

An Economic Impact Assessment of the CCPMO

**Final Report to the Consultative Committee for
Professional Management Organisations**

Prepared by

Jonathan Chapman, Dr Gavan Conlon, and Patrice Muller

London Economics



December 2008

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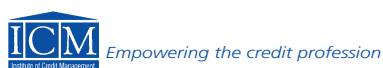
Jonathan Chapman, Dr Gavan Conlon, and Patrice Muller

London Economics



for the

Consultative Committee for Professional
Management Organisations



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Foreword

In recent years there has been increasing recognition among both employers and across Government of the critical need to improve higher level skills to ensure the UK's future competitiveness. The UK's world-class professional bodies already make a significant contribution towards raising demand for these higher level skills. This report sets out to assesses the hard economic impact of professional qualifications and also the wider benefits offered by membership of a professional body.

The Consultative Committee for Professional Management Organisations represents eight leading professional bodies in business disciplines with over half a million individual members and students and a knock-on reach across thousands of employers. This informal partnership was formed in recognition of the fact that the current infrastructure for skills – driven by sector and regional priorities – makes inadequate provision for supporting the higher-level business skills that are critical to all sectors and regions.

As independent bodies with a well-established and successful track record of meeting market needs, we promote lifelong learning and continuing professional development. Our mission as mostly chartered bodies, some of which are also charities, is to raise standards of performance through world-class professional development.

We commissioned this research to demonstrate the economic impact of our activities and those of other professional bodies. We wanted to show how professional bodies and professional qualifications impact on individuals' careers and on the UK economy as a whole.

Indeed, the findings are testament to the work that each of our organisations does to meet employers' and individual learners' needs. Our existence as independent bodies is only possible on the basis of the excellent employer relationships that we enjoy. We will continue to work with employers, in every sector and in every part of the UK, to ensure that our professional bodies meet their needs, in difficult times as well as good times.

It will be by working even more closely with employers and with Government that we can deliver our shared vision of world-class professional skills for the UK.



Ruth Spellman
Chief Executive of the CMI



Steve Agg
Chief Executive of CILT



Jackie Orme
Chief Executive of CIPD



Phillip King
Director General of ICM



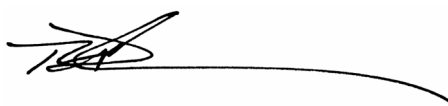
Rod Wilkes
Director General of CIM



Simon Sperryn
Chief Executive of CIPS



Charles Tilley
Chief Executive of CIMA



Roger Dickinson
Chief Executive of ICOSA

Executive Summary

Key Findings

1. The CCPMO provides more than 50,000 professional awards a year, focused on the business and management professions. In addition, the CCPMO provides continuing professional development to its 560,000 members and students, and training to both employers and individuals.
2. The estimated lifetime economic benefit associated with holding professional qualifications and membership of a professional institute is approximately £152,000 in today's money terms. This is comprised of £81,000 from holding professional qualifications, and £71,000 from holding membership of a professional institute.
3. The professional qualifications offered by the CCPMO are "open access", with no barriers to entry in terms of previous qualification attainment. This is reflected in the diverse nature of current students, which include significant proportions of women, and workers at all stages of their careers.
4. The business and management focus of the CCPMO gives the qualifications offered a unique cross-sectoral appeal, providing individuals with considerable flexibility in the context of an economic downturn.
5. Employers place a high value on the skills provided by professional bodies. This is evidenced by the high levels of employer-funded education and training, the substantial wage premium (estimated at approximately 37% over a working life) and the increased likelihood of being employed achieved by individuals in possession of professional qualifications and holding membership of a professional body.
6. Professional bodies also generate broader economic impacts. In particular, the estimated additional tax revenue contributed by an individual with professional qualifications and membership of a professional institute stands at £53,000 in today's money terms.

Overview of results

World class education and training is at the heart of the CCPMO's operations

The eight professional bodies that form the CCPMO have a combined worldwide membership and student body totalling 560,000, and employ more than 1,500 employees. At the heart of these operations is the provision of world class education to current and future professionals, through qualifications, training and other professional development channels.

The importance of knowledge and skills to the United Kingdom economy has been recognised through the development of the Skills Strategy and the Leitch Review of Skills. In order to improve skills delivery, the Government has undertaken major reform of the further education system, and has established several new organisations (such as Sector Skills Councils). However, the CCPMO are already actively engaged in many of the activities identified as key parts of the Government's Skills Strategy, and as such contribute significantly to the current UK skills base.

Qualifications

The provision of world class professional qualifications is at the core of the professional bodies' remit. The CCPMO award more than 50,000 qualifications each year, covering the entire qualification spectrum, with a significant proportion of qualifications offered at intermediate and entry level, as well as graduate and post-graduate level qualifications. Gold standard professional qualifications are also offered overseas, benefiting from high and growing international demand.

The courses offered by the CCPMO are of a high quality, incorporating the skills which employers need, and offered through networks of accredited education providers, to ensure that students receive a high standard of tuition. In addition, many of the CCPMO organisations accredit relevant university courses or modules, allowing wider dissemination of their expertise and advanced standing for graduates into professional qualifications. Many of the members of the CCPMO are (or contain) a QCA recognised awarding body and so have to comply in terms of quality assurance, regulation and compliance in order to have qualifications placed onto the national qualifications framework.

Qualification syllabuses are continually updated, through direct engagement with employers, members, students and practitioners and the incorporation of the latest research findings. As such, qualifications are demand-led, with continuous adjustment to ensure that employers have access to workers with the skills that they require.

Training

Professional bodies also engage in a much wider range of education and training activities. This includes a number of seminars and one-day training courses covering an array of relevant topics, as well as smaller scale programmes of talks and networking events (often organised at a branch level). In addition, each of the professional bodies offers tailored training solutions to employers.

Continuing professional development (CPD)

The CCPMO plays a key role in promoting continuing professional development (CPD) to their members, and in some cases, undertaking sufficient CPD is a necessary requirement to retain Chartered membership status. The materials and guidance, as well as the array of training courses available, allow members to keep up-to-date with latest professional developments, and provide them with the opportunity to participate in lifelong learning.

Professional qualifications are associated with significant lifetime benefits

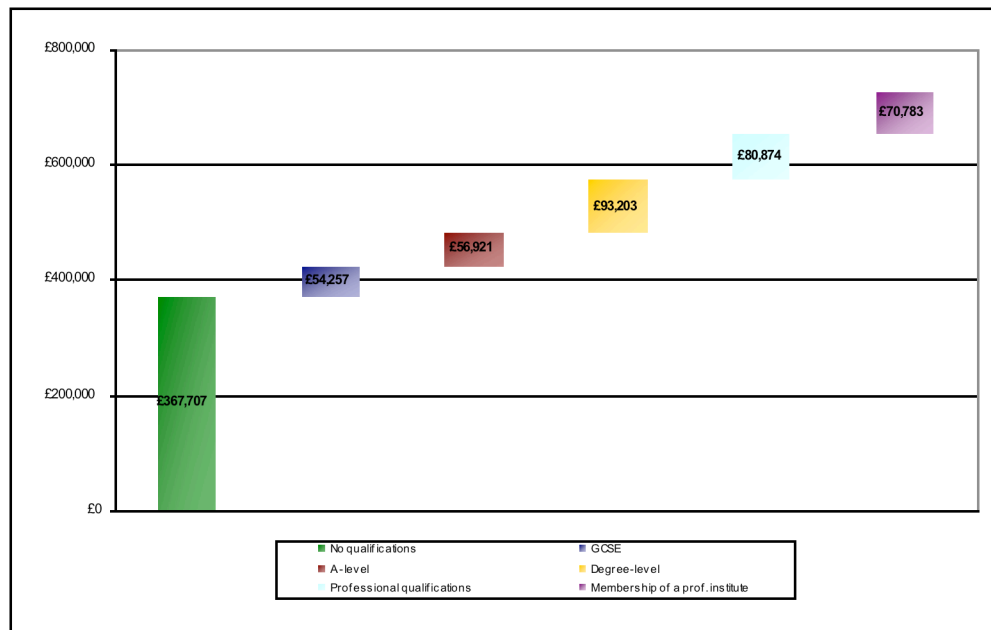
Analysis undertaken by London Economics, based on data from the Labour Force Survey, and replicating the methodology of previous representative studies¹, indicates that there are substantial lifetime benefits associated with holding professional qualifications and membership of a professional institute (once other personal characteristics have been controlled for).

Individuals with professional qualifications and membership of a professional institution are estimated to achieve both higher earnings, and be more likely to be employed across a lifetime, in comparison to individuals with no professional qualifications.

In total, the value of these employment and earnings effects across the lifetime of a representative individual is estimated to be around £81,000 for an individual holding professional qualifications, and around £71,000 for an individual with membership of a professional institute, in today's money terms. This compares favourably with the estimated benefits from qualifications at other levels within the national qualifications framework, as presented in the Figure overleaf.

¹ Although there has been much research on the economic impact associated with academic and vocational qualifications (see for instance, Walker and Zhu "The Returns to Education: Evidence from the Labour Force Surveys", Department for Education and Skills Research Report 313), and the economic returns associated with different degree level qualifications (Royal Society of Chemistry, "The economic benefits of Higher Education", PricewaterhouseCoopers, January 2005), we are not aware of any previous estimates of the economic return to professional qualifications.

Figure 1: Present value of lifetime earnings for a representative individual associated with different qualification levels



Source: London Economics based on Labour Force Survey.

Professional qualifications are “open access”

The qualifications provided through the CCPMO are generally “open access” and provide opportunity for all individuals to obtain the benefits associated with professional qualifications. Generally, the CCPMO allow full progression from entry level (i.e. no formally recognised qualifications) to full membership (including the achievement of graduate and/or post-graduate level qualifications). A significant proportion of qualifications are offered at intermediate and entry level (either as stand-alone qualifications or as part of a higher level qualification) indicating the role that professional bodies play at all levels of their respective disciplines.

The open access nature of the qualifications is reflected in an extremely diverse student body. Students are, for instance, fairly evenly split in terms of gender. Further, information from the CCPMO suggests that professional qualifications are associated with lifelong learning, with individuals taking qualifications at varying points of their careers. While the majority of students are aged between 25 and 45, significant proportions of students fall outside of this category, indicating that professional bodies are able to reach all current workers – a key aspect of the Skills Strategy.

The skills provided by the CCPMO provide workers with flexibility

The CCPMO is focused on the provision of the high level business and management skills – such as management and leadership – which (as noted in the Leitch Review) are crucial to maximising UK productivity, through utilising workers with other skills effectively.

Further, these skills are required in all aspects of the economy, and do not have a narrow sector or industry focus. This is reflected in the fact that the CCPMO's current base of students and members is spread across all sectors of the economy – nationally and internationally – and between both public and private sector organisations.

Individuals gaining these skills have the opportunity to move between sectors, providing them a high degree of flexibility in their careers. While always valuable, this is likely to be particularly beneficial in the current economic climate, as business and individuals react to the threat of recession.

Professional qualifications benefit employers

Professional qualifications are designed, and continually reviewed, to ensure they are up-to-date and relevant to employers' needs. The value that employers place on these skills is evidenced by the fact that most students are funded by their employer. In addition, there is a significant earnings premium and increased likelihood of employment associated with holding professional qualifications and being a member of a professional institute. The analysis carried out estimated that members of professional organisations achieve a 37% earnings premium and a 9 percentage point increase in the probability of being employed, controlling for other personal, educational regional and job related characteristics.

Professional bodies also play a key role in developing occupational and professional standards for their respective disciplines and associated occupations. Each of the professional bodies of the CCPMO holds its members to a code of conduct and ethics, monitored through robust disciplinary procedures. Further, the professional bodies have frequently been involved with the wider development of occupational standards, with several members of the CCPMO involved (and in some cases leading) the development of the National Occupational Standards (NOS) for their disciplines.

Professional bodies also have broader economic impacts

The qualifications provided by professional bodies also have significant benefits to the Exchequer. Unlike many education organisations, the CCPMO are entirely self-funding and do not require any Government support for their education and training activities. Further, the increased earnings for individuals associated with attaining professional qualifications and membership of a professional institution also entails significant benefits to the Exchequer, with an estimated increase in taxation revenue of approximately £53,000 per individual in today's money terms.

The role of the CCPMO also encompasses the broader goals of promoting and educating their profession. The associated activities (such as research development, knowledge dissemination and policy development) are likely to increase the incidence of high level skills and high quality professional activity throughout the economy resulting in a broad public benefit. While these spillover effects cannot be quantified, given their nature, their value should not be underestimated.

1 Introduction and background

1.1 Introduction

The past two decades have seen a rapid expansion in the development of the “knowledge economy” within the United Kingdom, with an increasing number of jobs within both the manufacturing and service sectors becoming more dependent on individuals in possession of a high degree of general and transferable (rather than firm specific) skills. Reflecting this, between 1995 and 2005 employment within knowledge-based industries grew by almost two million, equivalent to an increase of 17%, while within the business and communications sector growth stood at 24%².

In this context, economic growth and increases in prosperity are being driven by the development of human capital – the productive wealth embodied in labour, skills and knowledge. Increasing the level of skills brings benefits at the individual level through higher earnings and better labour market outcomes; while there are also positive spillover effects at the economy-wide level. For instance, OECD research has suggested that economies may experience a rise in output of between 3% and 6% for each additional year that individuals spend in education³, and even those with lower levels of qualification are positively affected as the average level of education and training within the economy increases⁴.

The importance of knowledge and skills to the UK economy has been recognised through the development of the Skills Strategy and the Leitch Review of Skills⁵. This has involved major reform to the Further Education system, and the establishment of several organisations (such as Sector Skills Councils) to improve skills delivery. The latest Comprehensive Spending Review has targeted increases in qualification attainment at Levels 2 and 3 and at Level 4 or above. However, there has been little mention of the activities of professional bodies in providing qualifications and skills to the UK workforce.

This report seeks to address this evidence gap, through exploring the role of the professional bodies in developing the UK skills base and estimating the

² Brinkley I. (2008) *The Knowledge Economy: How Knowledge is Reshaping the Economic Life of Nations*, The Work Foundation, March.

³ OECD (2007) *Lifelong Learning and Human Capital*, Policy Brief, July 2007.

⁴ Moretti, E. (1998) *Social returns to education and human capital externalities: evidence from cities*, Department of Economics, UC Berkeley.

⁵ The Government commissioned Sandy Leitch in 2004 to undertake an independent review of the UK's long term skills needs. The terms of reference were i) to examine the UK's optimum skills mix in order to maximise economic growth and productivity by 2020; and ii) to consider the different trajectories of skill levels the UK might pursue (HMT, 2006). More detail on this, and on the Skills Strategy more generally, is provided in the Annex.

value of professional qualifications to individuals and the Exchequer. First, we focus on the particular role of the eight professional bodies that comprise The Consultative Committee for Professional Management Organisations (CCPMO) (a full list is provided below). The activities of these professional bodies are examined, and their contribution assessed within the framework of the goals and delivery mechanisms prioritised in the UK Skills Strategy. Second, using information from the Quarterly Labour Force Survey, we investigate the economic return associated with possession of professional qualifications and membership of a professional institute by estimating their impact on individual earnings and the likelihood of employment.

The members of the CCPMO

The CCPMO comprises the Chief Executives of eight UK-based professional bodies relating to the role of business and management related professions. The professional bodies involved in the CCPMO are:

- Institute of Credit Management (ICM)
- Chartered Management Institute (CMI)
- Chartered Institute of Purchasing and Supply (CIPS)
- Chartered Institute of Logistics and Transport (CILT)
- Institute of Chartered Secretaries and Administrators (ICSA)
- Chartered Institute of Personnel and Development (CIPD)
- Chartered Institute of Management Accountants (CIMA)
- Chartered Institute of Marketing (CIM)

1.2 Structure of the report

The remainder of the report is structured as follows. Section 2 provides an overview of the activities of the CCPMO. Section 3 places the activities of the CCPMO within the context of the Skills Strategy, and evaluates how professional bodies contribute to achieving the Government's skills goals. Section 4 then reports the results of the analysis of the economic value of professional qualifications, using data from the Labour Force Survey. Finally, Section 5 then provides some concluding remarks from the CCPMO.

2 Overview of the CCPMO

2.1 Overview

The CCPMO is comprised of eight UK-based professional bodies, each concerned with business and management related professions. As professional bodies, each of the organisations holds a public interest or charitable remit (the majority of the bodies have been granted Royal Charter Status), focusing on the promotion of learning and skills acquisition and best practice within their respective disciplines. This goes hand-in-hand with the organisations' commitment to promoting their respective professions and the interest of their members.

The professional bodies have a combined worldwide membership of around 560,000 individuals (including students), spread across all sectors of the economy (including both public and private organisations) reflecting the nature of the management professions with which the CCPMO is concerned. Together, the eight organisations have turnover of over £140 million per annum, and employ almost 1,500 individuals.

Table 1: Summary of the CCMPO

	Date established	Turnover	Employees	Members (incl. students)
CILT	1919	£4m	45	32,000
CIMA	1919	£43m	389	164,000
CIM	1911	£18m	200	47,000
CIPD	1913	£34m	350	133,000
CIPS	1932	£15m	113	50,000
CMI	1947	£13m	147	81,000
ICSA	1891	£13m	80	51,000
ICM	1939	£2m	35	8,800

Note: Turnover and employee figures for CILT and ICSA do not include international activities, where these are managed autonomously.

Source: CCPMO.

At the heart of the operation of professional bodies is the provision of professional qualifications. The eight bodies that comprise the CCPMO alone

award more than 50,000 qualifications each year, in addition to extensive non-accredited training courses.

Importantly, as well as providing a large volume of education, training and qualifications, the professional bodies are able to ensure that their courses are of high quality, providing individuals with highly valued skills that are in consistent demand across the economy. With more than fifty years experience in their discipline (and around 100 years for some of the bodies), and continuous updating of knowledge through research programmes and direct links with current practitioners, professional bodies are best placed to develop qualification syllabuses that provide practical and employer-relevant skills to individuals.

In addition to the provision of these core qualifications, the professional bodies also contribute to the education and training of their members in several other ways. Existing members are provided with a range of continuing professional development and best practice tools to allow them to develop their skills further; indeed CPD compliance is a membership requirement in many cases. Non-members (as well as members) have access to the professional bodies' labour market and research information, training courses, seminars and other events. Employers are able to use the professional bodies' knowledge to train their employees directly, or to develop and secure accreditation for in-house training schemes.

2.2 Knowledge and research base

An important role of professional bodies, as part of their public interest remit, is an ongoing commitment to develop good practice within their fields. This knowledge base underpins all the areas of activity undertaken, including development of relevant qualifications, continuing professional development, providing labour market information and associated advice to members, and setting industry standards.

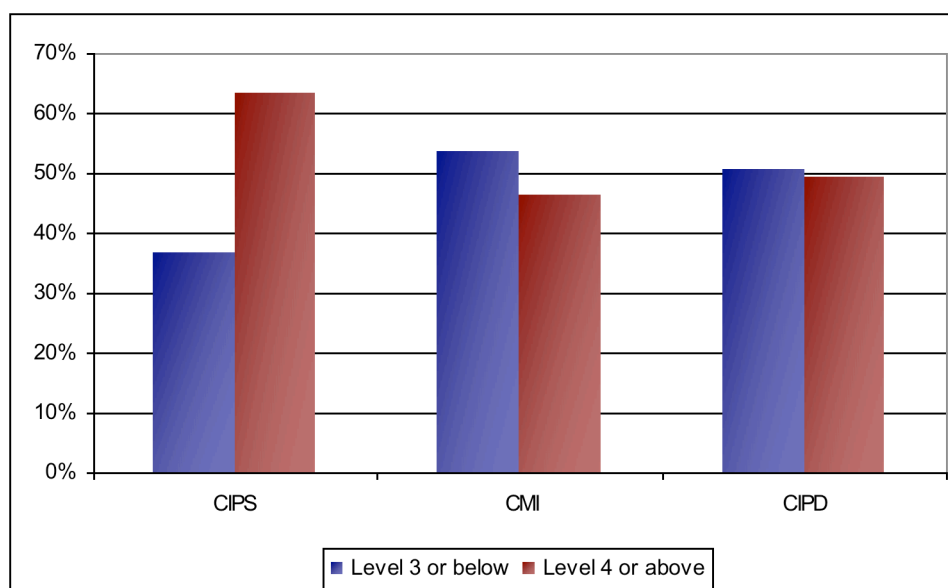
In developing this knowledge base, professional bodies are able to draw not only on their own significant experience in the field, but also the experiences of their several thousand members. This ensures that knowledge remains up-to-date and is practically orientated to the current needs of the professions. Professional bodies are also actively engaged in new research to ensure that their members and the wider workforce are kept up-to-date with the latest developments emerging from academia and other research bodies.

2.3 Education and training

2.3.1 Qualifications

Many of the members of the CCPMO are (or contain) QCA recognised awarding bodies⁶ and in total the professional bodies award over 50,000 professional qualifications each year. These awards are at a number of levels. As shown in Figure 2, low and intermediate level skills (i.e. at Level 3 or below) are a significant part of the qualifications provided, comprising more than 50% of qualifications in the case of some organisations.

Figure 2: Level of qualifications provided by CCPMO



Note: Qualifications not mapped to the National Qualifications Framework are assigned a NQF level for indicative purposes.

Source: *London Economics* based on CCPMO data.

The professional organisations do not, in general, provide their own face to face teaching for their qualifications (although a variety of study support materials are produced by the bodies). Instead qualifications are provided through networks of learning providers, with around 1,400 centres worldwide accredited by one of the CCPMO bodies. In addition, many of the CCPMO organisations accredit relevant university courses or modules, allowing students either to gain a degree and a professional qualification simultaneously or to enjoy advanced standing onto a professional qualification post graduation.

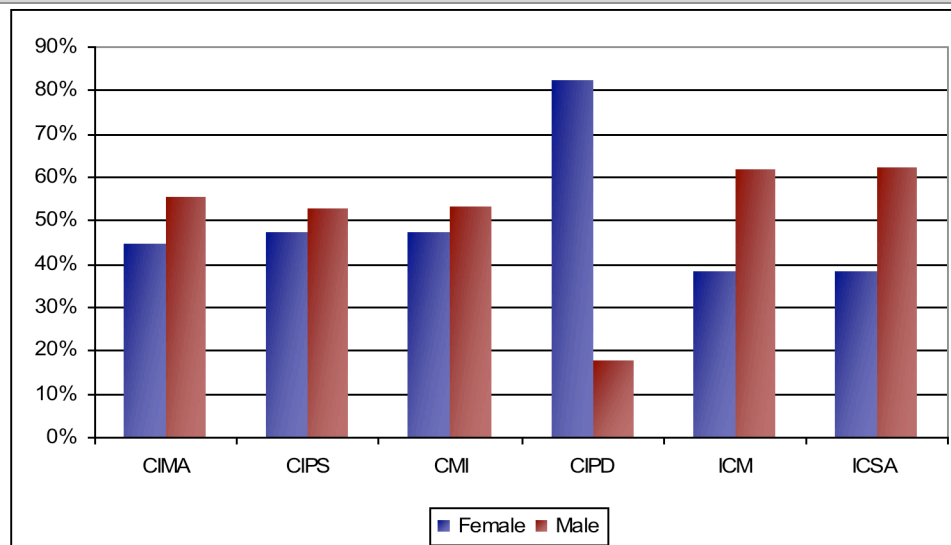
⁶ The Qualifications and Curriculum Authority (QCA) recognises and regulates awarding bodies and their qualifications, to maintain the reliability of the national qualifications framework.

Delivery of the qualifications is flexible, with learners able to undertake courses full-time or part-time through private and public sector colleges, as well as through a variety of other methods – including flexible learning, supported home study, distance learning, and online learning. Classroom study (i.e. through approved learning providers) is the most common method of learning, accounting for over half of CIMA and over two thirds of ICM learners (for instance).

Generally, qualifications are undertaken with employer support⁷, with the majority of learners engaged in part-time study and continuing to contribute to the economy during their period of learning. For example, 85% of CMI students are engaged in full-time employment, while the corresponding figure for the CIPD is 90%. In the case of the CIMA⁸ and the CIPS⁹, practically all UK learners were employed during their studies.

The make-up of the students undertaking professional qualifications is extremely diverse. As shown in Figure 3, in most cases, there is a fairly even split in terms of gender of those undertaking the qualifications offered by professional organisations.

Figure 3: Students undertaking CCPMO qualifications, by gender



Source: London Economics based on CCPMO data.

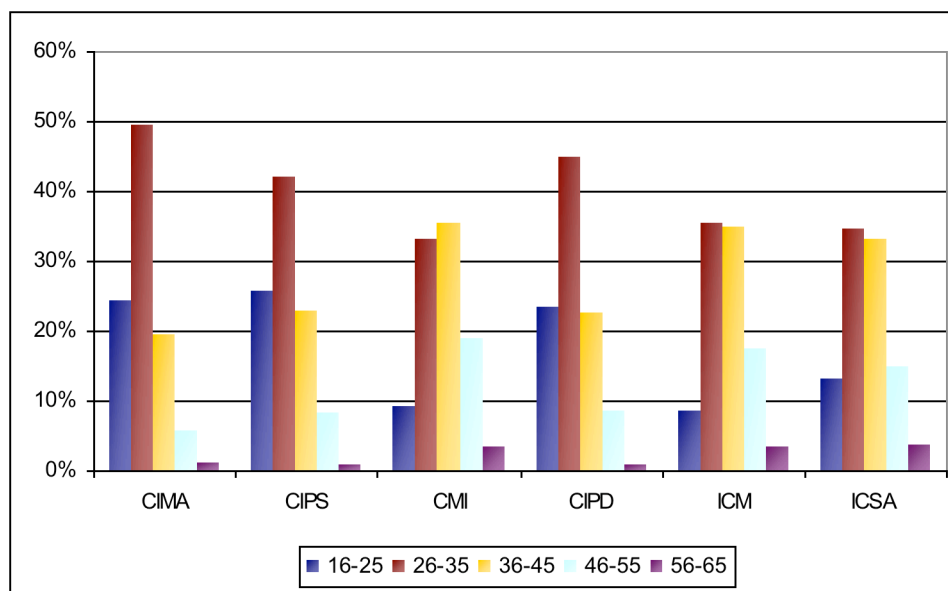
⁷ Information on whether employers fund learners' study is not generally available. However, all the members of the CCPMO believed that the majority of learners are employer-funded. One organisation (ICSA) reported that historically around 60% of UK candidates on their main professional qualification (the International Qualifying Scheme) have had fees paid by their employer, whilst 40% have paid the fees themselves.

⁸ These figures should be treated with caution, as there is no explicit recording of "unemployed" individuals in the CIMA database.

⁹ Assuming that "trainee/graduates" are in employment.

Figure 4 illustrates the age of the individuals undertaking CCPMO qualifications. As this figure illustrates, individuals undertake these types of professional qualifications at all stages of their working lives. Although the majority of individuals undertake these qualifications between age 26 and 45; there are also significant groups of both younger and older students.

Figure 4: Students undertaking CCPMO qualifications, by age



Note: A very small (under 1%) proportion of students are aged over 65. Age bands were not exact for some organisations.

Source: London Economics based on CCPMO data.

The student body is also geographically diverse, both in terms of the split between UK and non-UK students, and within the United Kingdom. As shown in Table 2, the proportion of international students varies between the different bodies, ranging from around 10% to over 50%. The table also indicates the variation within the United Kingdom, with students attracted from all areas of the country.

Table 2: Students undertaking CCPMO qualifications, by region

	CIMA	CIPS	CMI	CIPD	ICSA ¹
East Midlands	4%	3%	4%	7%	4%
East of England	8%	5%	9%	NA	13%
London	4%	5%	12%	13%	25%
North East	2%	1%	6%	10%	2%
North West	8%	6%	10%	10%	8%
South East	14%	7%	17%	24%	17%
South West	5%	2%	9%	6%	11%
West Midlands	5%	3%	10%	7%	7%
Yorkshire and the Humber	5%	4%	8%	NA	6%
Northern Ireland	1%	1%	2%	3%	2%
Scotland	3%	3%	5%	7%	4%
Wales	1%	2%	3%	3%	2%
Non-UK	40%	59%	4%	10%	NA

¹ ICSA data includes UK-based members and students only

Note: There were some differences in the geographic areas used by different organisations, and hence figures should be treated as indicative only.

Source: London Economics based on CCPMO data.

It is important to note that the qualifications offered by the professional organisations are generally “open access” and provide opportunity to all – so that even individuals who have relatively low levels of prior qualification attainment are able to progress to the highest qualification levels, and ultimately achieve membership of the professional bodies (combined with professional experience).

Information provided by the CCPMO indicates that prior educational achievement of those undertaking professional qualifications varies considerably¹⁰. Although between 20% and 50% of individuals have previous qualifications at degree level or higher, there is a substantial proportion of individuals in possession of qualifications at either Level 2 (i.e. 5 or more GCSEs) or Level 3 (i.e. 2 or more A-Levels). Notably, in the case of the ICM,

¹⁰ This discussion is based on data provided by the CIMA, the CIPD and the ICM.

20% of individuals hold only entry level qualifications before engaging in professional qualifications.

The professions supported by the CCPMO are integral to businesses across both the public and private sector. As indicated in Table 3 below, the CCPMO's students work in all sectors of the economy, with significant proportions working in manufacturing industries and in public administration.

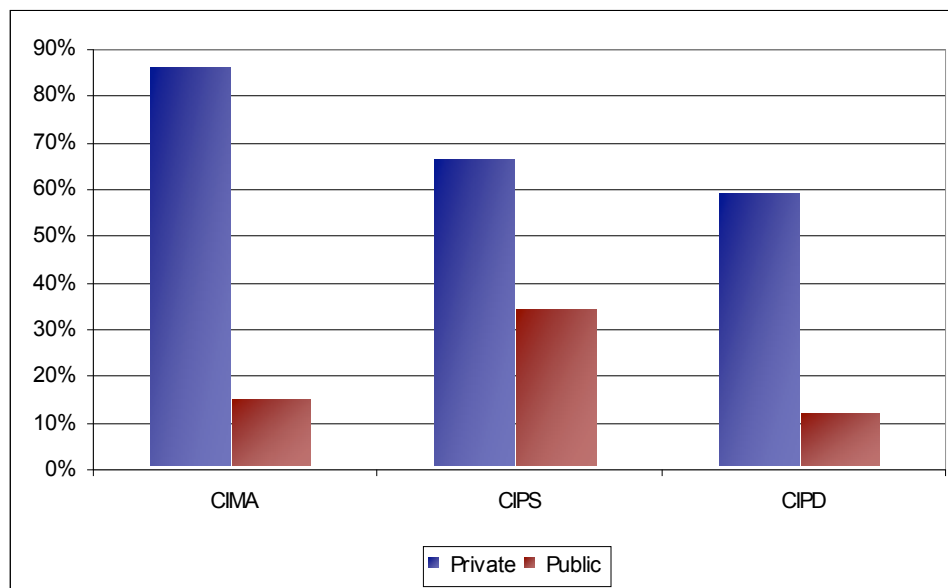
Table 3: Students undertaking CCPMO qualifications, by sector

	CIMA	CIPS	CMI	CIPD
Agriculture	0%	0%	1%	0%
Construction	2%	3%	2%	3%
Consulting/business services	14%	11%	5%	5%
Finance & real estate	15%	3%	4%	10%
Health and education	9%	8%	23%	14%
Manufacturing	22%	27%	7%	11%
Mining	1%	1%	1%	0%
Other	8%	1%	0%	20%
Other services	6%	5%	8%	6%
Public administration	5%	24%	42%	17%
Transport & communications	6%	8%	3%	5%
Utilities	2%	3%	2%	2%
Wholesale & Retail	9%	6%	3%	8%

Source: London Economics based on CCPMO data.

Figure 5 displays the split in employment between the public and private sectors. For the three organisations for which this information is available, the majority of students work in the private sector – with a sizeable minority engaged in the public sector.

Figure 5: Students undertaking CCPMO qualifications, by sector



Source: London Economics based on CCPMO data.

2.4 Other education and training activities

2.4.1 Training

As well as developing formal qualifications, professional bodies also engage in a much wider range of education and training activities. This includes a number of seminars and one-day training courses covering an array of relevant topics, as well as smaller scale programmes of talks and networking events (often organised at a branch level).

In addition, each of the professional bodies offers tailored training solutions to employers. This includes identifying skills gaps, offering internal training courses (sometimes leading to formal qualifications), and designing ongoing in-house training schemes. These training solutions are provided to a full range of organisations – from very large firms to small and medium-size enterprises.

2.4.2 Continuing Professional Development (CPD)

The CCPMO plays a key role in promoting continuing professional development to their members and, in many cases, undertaking sufficient CPD is a necessary requirement to retain Chartered membership status. The materials and guidance, as well as the array of training courses available, allow members the ability to keep up-to-date with latest professional developments, and provide them with the opportunity to participate in lifelong learning.

2.5 Standards setting and profile raising

2.5.1 Occupational and professional standards

Professional bodies play a key role in developing occupational and professional standards for their respective disciplines and associated occupations. Each of the members of the CCPMO holds its members to a code of conduct and ethics, monitored through robust disciplinary processes. Further, the professional bodies have frequently been involved in the wider development of occupational standards with, for instance, several members of the CCPMO involved (and in some cases leading) the development of the National Occupational Standards (NOS) for their disciplines¹¹.

2.5.2 Partnerships and policy development

The CCPMO plays an important role in raising the profile of their members - and the profession more widely - through marketing, lobbying and other activities. The professional bodies that make up the CCPMO are actively engaged in knowledge dissemination in a number of settings, including policy development and in the media. In addition, the CCPMO bodies participate in several partnership organisations that allow them to influence and contribute to policy debates more widely.

¹¹ National Occupational Standards (NOS) define the competences which apply to job roles or occupations in the form of statements of performance, knowledge and the evidence required to confirm competence. They cover the key activities undertaken within the occupation in question under all the circumstances the job holder is likely to encounter.

3 The contribution of the CCPMO to the UK skills base

In evaluating the economic impact of the CCPMO, it is instructive to place its activities within the wider context of skills provision within the United Kingdom. In this section we assess the ways in which the CCPMO contributes to the UK skills base, using the targets and delivery methods established in the Skills Strategy and the Leitch Review to assess the effectiveness of this contribution.

3.1 The Skills Strategy

The national “Skills Strategy” reflects the Government’s commitment to up-skilling the UK workforce, through its aim “to ensure that employers have the right skills to support the success of their businesses and organisations, and individuals have the skills they need to be both employable and personally fulfilled”¹². The Strategy was developed in response to a growing body of evidence highlighting the importance of skills to national productivity and prosperity on one hand, and the UK’s relatively poor performance in meeting current skill needs on the other.

The Skills Strategy has been repeatedly refined and updated; however, there has been a continued focus on its key themes of ensuring that the UK education system is “demand-led”, so as to reflect employers’ current and future skills needs, and providing individuals with support and motivation to undertake lifelong learning.

Following the suggestion of the Leitch Review, the Government has committed to “becoming a world leader in skills by 2020, rising to the upper quartile of the OECD”. With this in mind, the government has enshrined the aims of the Skills Strategy in the Public Service Agreements set as part of the 2007 Comprehensive Spending Review. It is targeted, for instance, that 90% of adults will be qualified to at least level 2 by 2020.

In order to reach these targets, there has been substantial reform of the education system, including the establishment of a new infrastructure to achieve the aims of the Skills Strategy. Some of the major measures are described below.

- The **UK Commission for Employment and Skills (UKCES)** was launched in April 2008 (following the recommendations of the Leitch

¹² Secretary Of State For Education And Skills (2003) *21st century skills – realising our potential: individuals, employers, nation*, Presented to Parliament by the Secretary of State for Education and Skills by Command of Her Majesty, Cm 5810, July 2003, p11.

Review), as a mechanism to strengthen the employer voice in the development of skills policy.

- 25 **Sector Skills Councils (SSCs)** have been established to bring together employers, employees and other stakeholders within particular industrial sectors, to identify and meet particular skills gaps.
- The nine **Regional Skills Partnerships** work at a regional level, seeking to provide a more “joined-up” approach to skills provision.
- The **Train-to-Gain** programme helps employers develop the skills of their workforce, through a skills diagnostic service, and a range of skills support mechanisms.

3.2 Improving professional skills levels

3.2.1 Delivering intermediate skill levels

One of the key aims of the Skills Strategy is to increase the incidence of intermediate skills achievement – measured by obtaining formal qualifications at level 2 or level 3. The Public Service Agreements contained in the latest Comprehensive Spending Review contained specific targets for the number of learners achieving such qualifications by 2011, and funding has been provided accordingly.

Awards at these intermediate levels comprise a significant proportion (varying between 25% and 50%¹³) of the total awards offered by many of the CCPMO professional bodies. Further, the core qualifications offered by the CCPMO allow individuals progression from entry level to the higher level qualifications required for full membership of the institute or (where relevant) to achieve Chartered status (sufficient professional experience is also required). This provides opportunities for all learners to obtain the benefits of membership of a professional institution – even if they initially have low levels of previous qualification attainment or no formally recognised qualifications.

The activities undertaken by professional bodies leave them well-placed to overcome the major barriers that inhibit expanding provision at this level. First, the high and established level of engagement with employers and academics ensures that the qualifications provided by the CCPMO already embody the current skills needs of the profession and hence are highly valued by employers. The consequent economic value of the qualifications provides an incentive both for individuals to become involved in education,

¹³ Based on data from the CMI, the CIPD and the CIPS.

and for employers to support them in the programmes accredited by professional bodies.

Second, the large network of accredited centres operated by the professional organisations and the availability of self study materials, including online resources, means that delivery of qualifications is sufficiently flexible such that individuals are able to participate relatively straightforwardly – and (in general) combine study with employment. Further, quality assurance procedures guarantee that the learning support provided is of high quality, providing students with the best possible chance to succeed in their studies.

Third, professional bodies are well-placed to promote qualification and skills attainment amongst the current workforce. As noted in the Leitch Review, more than 70% of the 2020 working age population are already older than 16.¹⁴ Reaching these individuals necessitates ensuring that qualifications are available that meet their needs, ensuring that employees are aware of these opportunities and engaging employers so that they invest in the skills of their workers. Professional bodies contribute by raising awareness through their profile-raising activities, acting as the pre-eminent source of labour market information in their professions, and through their day-to-day contact with employers both through their members and through the provision of training courses.

Further, it is notable that a large proportion of the qualifications awarded by the professional bodies (ranging from 30% to above 80%) are provided to women. This suggests that the professional bodies are likely to have a significant role in supporting existing policy commitments to provide women with enhanced careers pathways and reduce gender gaps in employment (as set out for instance in the *Women and Work Sector Pathways Initiative*).

3.2.2 Delivering higher skill levels

The Leitch Review identified the need for increased levels of “high skills” (defined as those at Level 6 or above¹⁵), emphasising that without management and leadership skills, other skills in the workforce will not be utilised effectively. Similarly, the Scottish Skills Strategy has emphasised the need to encourage “better management and leadership and improved human resource practices” in order to improve the utilisation of skills in the workplace.¹⁶

As such, qualifications in these areas – those with which the CCPMO is primarily concerned – are likely to have significant spillover effects on the wider workforce, and hence on productivity at a national level.

¹⁴ HM Treasury (2006) *Prosperity for All in the Global Economy – World Class Skills*, London: HMSO, p69.

¹⁵ Using the revised 8-level NQF.

¹⁶ Scottish Government (2007) *Skills for Scotland: A Lifelong Skills Strategy*, Edinburgh, September, p44.

Notably, the professional bodies already provide the mechanisms that Leitch (and the Government response) have targeted as key to achieving the aim of improving high level skills. The relevant recommendation of the Leitch Review was for the priorities of the HE sector to be rebalanced so that, as well as the focus on increasing the proportion of young people having access to tertiary education, there should be “opportunities, through their employers, for the many people in work who have the potential to acquire high skills”.¹⁷ Clearly, as outlined in Section 2, such opportunities are offered by the professional bodies, which offer graduate and post-graduate level courses which are accessible (through study) to all individuals.

Further, the Government has explicitly stated that “bite-sized learning, credit accumulation, flexible and innovative modes of delivery (for example e-learning, blended learning or learning in the workplace), and curriculum design influenced by employers will all be key features of the future HE system”¹⁸. Again, the qualifications offered by the professional bodies already meet these requirements. Courses are offered both through private sector and Higher Education Institutions, and advanced standing is available through the accreditation of university programmes. Students are offered considerable flexibility in the way in which they can undertake qualifications, including several forms of flexible learning. Further, employers are heavily involved in the development of the curriculum for professional qualifications, alongside academics, members of the professional bodies, students and examiners.

In addition to its core courses, the CCPMO also ensures that professionals have continuing access to training and education through their networking and CPD programmes. This ensures that best practice improvements are disseminated to current – as well as future – professionals.

3.3 Impact within the profession

As well as their role in delivering formal qualifications, professional bodies have a much broader role in promoting their profession, and ensuring the continued development of best practice in their discipline.

In order to assess the effectiveness of the professional bodies in influencing the level of skills within their profession, we place them in the framework used for the re-licensing of the Sector Skills Councils – in some senses the public sector bodies most comparable to the CCPMO.

The SSCs are currently undergoing a re-licensing process (undertaken by the UKCES), under which each organisation is required to demonstrate “the confidence, support and influence of employers within their sector”. We identify the “key tests” from the associated Assessment Framework that

¹⁷ *Prosperity for All in the Global Economy – World Class Skills*, HMT 2006, p68.

¹⁸ *PSA Delivery Agreement 2*, HMT, 2007, p17.

apply to the CCPMO, and discuss the extent to which the professional bodies meet these criteria. The tests are grouped according to the three areas of the SSCs' remit¹⁹.

3.3.1 Ensuring that the supply of skills and vocational qualifications is driven by employers

The first element of the SSCs' remit is focused on the development of economically valuable qualifications, particularly through the Sector Qualifications Strategy (SQS) and the development of occupational standards. Following the Leitch Review, they have been granted greater responsibility over the approval process for vocational qualifications (rather than the LSC), and now decide whether to approve qualifications, as well as identifying those that should receive public funding.

The relevant key tests from the re-licensing framework are:

- 1) *The SQS is underpinned by employer demand, secures qualifications which have economic value for employers and commands widespread support from stakeholders.*
- 2) *The SQS aligns to public policy in the four nations and links to the SSC strategic plan.*
- 3) *The SSC has high quality, up to date standards and apprenticeship frameworks in place for all key occupations in the sector backed by robust evidence from employers.*
- 4) *The SSC has developed the capacity, capability and competence to deliver high quality standards and qualifications.*
- 5) *The SSC has an effective quality assurance system for standards, qualifications and apprenticeships.*

Professional bodies are, as discussed in Section 1, heavily engaged in the development of qualifications, with the CCPMO providing around 50,000 awards per year in aggregate. Qualifications are designed, and continually reviewed to ensure they are up-to-date and relevant to the needs of the profession, taking into account the views of employers, members, students and (where appropriate) relevant changes in legislation and public policy. Further, research is commissioned and analysed to ensure that qualifications also reflect the latest academic and policy developments within the discipline.

The relevance of the qualifications to employers is also increased through the requirement for individuals to obtain substantial professional experience

¹⁹ The remit and the Assessment Framework are taken from UKCES (2008) *Empowering SSCs – Employer driven skills reform across the UK*, A Re-licensing Framework for Sector Skills Councils, UK Commission for Employment and Skills.

(generally three years) before becoming eligible for full membership of the professional body.

The success of these measures is evidenced by the high level of employer demand – indicated by the fact that the majority of qualifications undertaken by students are funded by employers, and the fact that the vast majority of students undertake qualifications while in employment.

The majority of the professional bodies have also been involved in the development of occupational standards within their profession, including in many cases the development of NOS. In keeping with their public interest remit to be the pre-eminent source of knowledge in relation to their profession, the capacity of the bodies in this regard is unquestionable. In addition, the professional bodies also maintain codes of conduct for their professions, supporting them through robust disciplinary procedures.

The qualifications provided by the professional bodies are quality-assured in two ways. First, as mentioned above, the content of the qualifications is continually reviewed. Second, the quality of delivery is ensured through the availability of accreditation processes for the learning providers that supply the qualifications, based on inspection visits and other methods.

3.3.2 Raising employer ambition and investment in skills

The reforms set out in the Skills Strategy have emphasised the importance of giving employers a “voice” to influence the qualifications and other training provided. This has been the primary rationale underpinning the creation of the UKCES and the SSCs.

The relevant key tests from the re-licensing framework are:

- 1) *The SSC can demonstrate that it has the confidence and support of employers in its sector.*
- 2) *The SSC’s Governance structure is employer led, is representative of the diverse nature of the sector and of the UK wide context.*
- 3) *The SSC has developed a range of sector specific solutions which add economic value for employers and address priority skills issues in the sector which are based on evidenced employer and learner need.*
- 4) *The SSC must demonstrate a robust strategic and business planning process which is driven by employers, grounded in the skills needs of the sector and connects to sector and geographic economic development policies.*
- 5) *The SSC is driven by a clear understanding of its customer/employer base including stakeholders and has robust and fit for purpose systems for measuring customer/employer and staff satisfaction.*

- 6) *The SSC has developed a range of sector specific solutions which add economic value for employers and address priority skills issues in the sector which are based on evidenced employer and learner need.*
- 7) *The SSC can demonstrate the value and contribution of skills to sectoral employer performance and uses key employer performance indicators.*
- 8) *The SSC can demonstrate the direct and indirect contribution made by its products, services and sector specific solutions in addressing employer skills priorities.*

Professional organisations are necessarily employer-led, through their operation as membership bodies. Many employer representatives are members, volunteer activists and trustees of the various Institutes, which is a level of involvement that is unique to professional bodies. Further, the professional bodies are governed by their members, ensuring that the direction and operation of the bodies is continually led by those working within the professions.

Professional bodies engage with their members in several ways, including through annual surveys, the provision of labour market information (e.g. magazines), and the provision of training courses (including CPD). Further, the professional bodies also offer bespoke training to employers, including not only training delivery, but also assessment of skill gaps, and the accreditation of employer-run training programmes. This allows the CCPMO to provide many of the services offered through the *Train to Gain* programme, supported by a consistently high standard of training provision. As a result the CCPMO is able to enhance the level of training throughout their professions – beyond only those receiving professional qualifications.

3.3.3 Articulating the future skill needs of their sector

- 1) *Collection and analysis of sectoral labour market intelligence is carried to a high technical standard and draws on consistent data that allows comparisons to be made between sectors.*
- 2) *Skills and labour market assessments are thorough, rigorous, based on up to date information, and provided annually to the four nations.*
- 3) *The SSC clearly identifies the key skills priorities and pressures for the sector including cross sector, drawing on a solid evidence base and reflecting the needs of employers.*
- 4) *The SSC takes a strategic approach to research that fits closely with the SSC's business plan and links to broader government aims and priorities at a national and regional level.*
- 5) *Research outputs are published and made accessible.*

Professional bodies aim to be the pre-eminent source of knowledge and information for their disciplines; the success of which is evidenced by the extensive global take-up of many UK professional qualifications. This allows them to provide individuals and employers with a high quantity of robust labour market information - identified by the Government as a key step to improve learners' choice of the correct qualifications.

Information is collected and disseminated through several channels including:

- research networks involving academics, practitioners and other stakeholders;
- the funding of academic chairs;
- commissioning and producing research reports;
- production of economic indicators (e.g. Purchasing Managers' Indices);
- surveys of industry and membership issues (e.g. Labour Market Outlook);
- academic journals;
- regular magazines, newsletters, factsheets and podcasts;
- organisation of conferences, workshops and other events;
- development of tools and techniques for professionals; and
- collection and holding of relevant information sources (i.e. online databases and research libraries).

Through this range of different activities, professional bodies provide a wealth of information, much of which is accessible to all (i.e. it is not limited to members). This research is used to contribute to the development of policy, through consultations and other activities, as well as informing the professional bodies' education and training activities.

3.4 Impact on UK plc

As detailed on Section 2, the professional bodies that comprise the CCPMO have extensive international operations both in terms of delivering qualifications overseas and having international membership (spread across more than 150 countries). Further, several members of the CCPMO are also members of international federations, or play a role promoting their profession overseas in partnership with their international counterparts.

The continued growth in overseas demand for UK qualifications suggests that the CCPMO continues to play an important role in promoting the reputation of both UK education and also of the UK professions abroad. While the economic benefits of this are difficult to quantify, they may be

considerable in terms of generating additional business and employment opportunities for UK professionals.

4 The economic return to professional qualifications

4.1 Introduction

There have been significant volumes of research undertaken investigating the economic returns to both traditional academic and vocational qualifications, highlighting the enhanced earnings and likelihood of employment associated with increasing qualification attainment. For instance, previous findings have indicated that possession of an undergraduate degree adds approximately 23.5% to average earnings²⁰; enhances the probability of being employed by between 4 and 6 percentage points²¹; and increases the labour market resilience of individuals in possession of those qualifications during periods of economic uncertainty²². However, to the best of our knowledge, there has been no previous research focused on the return to professional qualifications in the United Kingdom.

In this section we use information from six quarters of the Quarterly Labour Force Survey to estimate the returns to individuals associated with holding professional qualifications and holding membership of a professional institute, controlling for other personal, regional and job related characteristics. The analysis adopted replicates the methodological approach and findings of other representative studies estimating the economic return to qualification attainment.²³

4.2 Methodology

The returns to professional qualifications were estimated using pooled information from six quarters of the Labour Force Surveys from January 2007 to June 2008²⁴. This dataset has uniquely detailed information on the qualifications held by individuals, as well as their labour market outcomes (in

²⁰ Blundell, R., Dearden L. and Sianesi B. (2003) Estimating the Returns to Education: Models, Methods and Results, IFS Working Paper No. WP03/20.

²¹ Royal Society of Chemistry (2005) "The economic benefits of Higher Education", report prepared by PricewaterhouseCoopers, January 2005.

²² Conlon, G. (2000) "The Marginal effect of Vocational Qualifications on Labour Market Performance and Earnings", D.Phil. Thesis, Nuffield College, University of Oxford.

²³ For instance, Walker I. and Zhu I. (2001) "The Returns to Education: Evidence from the Labour Force Surveys", Department for Education and Skills Research Report 313; and Royal Society of Chemistry (2005) "The economic benefits of Higher Education", report prepared by PricewaterhouseCoopers, January 2005.

²⁴ The Labour Force Survey (LFS) is a quarterly sample survey of households living at private addresses in Great Britain. Its purpose is to provide information on the UK labour market that can then be used to develop, manage, evaluate and report on labour market policies. The questionnaire design, sample selection, and interviewing are carried out by the Social and Vital Statistics Division of the Office for National Statistics (ONS) on behalf of the Statistical Outputs Group of the ONS. The data are Crown copyright.

terms of both wage and employment status), and other personal characteristics (such as age, marital status, ethnicity etc)²⁵.

Using this dataset, we estimated the earnings premiums and employment probabilities associated with holding professional qualifications or membership of a professional institute. This ensures that the economic benefits of *qualifications* were assessed rather than (wrongly) estimating the earnings achieved by those in possession of different levels of qualification. This is important, as there are many factors that affect earnings other than the type of qualification attained (such as gender and region of residence). In the case of professional qualifications it might be expected that there are also differences in the other levels or types of education attainment held (i.e. non-professional qualifications) between those with professional qualifications and those without. Therefore, simply assessing the earnings achieved by those in possession of professional qualifications may wrongly attribute earnings to those qualifications instead of other contributory factors.

To estimate these effects, we pooled 6 quarters of QLFS data and identified the individuals who have any form of professional qualification. Two separate categories of qualification were identified:

- professional qualifications²⁶; and
- membership of a professional institute²⁷.

The lifetime earnings associated with these qualifications were then estimated using the following steps:

1. Estimate the earnings premium associated with different qualification levels in 5 year age bands across the working age population²⁸.
2. Estimate the probability of employment associated with different qualification levels in 5 year age bands across the working age population²⁹.
3. Estimate the average annual earnings achieved by individuals with no formally recognised qualifications.
4. 'Inflate' these baseline earnings using the earnings premiums from (1) and the employment probabilities from (2).

²⁵ Individuals in the LFS are surveyed across five separate quarters (i.e. in five waves), reporting income and employment data only in waves 1 and 5. In pooling the data we removed observations to prevent any 'double counting'. We also excluded individuals that were not surveyed at all in 2008, as it was not possible to identify whether they held "other professional qualifications" (see below).

²⁶ Labelled as "other professional qualifications" in the QLFS. Prior to 2008, these were aggregated together with "work related qualifications" and "foreign qualifications" in the Labour Force Survey.

²⁷ Labelled as "graduate membership of a professional institute" in the QLFS.

²⁸ Estimated using a standard OLS methodology, with the natural logarithm of hourly earnings as the dependent variable, and independent variables including personal, regional and employment related characteristics, as well as the other levels and types of qualifications individuals held.

²⁹ Estimated using a probit model since the dependent variable is binary (0, 1) rather than continuous as in the case of earnings.

5. Adjust earnings to account for the fact that earnings would be expected to increase in real terms over time.
6. Discount earnings to ensure that any estimates of lifetime earnings are illustrated in present value terms.

4.3 The incidence of professional qualifications

As shown in the first column of Table 4, around 10% of the working age population hold professional qualifications, while around 2% are members of a professional institute.

Importantly for the later analysis, the qualifications held by those who have professional qualifications or membership of a professional institute are significantly different from those held by the working age population as a whole. In particular, such individuals are more likely to hold other qualifications at each level of the national qualifications framework (except level 1). For instance, 33% of individuals with professional qualifications have undergraduate degrees, while the corresponding proportion for members of professional institutes is 57%. Across the working age population as a whole, however, the proportion is closer to 16%.

Notably, there is also diversity in the level of prior qualification attainment between individuals that do either hold professional qualifications or membership of a professional institute. This provides evidence of the “open access” to professional qualifications and to membership of professional institutes referred to earlier in the report in the particular context of the CCPMO.

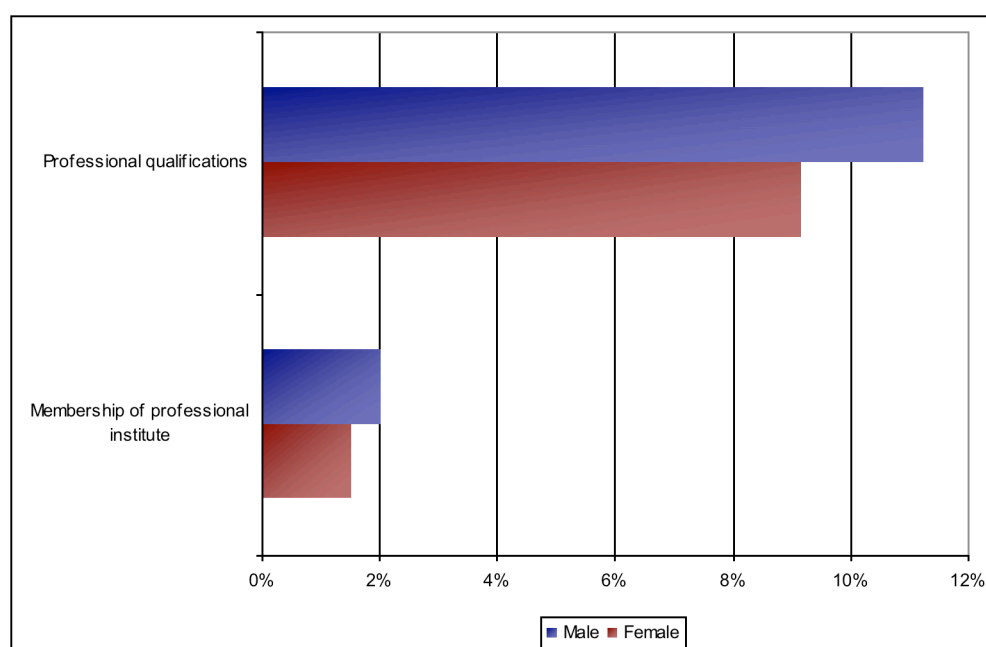
Table 4: Levels of qualifications held by working age population

	Working age population	Those with professional qualifications	Members of prof. institute
Professional qualifications	10%	n.a.	39%
Membership of prof. institute	2%	7%	n.a.
Other qualifications held			
No qualifications	13%	n.a.	n.a.
Level 1	61%	58%	41%
Level 2	55%	73%	85%
Level 3	34%	54%	77%
Level 4	4%	6%	8%
Level 5	8%	13%	18%
Level 6	16%	33%	57%
Level 7	6%	13%	29%
Level 8	1%	2%	6%

Source: London Economics based on Labour Force Survey.

As shown in Figure 6, men in the working age population are more likely than women to hold either professional qualifications or membership of a professional institute. This is not surprising, given the overall historical tendency for women to be less actively engaged in the labour market.

Figure 6: Professional qualifications held, by gender



Source: London Economics based on Labour Force Survey.

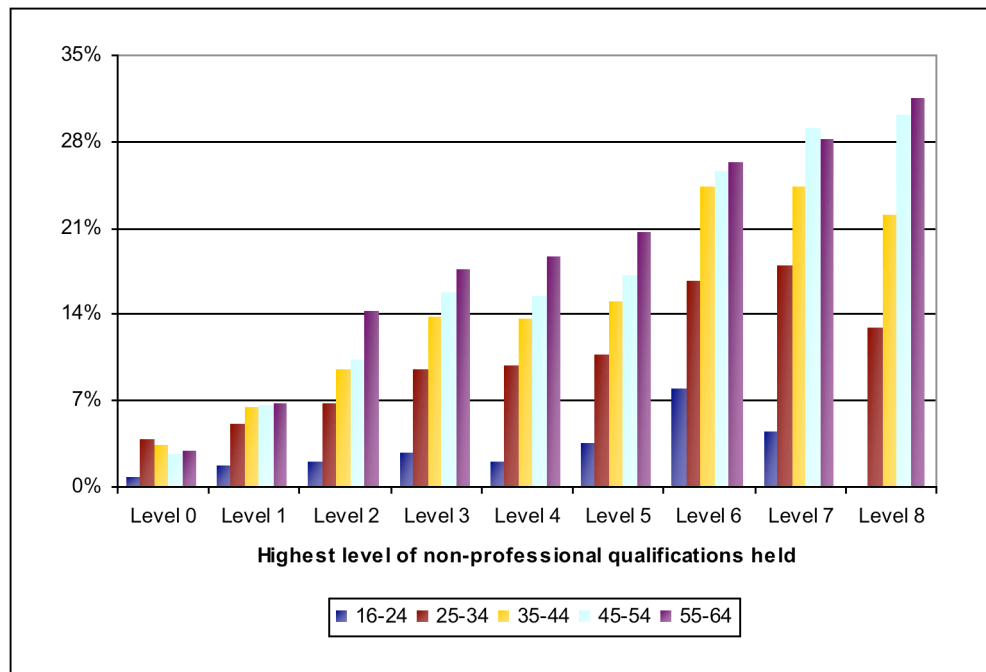
Figure 7 illustrates how the proportion of the population holding professional qualifications or professional membership varies by age, and other levels of qualifications held. As the figure indicates, there is a general trend for the proportion to be higher amongst more qualified and older individuals.

This suggests that individuals continue to gain professional qualifications throughout their careers – there does not appear to be a plateau of qualification attainment at a certain age. Further, it is notable that the proportion of the population holding professional qualifications is significant in size even for individuals whose highest level of non-professional qualifications is beneath Level 3. This again indicates the “open access” nature of professional qualifications.

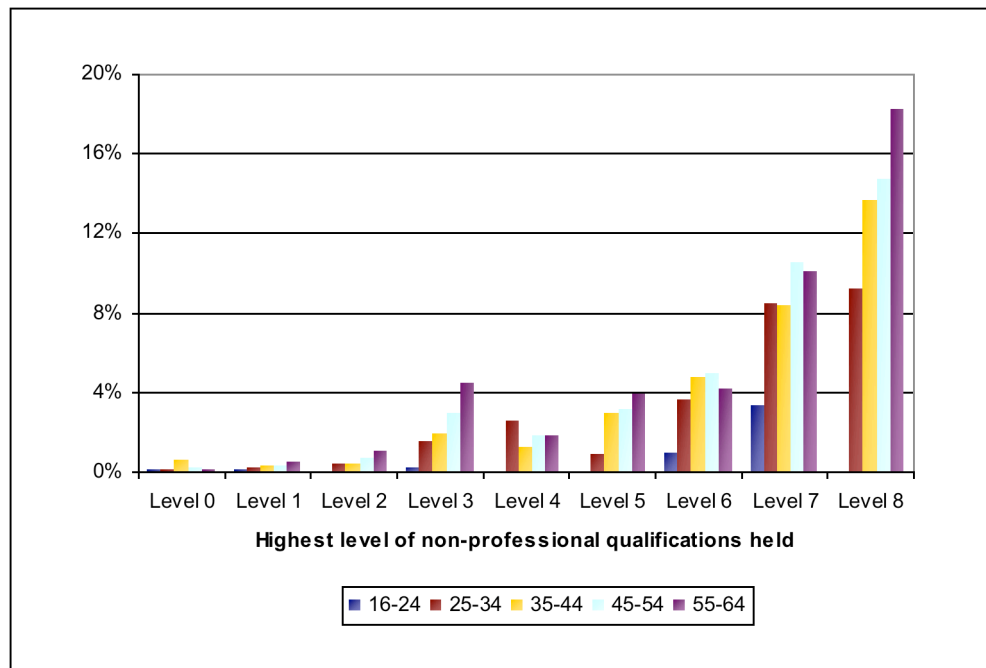
Despite this, however, it is clear that individuals with higher levels of prior qualification attainment are more likely to hold either professional qualifications or membership of a professional institute. This suggests that there are differences in characteristics between the individuals that hold such qualifications and those that do not. It is important to control for this in trying to isolate the economic value of a qualification alone.

Figure 7: Attainment of professional qualifications and membership of a professional institute by highest other qualification held and age

Proportion of population holding professional qualifications



Proportion of population holding membership of a professional institute



Source: London Economics based on Labour Force Survey.

4.4 Estimating the lifetime earnings of those with professional qualifications

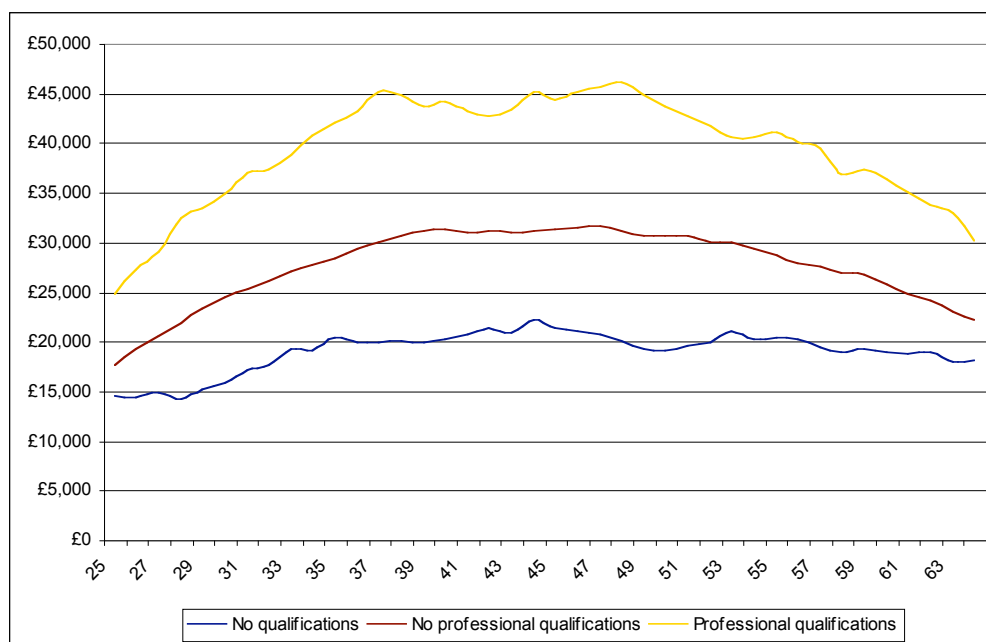
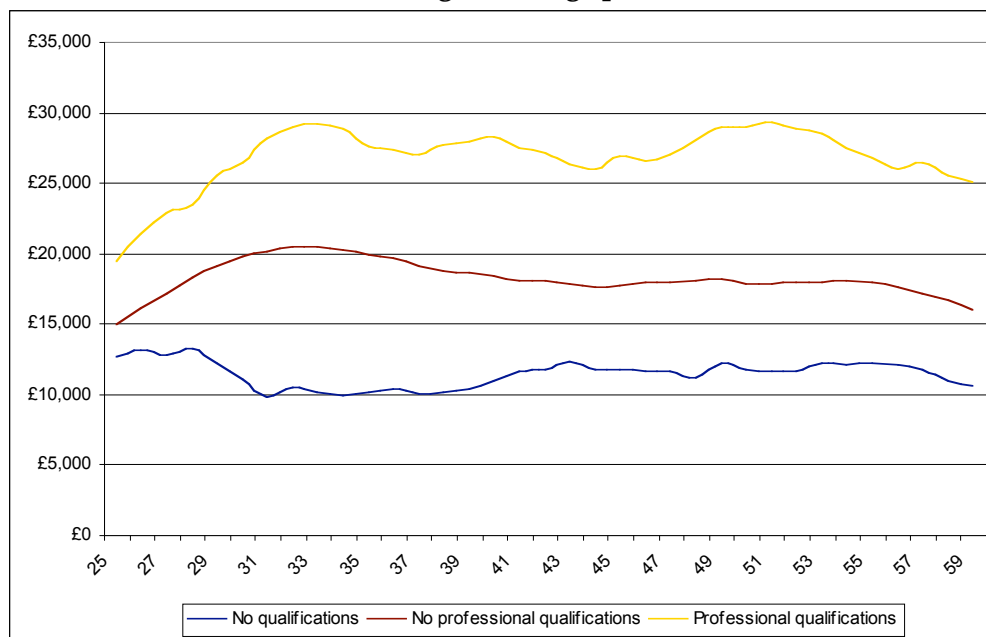
4.4.1 Differences in individual earnings

Using the Labour Force Survey, we compare the estimated average annual wage achieved by individuals with professional qualifications to those without such qualifications, as well as individuals with no formally recognised qualifications³⁰. The results are displayed in Figure 8.

This analysis indicates that individuals with professional qualifications achieve on average substantially higher average wages across their lifetime compared to other individuals. Men, with professional qualifications, for instance earn, on average, almost £12,000 per annum more across their working life, compared to individuals without professional qualifications³¹. For women, the average difference is around £8,500 per annum.

³⁰ Note: these figures do not include individuals that hold membership of a professional institute.

³¹ This can be seen as the vertical distance between the yellow and red lines in the figure.

Figure 8: Qualification-adjusted age-earnings profiles**Male age-earnings profile****Female age-earnings profile**

Note: Smoothed using simple 5-year moving average. Includes individuals in employment only.

Source: London Economics based on Labour Force Survey.

4.4.2 Isolating the impact of different qualifications

While this indicates that individuals holding professional qualifications receive significantly higher wages than those that do not, we cannot equate this difference with the returns to professional qualifications. This is because, as indicated in the discussion above, there are likely to be differences in other personal characteristics (such as other qualifications held) between the two groups that also contribute to this wage difference.

Further, it is possible that the wage effect underestimates the benefit of achieving professional qualifications in some way, as we might also expect that holding a professional qualification has an effect on an individual's probability of being employed – and hence their lifetime earnings.

To disentangle these factors, we carried out a series of regressions to estimate the hourly earnings premiums and employment likelihoods associated with professional qualifications and membership of a professional institute. The main results are displayed in Table 5. Note that the results presented in Table 5 are cumulative in the sense that an individual in possession of professional qualifications and membership of a professional institute will achieve both the earnings premiums displayed.

The results indicate that both men and women achieve significant wage returns both from undertaking professional qualifications and from being members of a professional institute. Between the ages of 35 and 39, for example, men who are members of a professional institute are estimated to receive a 15% wage premium (on top of the 15% premium associated with professional qualifications), holding other factors constant, while women achieve a 22% wage premium compared to their counterparts without membership (on top of the 14% premium associated with professional qualifications).

Table 5: Hourly earnings premiums by qualification level

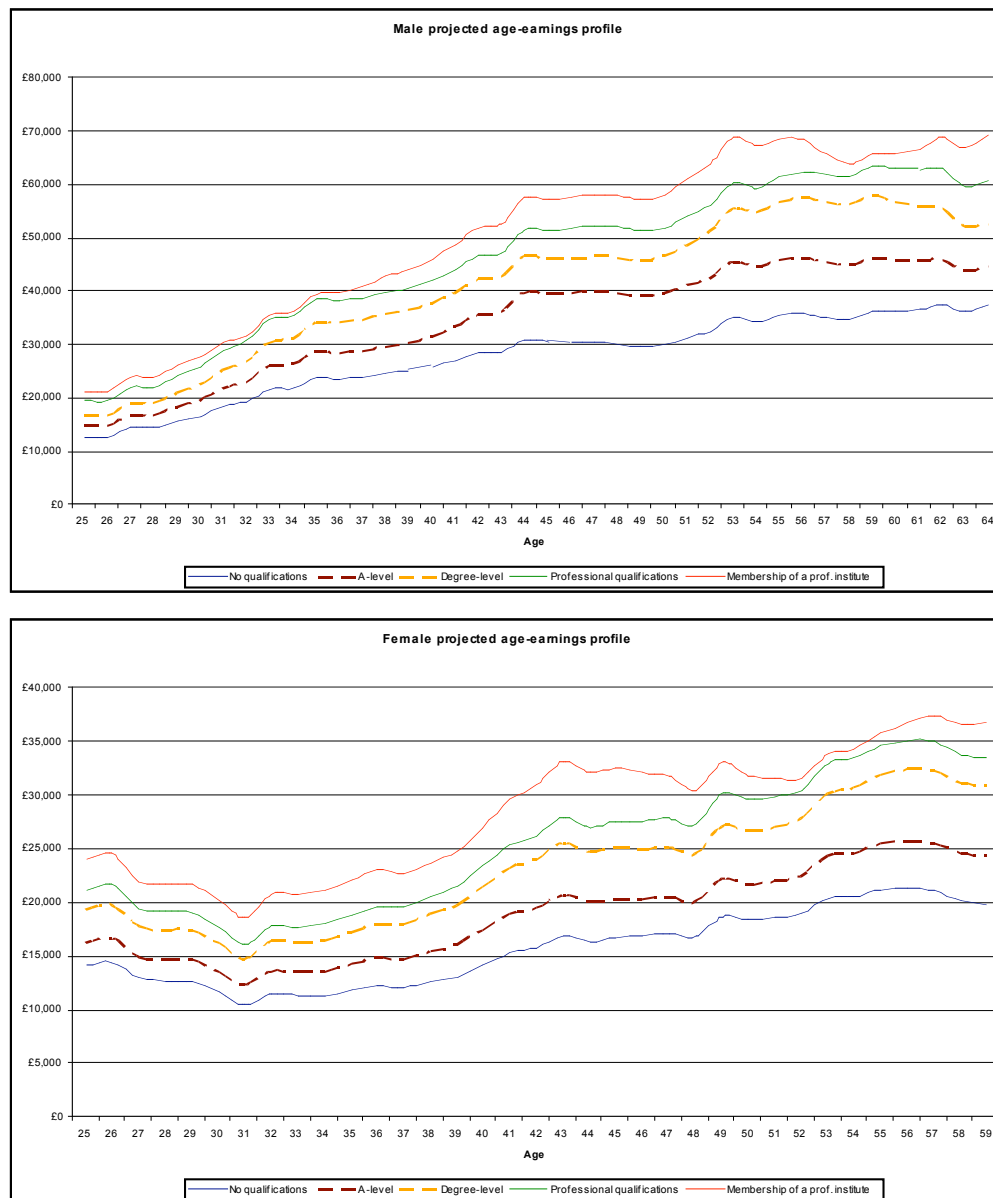
	Men		Women	
	Professional qualifications	Membership of prof. institute	Professional qualifications	Membership of prof. institute
25-29	0.21	0.14	0.13	0.19
30-34	0.20	0.00	0.13	0.30
35-39	0.15	0.15	0.14	0.22
40-44	0.16	0.20	0.14	0.35
45-49	0.21	0.19	0.17	0.15
50-54	0.12	0.27	0.13	0.00
55-59	0.15	0.00	0.13	0.19
60-64	0.23	0.26	n.a.	n.a.

Note: Earnings premiums represent the average return across all individuals holding that qualification, as a percentage of the wage of an individual with no formally recognised qualifications. Results set equal to zero if not statistically significant at a 10% significance level.

Source: London Economics based on Labour Force Survey.

We can use these results to estimate the earnings associated with different qualifications across an individual's career. To ensure that the analysis adheres to best practice (as laid out in HM Treasury Green Book) it is necessary to factor in real earnings growth to account for the fact that, as the economy evolves and workers (at all qualification levels) become more productive, it would be expected that real earnings will increase. In other words, we would expect a 25 year old in 20 years time to achieve higher real earnings than a 45 year old now. We therefore augment earnings by 2% per annum.

The results are displayed in Figure 9. This indicates that professional qualifications and membership of a professional institute provide individuals with significant returns in terms of higher wages, even when other personal characteristics are controlled for. Importantly, when considering these results, it should be noted that this refers only to the estimated wages that individuals would earn if they were employed, rather than the average across the entire working-age population (i.e. incorporating individuals that are unemployed or economically inactive). This is considered further overleaf.

Figure 9: Projected age-earnings profiles based on qualification attainment

Note: Assuming 2% growth in real earnings per annum. Qualifications are indicative of the level within the NQF (i.e. A-level represents all level 3 qualifications). All individuals with qualifications are assumed to hold level 2 qualifications. For illustration purposes, qualifications are cumulative – that is an individual with membership of a professional institute is assumed to hold qualifications at GCSE-level, A-level, degree-level and professional qualifications.

Source: London Economics based on Labour Force Survey.

4.4.3 Assessing the lifetime benefits

The analysis above indicates that professional qualifications and membership of a professional institute are associated with significant benefits in terms of higher wages. In this section, we quantify these benefits, and place them in present value terms (i.e. the value to an individual in today's money terms).

As mentioned above, in estimating the lifetime benefits, it is also important to account for the fact that as well as affecting wages, qualifications also affect the labour market outcomes achieved (i.e. the probability of being employed). We estimate this effect using a series of non-linear regressions³² where the dependent variable was whether or not the individual was employed and the independent variables consist of a range of personal and regional characteristics.

The results of these estimates are displayed in Table 6. There is evidence of significant impacts on the probability of being employed for some, although not all, age groups. This is particularly true for women, with the results suggesting that holding professional qualifications is associated with an increase in the probability of being employed by up to 14 percentage points.

Table 6: Employment probabilities by qualification level (additional probability of being employed)

	Men		Women	
	Professional qualifications	Membership of prof. institute	Professional qualifications	Membership of prof. institute
25-29	0.07	0.00	0.12	0.00
30-34	0.00	0.00	0.14	0.00
35-39	0.00	0.00	0.09	0.11
40-44	0.03	0.00	0.05	0.00
45-49	0.03	0.00	0.06	0.00
50-54	0.00	0.09	0.00	0.00
55-59	0.03	0.00	0.09	0.20
60-64	0.06	0.00	n.a.	n.a.

Note: The results indicate the additional probability of being employed, given that the particular qualification is held. For instance, a 45-49 year-old man with professional qualifications is estimated to be 3 percentage points more likely to be employed than a man without such qualifications. Results set equal to zero if not statistically significant at a 10% significance level.

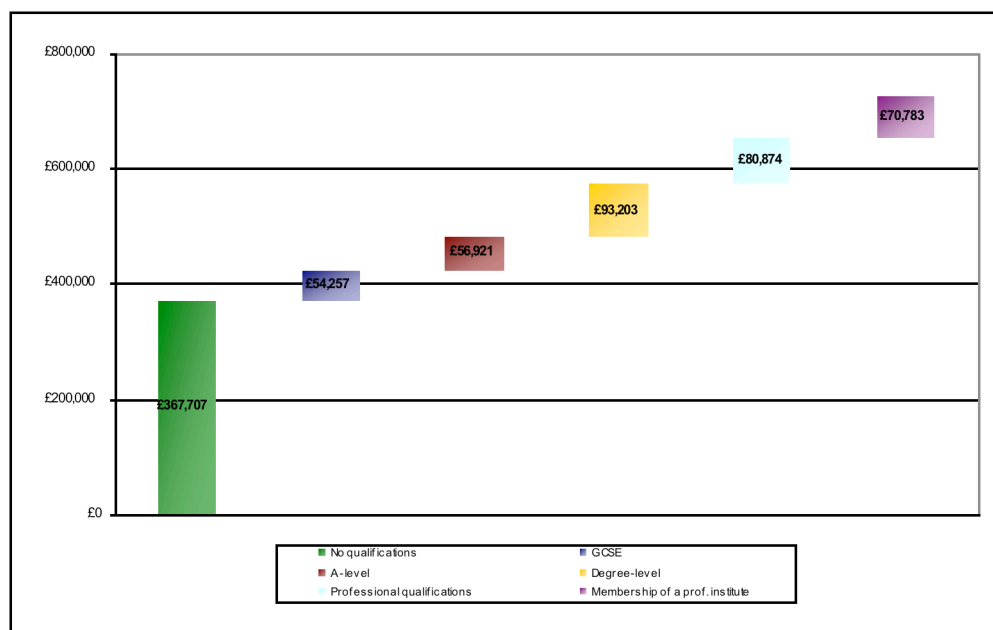
Source: London Economics based on Labour Force Survey.

³² In this case, we estimated a probit model since the dependent variable is binary (0, 1) rather than continuous as in the case of earnings.

Having generated these probabilities, we were able to estimate the average earnings achieved by all individuals in the workforce at each stage in their life, dependent on the qualifications that they hold. This flow of future cash flows are then be converted into a present value, using a standard HM Treasury discount rate of 3.5%.

As displayed in Figure 10, the estimated benefits are substantial. In total, the estimated benefit from obtaining professional qualifications is nearly £81,000 in today's money terms; while the benefit for holding membership of a professional institute is estimated at almost £71,000 in today's money terms. This compares favourably with the estimated benefits from qualifications at other levels within the national qualifications framework.

Figure 10: Present value of lifetime earnings for a representative individual associated with different qualification levels

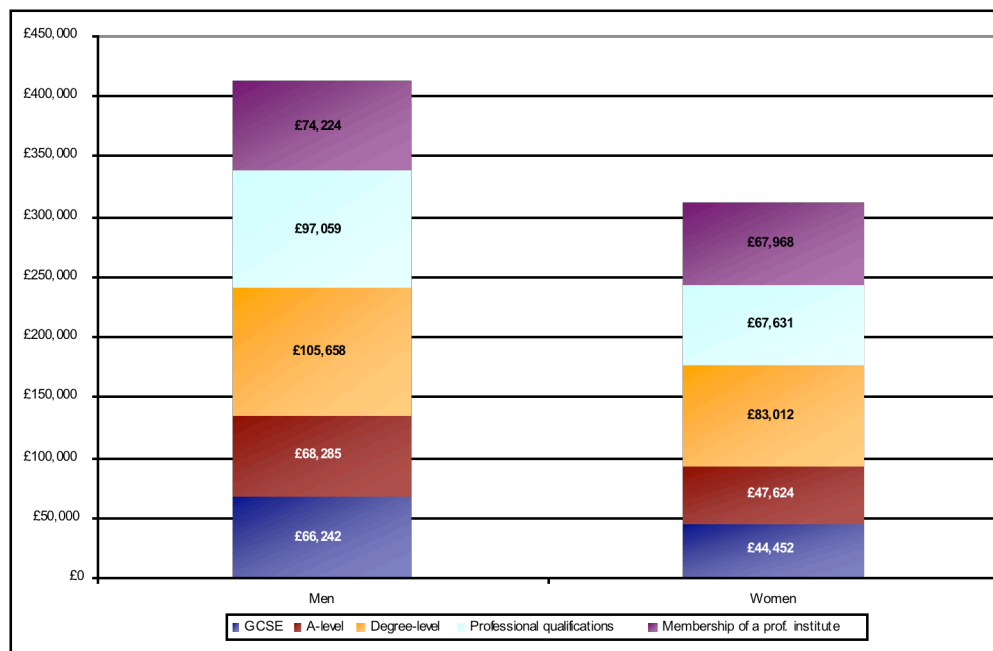


Qualifications are indicative of the level within the NQF (i.e. A-level represents all level 3 qualifications). All individuals with qualifications are assumed to hold level 2 qualifications. For illustration purposes, qualifications are cumulative – that is an individual with membership of a professional institute is assumed to hold qualifications at GCSE-level, A-level, degree-level and professional qualifications.

Source: London Economics based on Labour Force Survey.

Figure 11 illustrates the benefits to men and women separately. The benefits to both are substantial, with a man estimated to benefit by £171,000 (in today's money terms) from obtaining both professional qualifications and membership of a professional institute. The corresponding figure for women is nearly £136,000.

Figure 11: Lifetime benefits associated with different qualification levels



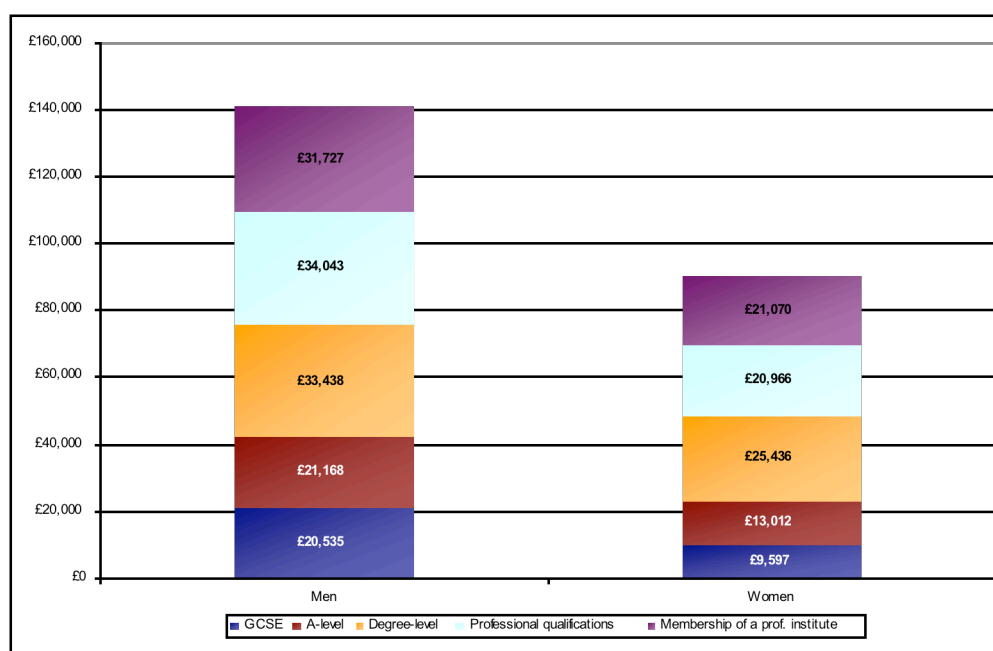
Qualifications are indicative of the level within the NQF (i.e. A-level represents all level 3 qualifications). All individuals with qualifications are assumed to hold level 2 qualifications. For illustration purposes, qualifications are cumulative – that is an individual with membership of a professional institute is assumed to hold qualifications at GCSE-level, A-level, degree-level and professional qualifications.

Source: London Economics based on Labour Force Survey.

4.4.4 Benefits to the Exchequer

We can also estimate the amount of extra revenue that qualifications generate for the Exchequer in terms of higher tax revenues. Figure 12 displays these results, based on current tax bands and tax rates³³. This indicates that present value of the tax revenue associated with a representative individual achieving both professional qualifications and membership of a professional institute is around £53,000 for a representative individual. The disaggregated figures for men and women are £66,000 and £42,000 respectively.

Figure 12: Present value of future tax revenues associated with different qualification levels



Note: Using current tax bands and rates. Qualifications are indicative of the level within the NQF (i.e. A-level represents all level 3 qualifications). All individuals with qualifications are assumed to hold level 2 qualifications. For illustration purposes, qualifications are cumulative – that is an individual with membership of a professional institute is assumed to hold qualifications at GCSE-level, A-level, degree-level and professional qualifications. Based on a representative individual, earning the estimated average real wage, adjusted for the probability of employment.

Source: London Economics based on Labour Force Survey.

³³ As at 21st November 2008.

5 Concluding remarks from the CCPMO

This economic impact assessment of the value of professional qualifications and professional membership powerfully demonstrates the tangible financial returns for individuals in terms of average earnings premium and significantly improved chances of employment.

The spillover business impact of more than half a million professionals (the collective number of members and students of the CCPMO professional bodies), who are responsible for significant teams and resources, also extends to several million other employees. These business professionals cover the full spectrum of those occupations which cut across industry sectors and are critical to the successful management of UK business and public services.

The majority of professional training and CPD is funded directly by employers and individuals, at no cost to the taxpayer. The Government's main focus on qualifications and financial support for Level 2 and 3 qualifications means that professional bodies are needed to maintain and improve the UK's productivity record. Many of our professional qualifications have a strong export market and also support UK plc in this international dimension.

This report also demonstrates how a distinguishing feature of professional bodies is their commitment to raising standards through their code of conduct or ethics, guidance on good practice and emphasis on the constant revision and updating of their qualifications in response to employer demand, and on continuing professional development. With approximately 70 per cent of the workforce of 2020 already in employment, the prosperity of the nation is therefore dependent on up-skilling and updating knowledge in the current workforce.

In commissioning this report, the CCPMO was seeking to provide recommendations for how the professional bodies could play a greater role in supporting the Government and key agencies in the development and delivery of the UK's Skills Strategy.

The findings from this report clearly show how the current Government infrastructure for skills makes inadequate provision for the support of world-class professional skills. Professional bodies are the centres of expertise for their skill areas and are therefore appropriate organisations to be full partners in the national Skills Strategy.

In a matrix of stakeholders, the publicly-funded Sector Skills Councils (SSCs) and the Regional Development Agencies might be said to provide the vertical part of the structure covering sectors and regions, with the professional management bodies providing the horizontal, cross-cutting part of the structure. Yet, the professional bodies are rarely identified as key delivery

partners. This has resulted in many sectors and regions duplicating activities and there is evidence of a failure to share best practice and develop collaborative approaches more widely.

Given the strength of the evidence presented in this report, the CEOs of the eight professional bodies recommend that the Government provides a more direct mechanism for working with the professional bodies. Section 3 clearly highlights how collectively the professional bodies are delivering the key elements within the remit of Sector Skills Councils. Therefore, it is proposed that a Professional Skills Council could be developed by UKCES that builds on the structure and remit of Sector Skills Councils. The key difference is that it would be a strategic body with a remit to engage the professional bodies rather than direct engagement with employers.

A Professional Skills Council could take on responsibilities that reflect the new three-part remit of SSCs and also help to co-ordinate current activities already being undertaken by the individual professional bodies. It is anticipated that significant additional value would be created through having a co-ordinated approach to raising professional skills. There would be significant savings by reducing the number of duplicated relationships. Under the current structure each of the individual 25 SSCs develops separate relationships with appropriate individual professional bodies. By replicating the role of the SSCs, the new body would be able to deliver significant value in terms of identifying and articulating employer need and raising employer ambition.

The initial work of this Council would help to identify gaps and shortages for professional skills and to help identify where is appropriate for professional bodies and standard setting bodies to take a strategic lead through direct contracts with the Commission. It would also provide a route for recommending strategic priorities for higher level, professional skills to the UKCES.

This report highlights how the Government could recognise the unique strengths of professional bodies and enable those strengths to be better deployed in the public interest. The mission of professional bodies is to serve the public interest by raising standards of performance through professional development. It is clear that the influence and expertise of professional bodies could make a significant impact in raising the demand for skills from both individuals and employers across the UK.

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Annex 1 The Skills Strategy

A1.1 The importance of skills

A large body of evidence, summarised in the Leitch Review³⁴, indicates that a nation's skills base is a crucial determinant of productivity and prosperity, as well as a key contributor to fairness through providing individuals with career opportunities and enabling them to adapt to changes in the labour market. Increases in skills levels improve productivity at both a national and a business or firm level. In most cases, individuals benefit from the possession of enhanced education, training and qualifications through higher earnings and an increased likelihood of employment. Furthermore, the accumulation of general transferable skills provide workers with the flexibility to adapt to economic shocks, and hence are significantly less likely to spend time out of work.

However, despite the body of evidence highlighting the importance of skills, the performance of the UK economy in meeting these skill needs is relatively poor. A large number of adults lack functional literacy and numeracy³⁵ (around 5 million and 7 million respectively)³⁶, while a comparison of international profiles of qualification attainment (based on OECD data) indicates that the UK skills base is at best mediocre.

Concerns over the UK skills base are driven not only by measures of skills attainment (many skills can be attained 'on-the-job' and so may not be covered in formal measures), but also by the poor performance of the UK in terms of productivity³⁷ and employment. Given the evidence linking skills to productivity, this suggests that there is potential for substantial gains from improving the number of individuals with skills.

A1.2 The Skills Strategy

The UK Government has responded to the concerns regarding the level of UK skills by setting out the "national Skills Strategy" which aims "to ensure that

³⁴ The Government commissioned Sandy Leitch in 2004 to undertake an independent review of the UK's long term skills needs. The terms of reference were i) to examine the UK's optimum skills mix in order to maximise economic growth and productivity by 2020; and ii) to consider the different trajectories of skill levels the UK might pursue (HMT, 2006).

³⁵ Defined as level 1 literacy (equivalent to GCSE English at grade D-G) and entry level 3 numeracy (one level below level 1).

³⁶ Williams J, Clemens S, Oleinikova K and Tarvin K (2003) *The skills for life survey: a national needs and impact survey of literacy, numeracy and ICT skills*, Department for Education and Skills, Research Report RR490.

³⁷ The Leitch Review, for instance, reports that "the average French worker produces 20 per cent more per hour than the average UK worker, the average German worker 13 per cent more and the average US worker 18 per cent more." (*Prosperity for All in the Global Economy – World Class Skills*, HMT, 2006, p29).

employers have the right skills to support the success of their businesses and organisations, and individuals have the skills they need to be both employable and personally fulfilled”³⁸. Published originally in the 2003 White Paper *21st Century Skills*, this has since been refined and developed in subsequent White Papers, including *Getting on in business, getting on at work* (2005) and *World Class Skills: Implementing the Leitch Review of Skills in England* (2007) as well as other related documents³⁹.

A1.2.1 Major themes

While the Skills Strategy has been repeatedly refined and updated, there has been little change in the underlying themes on which the strategy is based. As laid out in *21st Century Skills* these are⁴⁰:

- putting employers’ needs centre stage;
- helping employers use skills to achieve more ambitious longer term business success;
- motivating and supporting learners;
- enabling colleges and training providers to be more responsive to employers’ and learners’ needs; and
- joint Government action in a new Skills Alliance.

Putting employers’ needs centre stage

An important part of the Skills Strategy – reiterated in each central Government policy document – is a commitment to making the skills delivery system is ‘demand-led’. The Leitch Review, for instance, commented that this “is the only way in which to increase employer and individual investment in skills and ensure that increased investment delivers economically valuable skills.”⁴¹ The move to a demand-led system seeks to ensure that provision responds to the needs of employers through (for instance) giving them more control over the content of qualifications, and ensuring that provision is available at times which are suitable to them.

³⁸ Secretary Of State For Education And Skills (2003) *21st century skills – realising our potential: individuals, employers, nation*, Presented to Parliament by the Secretary of State for Education and Skills by Command of Her Majesty, Cm 5810, July 2003, p11.

³⁹ For instance the 2006 White Paper *Further Education: Raising Skills, Improving Life Chances* introduced major reforms of the Further Education system, is closely linked to the Skills Strategy.

⁴⁰ *21st century skills – realising our potential: individuals, employers, nation* Secretary Of State For Education and Skills, 2003, pp21-22.

⁴¹ *Prosperity for All in the Global Economy – World Class Skills*, HMT, 2006, p 12.

Helping employers use skills to achieve more ambitious longer term business success

While the move towards a demand-led skills provision system is designed to provide employers with more influence in developing and accessing training opportunities, it is also important to ensure that employers actively engage with and contribute to the development of their workforce. As well as considering existing skills gaps, employers need to have the ambition to move towards higher value production and plan for future skills needs.

Motivating and supporting learners

As well as involving employers in the provision of skills, the Skills Strategy also looks to provide support for individuals, through improving the relevance of qualifications to employability and also supporting progression up the 'skills ladder' (i.e. providing a clearer route for obtaining skills). Crucially, learners need the opportunity to gain the skills they require to enter the workforce and progress in their careers.

There is also recognition of the need for more information and guidance on which qualifications are most relevant for particular individuals. This has led to the planned creation of a universal careers service, to coordinate the activities of various education and employment bodies. Simultaneously, substantial financial support has been offered to help individuals gain key employability skills (literacy, numeracy, ESOL and vocational skills up to level 2).

Enabling colleges and training providers to be more responsive to employers' and learners' needs

The three points above have focused on the demand for skills – and ensuring that the system responds to employer and individual needs. This has also necessitated significant reforms to the supply-side of the provision system to ensure that skills providers (such as further education colleges) are faced with the correct incentives to undertake effective and relevant provision activities. This need has been reflected in the 2006 White Paper *Further Education: Raising Skills, Improving Life Chances*, which introduced major reforms of the further education system, putting the “economic mission of the sector at the heart of its role”.⁴²

Joint Government action in a new Skills Alliance

Finally, the Skills Strategy emphasised the need for joint working across the various Government departments and other bodies concerned with skills

⁴² DfES (2006) *Further Education: Raising Skills, Improving Life Chances*, Department for Education and Skills, March 2006, p5.

issues⁴³. Initially, this involved the creation of a Skills Alliance, which brought together the key Government departments and agencies with employer and union representatives (e.g. the CBI, TUC). However, following the recommendations of the Leitch Review, the Skills Alliance has been disbanded, with its role taken on by the new UK Commission for Employment and Skills (UKCES) (see below for further details).

A1.2.2 Current targets

Following the suggestion of the Leitch Review, the Government has committed to “becoming a world leader in skills by 2020, rising to the upper quartile of the OECD”. In practice this implies the following targets for the UK by 2020.⁴⁴

- 95 per cent of adults to achieve the basic skills of functional literacy and numeracy; (up from 85 per cent literacy and 79 per cent numeracy in 2005).
- Exceeding 90 per cent of adults qualified to at least level 2⁴⁵ (up from 69 per cent in 2005). A commitment to go further and achieve 95 per cent as soon as possible.
- 68 per cent of the adult population qualified to level 3.
- To deliver up to 500,000 people in Apprenticeships each year.
- Exceeding 40 per cent of adults to be qualified to level 4⁴⁶ and above (up from 29 per cent in 2005).

These overall aims have been enshrined in the Public Service Agreements (for England) developed as part of the 2007 Comprehensive Spending Review.⁴⁷ This has led to the development of a number of “interim” targets to be achieved by 2011.

- 597,000 people of working age to achieve a first level 1 or above literacy qualification, and 390,000 to achieve a first entry level 3 or above numeracy.
- 79 per cent of working age adults qualified to at least full Level 2.
- 56 per cent of working age adults qualified to at least full level 3.

⁴³ Some of the major Government departments concerned with Skills issues include the Department for Children and Skills, the Department for Innovation, Universities and Skills, the Department for Work and Pensions, the Department for Business, Enterprise & Regulatory Reform and the Treasury.

⁴⁴ See HM Treasury (2007) *PSA Delivery Agreement 2: Improve the skills of the population on the way to ensuring a world-class skills base by 2020*, London: HMSO, October 2007; also HMT *World Class Skills*, 2006, p15.

⁴⁵ i.e. equivalent to 5 GCSEs at A*-C grade.

⁴⁶ Equivalent to a certificate in higher education, foundation degree; honours degree or higher.

⁴⁷ *PSA Delivery Agreement 2*, HMT, 2007.

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- 130,000 apprentices to complete the full apprenticeship framework in 2010 -11.
 - 36 per cent of working age adults qualified to Level 4 and above by 2014, with an interim milestone of 34 per cent by 2011.
 - Increased participation in Higher Education, moving towards 50 per cent of those aged 18 to 30 with growth of at least a percentage point every two years to the academic year 2010-11.

A1.3 Delivery of the Skills Strategy

In order to achieve the goals of the Skill Strategy, a number of policy initiatives have been undertaken, including the development of a new “skills infrastructure”, major reform of the Further Education system and the implementation of several other programmes. We provide a brief overview of some of the major organisations and programmes involved in the provision of skills below. This is not intended as an exhaustive description of skills delivery within the UK and it should be noted in particular that a number of bodies (such as the Learning and Skills Council, JobCentre Plus, HEFCE) are involved in skills provision as part of their broader role, without being discussed specifically.

A1.3.1 UK Commission for Employment and Skills

The UK Commission for Employment and Skills (UKCES) was launched in April 2008, following the recommendations of the Leitch Review. The key focus of the Commission is to act as a mechanism to strengthen the employer voice and provide greater employer influence over the employment and skills systems, with the broader goals of raising UK prosperity and opportunity.

Through discussions with employers, individuals and government, the UKCES will form a view of the necessary changes to the skills system, allowing it to provide independent advice to the four UK governments to influence policy development.

As well as its (primary) advisory role, the Commission has also been given responsibility for funding and managing the 25 Sector Skills Councils (replacing the Sector Skills Development Agency which has now been disbanded).

A1.3.2 Sector Skills Councils

The Skills for Business Network, comprised of (currently) 25 Sector Skills Councils (SSCs) was established following the publication of *21st Century Skills* in 2003. SSCs work with employers, employees and other stakeholders within a particular industrial sector to ensure that employers in each sector

have access to the skills they need – both currently and in the future. Together the SSCs currently cover more than 90% of the UK workforce.

The remit of the Sector Skills Councils has recently been revised (following the recommendations of the Leitch Review and is now focused on three strategic objectives.⁴⁸

1) Ensuring that the supply of skills and vocational qualifications is driven by employers: having the key role in reform and development of vocational qualifications, approving such qualifications and, for England, advising the LSC on which vocational qualifications to fund.

2) Raising employer ambition and investment in skills: engaging with employers to increase their demand for and investment in skills; and considering whether there is support within their sectors for the introduction of levy schemes (in England, with the potential to apply in any of the Devolved Administrations if they conclude this is desirable).

3) Articulating the future skill needs of their sector: being the lead authorities on collating and communicating up-to-date labour market information, which is consistent and comparable between sectors; and being the authoritative voice about the skill needs of their sector.

Alongside the new remit, the SSCs are currently undergoing a re-licensing process (undertaken by the UKCES). The re-licensing programme focuses on the performance of SSCs to date, with each organisation required to demonstrate “the confidence, support and influence of employers within their sector”.⁴⁹

Sector Skills Agreements

One of the key roles of the SSCs has been to establish Sector Skills Agreements (SSAs), which map out the needs of employers (now and in the future) and identify the necessary steps to meet those needs. SSAs seek to involve employers and education and training providers alongside key funding bodies to encourage collaborative investment in skills in each sector, following a five-stage development process.⁵⁰ In fact SSAs have “evolved to be *the* tool for strategic influence of the SSCs – the embodiment of the demand-led system of skills development”.⁵¹

⁴⁸ DIUS (2007) *World Class Skills: implementing the Leitch Review of Skills in England*, London: Department for Innovation, Universities and Skills, July 2007, p39.

⁴⁹ UKCES (2008) *Empowering SSCs – Employer driven skills reform across the UK*, A Re-licensing Framework for Sector Skills Councils, UK Commission for Employment and Skills, p7.

⁵⁰ The five stages include: 1) review of a sector’s skill-needs; 2) review of current training provision; 3) analysis of gaps in workforce development; 4) review of scope for collaborative action; and 5) agreement of how SSC and employers will work with key funding partners to secure the necessary supply of training.

⁵¹ SSDA (2008a) *Sector Skills Agreements: The State of Play*, report submitted by GHK, Sector Skills

The latest research carried out reported that 22 out of the 25 SSCs had published some SSA material⁵², with 15 having actually completed at least partial SSAs.⁵³

Sector Qualification Strategies

The recommendations of the Leitch Review identified the need for SSCs to be granted greater responsibility for identifying the most relevant qualifications (i.e. those that reflected employers' skill needs). An important part of this is the development of Sector Qualification Strategies (SQSs), through which SSCs ensure that "the right type, quality and volume of economically valuable qualifications exist at all levels in the system" driven by "evidenced employer demand."⁵⁴

SSCs will also (following the development of an appropriate process) be given responsibility for approving vocational qualifications, and hence channelling available public funding towards qualifications which satisfy employer requirements.

A1.3.3 Regional Skills Partnerships (RSPs)

Regional Skills Partnerships (RSPs) are the second key delivery agency for the skills agenda. There are currently 9 RSPs - that is, one RSP for each Regional Development Agency (RDA) - who work to deliver a more "joined-up" approach below national level. The core members of RSPs are the Regional Development Agencies, the SSCs, the Learning and Skills Councils, the Small Business Service and Jobcentre Plus along with other partners on a regional basis.

RSPs are a key element in the delivery of the Skills Strategy at a regional level and in the light of regional economic development plans (as developed by the relevant RDAs). The 2005 White Paper for instance gave the RSPs responsibility for improving and co-ordinating the brokerage and business support services in each region. This implies a major role for the RSPs in implementing and delivering the strategic objectives identified by the Sector Skills Councils and formalised in the SSAs, in the context of regional economic priorities.

A1.3.4 Train to Gain

Train to Gain is a service offered to employers that helps them to improve their productivity by developing the skills of the workforce. The service provides employers with a skills diagnostic service and enables them to

Development Agency Research Report 28, February 2008, p5.

⁵² SSDA (2008a), *Sector Skills Agreements: The State of Play*, p6.

⁵³ SSDA (2008b) *SSA Evaluation 2007-08*, report prepared by GHK with Breen and Partners, Sector Skills Development Agency Research Report 31, March 2008, p14.

⁵⁴ *Empowering SSCs - Employer driven skills reform across the UK*, UKCES, 2008, p12.

access a range of skills support – particularly for first Level 2, Level 3 and basic skills qualifications.

Achievements and/or success criteria include the number of employers engaged, employer satisfaction within the skills brokerage system, the number of level 2 and basic skills starts and achievements.

The funding for Train to Gain has increased by over 50% in 2008/09 and will expand by a further third in 2009/10.

Skills pledge

The Skills Pledge is aimed at delivering a more highly skilled workforce for employers, and providing learners and /or adults with better skills and economically valuable qualifications – giving them a route to better jobs, career progression, higher incomes and higher social mobility. The pledge seeks to raise the profile of skills, and to encourage greater employer engagement and investment in training and development (beyond the basic provision eligible for public funding).

Under the Skills Pledge, employers and organisations make a whole-organisation commitment to train and develop their staff. This commitment is delivered by Train to Gain skills brokers. The minimum pledge is for basic skills and a first full Level 2 for the entire workforce but employers and/or organisations can also pledge to train and develop their staff beyond the core or minimum pledge – for example Level 3/4, management and development and Apprenticeships.

Leadership and management

As part of Train to Gain, skills brokers will consider leadership and management needs. Grants of up to £1,000 may be available (for businesses employing between 20 and 250 people, to support the managing director (or similar) in activities described in an individual training plan.

Success of the program is monitored by the total number of skills broker referrals to the program, and the full utilisation of the leadership and management budget within each region.

Level 3 trials

Trials have been carried out - and are now being extended to all English regions – providing employers with opportunity to support their employees in gaining a level 3 qualification. The current government subsidy is set at 62.5% (of full cost recovery) falling to 50% in the next academic year.

The criteria for measuring the success of the scheme are the increased number of level 3 achievements, satisfaction rates for employers and learners to be the

same as those for basic skills and level 2; participation by employers that did not previously offer training towards a level 3 qualification; development of cost-effective methods of delivering flexible and responsive level 3 learning; and evidence that learners are progressing into higher-level jobs, employers are better able to fill vacancies for level 3 type jobs and are deploying the skills of their workforce more effectively.

Higher-level skills

Train to Gain skills brokers also consider higher-level skills needs (both current and future), and will refer employers to appropriate training solutions. Success is measured through an increased number of referrals to Higher Education by Train-to-Gain brokers.

A1.3.5 Increasing individual choice

The Government has emphasised the need to provide individuals with more choice and responsibility over their skills development, with an ongoing commitment to further education throughout their working lives. This involves greater funding opportunities (e.g. free training for basic literacy and numeracy needs) and greater support. This has led to the creation of Adult Learner Accounts (currently being trialled in two UK regions), which gives learners the ability to call on free independent advice and guidance to help them choose the right course and training provider to meet their needs.

At the same time as increasing individual responsibility for their learning, there is also some recognition of the importance of improving the information available to learners over which qualifications and learning centres to use. A “universal careers service” will be rolled out in the near future, to provide learners with a “one-stop shop” regarding employment and skills information. At the same time, improved Labour Market Intelligence and information on the economic value of skills and qualifications will be made available⁵⁵. Further, following the development of the *Framework for Excellence*, it should become easier for learners to identify good quality learning provision, as comparable information on learning outcomes and other measures becomes available.

⁵⁵ PSA Delivery Agreement 2, HMT, 2007, p13.

The Members of the CCPMO

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According to independent research conducted by the University of Bath School of Management, CIMA's syllabus and examination structure are the most relevant to the needs of business of all the accountancy bodies assessed. See the CIMA Difference report for further information at www.cimaglobal.com/thecimadifference. CIMA has been awarded Superbrand status in the UK for the third year in a row this year and for the first time in Sri Lanka.

The **Chartered Institute of Marketing** is the leading international professional marketing body with some 47,000 members worldwide. First established in 1911 it has for almost a century defined the marketing standards that operate in the UK and is the global champion of best marketing practice. The Institute exists to develop the marketing profession, maintain professional standards and improve the skills of marketing practitioners, enabling them to deliver exceptional results for their organisations. It does this by providing membership, qualifications and training to marketing professionals around the world. For more information please visit: www.cim.co.uk

The **Chartered Institute of Personnel and Development** (CIPD) is the UK's leading professional body involved in the management and development of people. With over 130,000 members, the CIPD is dedicated to maintaining and advancing the highest levels of professionalism in people management and development. Each year thousands of people register for one of our highly regarded professional qualifications, and thousands more complete one of the certificate programmes or training courses offered by our successful commercial arm. Our extensive research and survey evidence, drawing upon the experiences and knowledge of our members, together with our many relationships with employers and other networks, ensures the CIPD is well placed to contribute to the development of public policy across the spectrum of workplace and employment issues.

The **Chartered Institute for Purchasing and Supply** (CIPS) is an international organisation, based in the UK, serving the purchasing and supply profession. Dedicated to promoting good practice, CIPS provides a wide range of services for the benefit of members and the wider business community.

With 50,000 members in 140 different countries, all members are bound by a strict code of ethics which is recognised and adopted by many organisations worldwide.

CIPS is dedicated to promoting best practice and provides a wide range of services. The Institute provides a programme of continuous improvement in professional standards and raises awareness of the contribution that purchasing and supply makes to corporate, national and international prosperity. In 1992, CIPS was awarded a Royal Charter in recognition of this leading role.

The **Chartered Management Institute** is the only chartered professional body that is dedicated to management and leadership. We are committed to raising the performance of business by championing management. We do this through supporting and advising individuals and organisations, or through engaging policy makers and key influencers in government and the management profession.

As the champion of management, the Chartered Management Institute shapes and supports the managers of tomorrow. By sharing the latest insights and setting standards in management development, we help to deliver results in a dynamic world.

The Institute offers a wide range of development programmes, qualifications, information resources, networking events and career guidance services to help managers and organisations meet new challenges in a fast-changing environment.

The **Institute of Credit Management** (ICM) is the largest professional credit management organisation in Europe. It represents the credit profession across trade, consumer and export credit, as well as in related activities such as collections, credit reporting, credit insurance and insolvency. A centre of expertise for all matters relating to credit management for almost 70 years, the ICM is the only such organisation accredited by the Qualifications and Curriculum Authority (QCA) as an awarding body. The ICM offers a range of services, including a recruitment consultancy, training, conferences and seminars, the industry leading Credit Management magazine, bookshop, technical advisory service and 26 local branches.

The **Institute of Chartered Secretaries and Administrators** (ICSA) is the recognised global voice on governance and regulatory issues in the private, public and not-for-profit sectors. Working with governmental and other statutory bodies, ICSA promotes and supports best practice and good governance across the board. As the leading professional body for company secretaries, ICSA is committed to ensuring the high standards of integrity that are central to the profession.

ICSA has 36,000 members in over 70 countries and delivers market leading software, information and training, and corporate services via its subsidiary companies.

About London Economics

London Economics is a leading European economic consultancy firm specialising in the provision of high quality research in public policy, competition and regulatory economics. We are committed to providing expert economic and financial advice across the public and private sectors, both within the United Kingdom and internationally. Underpinning our work is a strong commitment to placing our clients' needs centre-stage and to delivering methodologically robust and independent analysis. London Economics' has extensive experience in the education sector having undertaken many high profile projects ranging from the evaluation of early years policy interventions to the analysis of further and higher education funding systems. The London Economics' team undertaking this research for the CCPMO included Jonathan Chapman, Dr Gavan Conlon, and Patrice Muller.



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