211 students). This is a disproportionate number compared to any other subject listed.

3. Failure to recognise management as a "Strategically important and vulnerable subject"

- 3.1 The Chartered Management Institute welcomed the Leitch recommendations and the Government's Leitch implementation plan "World Class Skills" for a much greater focus on higher-level "economically valuable skills". The Leitch Report recognised the high levels of demand for management skills and the growing evidence base demonstrating the strong links between the impact of management skills and increased national competitiveness. The productivity gap between the UK and other leading nations has proved an intractable issue for

successive governments. The Leitch Report suggested that up to 20 per cent of that gap is now attributed to skills provision and up to 15 per cent to management practices.

- 3.2 We believe that the Government must continue to focus on higher level professional skills, which in their practical application will have the greatest impact on both performance, and also on leveraging the rest of the skills agenda. Professional managers play an essential role in developing strategies for workforce development. A greater number of highly qualified managers are more likely to ensure that their teams are adequately trained and can help to embed a culture of learning and development that helps drive performance.

4. Need to address low national levels of management skills

- 4.1 Given this strategic importance of management skills recognised by the Leitch Review of Skills, the UK's management population is significantly under qualified: "41 per cent of managers hold below a Level 2 qualification" (Box 5.1). Furthermore, Labour Force Survey data (March-May 2002) indicates that just 38.5 per cent of managers and senior officials are qualified at NVQ level 4 or above compared to 80.9 per cent of those in other professional occupations. (Leitch's Interim Report). This level should be viewed as untenable given the UK's ambition to shift to a high skills, high added-value economy.
- 4.2 However, the Leitch analysis did not go on to identify the additional point that most managers lack qualifications related to their profession as managers. Too many remain what can be termed 'accidental managers' – highly skilled specialists or technicians who are promoted to management positions on the basis of their technical or specialist skills, not because of their suitability for a management role.
- 4.3 The Final Report of the Council for Excellence in Management and Leadership (2001) concluded that on a "rough estimate ... the proportion of managers with management related qualifications will not get much above 20 per cent in the longer term". This estimated level of only 20 per cent of managers being qualified is unacceptable given that it already takes into account both a strong growth in specific management qualifications, such as a 20 per cent growth in first degrees in business and management studies, and also the fact that the number of management NVQs has remained fairly static.

5. ELQ policy running counter to demographic trends

- 5.1 There are currently 4.6 million managers in the UK (*Working Futures 2004-2014*). This is a higher number than previously estimated, indicating a larger employment share for managers and senior officials – of 15.3 percent. They now comprise the largest occupational group in the working population, and the management population is forecast to grow by a further 617,000 by 2014 alone. Given the growing recognition of the need for skilled managers and leaders, this growth is expected to be at a greater rate than previously anticipated. Leitch's Report's acknowledged this trend, yet future skills funding does not appear to take account of this.
- 5.2 As explored by the Leitch Review in Chapter 3 of the Interim Report, the UK's management population will face major replacement demands due to demographic change. This makes it imperative that skills policy helps develop workplace skills throughout working life. Since around 70 percent of the workforce of 2020 has already completed compulsory education, and high exit levels will be experienced due to factors such as retirement, it is important that people already in employment or in junior management posts are supported to

develop their skills and competencies, so that they can progress their management careers.

- 5.3 The impact of the proposed withdrawal of ELQ funding for those studying management runs counter to encouraging a growing sector of the working population to develop the specific work-oriented management skills necessary for success.

For more information contact:

Petra Wilton
Head of Public Affairs
Chartered Management Institute
2 Savoy Court
Strand, London WC2R 0EZ
Tel: 020 7421 2708
Fax: 020 7497 0463

E-mail: petra.wilton@managers.org.uk
Website: www.managers.org.uk