

Meeting the challenges of innovation – are specialist VET centres the way forward?

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Introduction

The new *National Strategy for VET: 2004 – 2010* seeks a VET system which both contributes to, and is able to respond effectively to, innovation.

In a competitive global economy, pressure on organisations and enterprises of all kinds to become more innovative has reached new peaks. Innovation is playing a strengthening role in enabling enterprises to maintain and expand their market share and to enter new markets successfully. Innovation is also creating new industries – and re-shaping those that already exist.

As a consequence of high levels of innovative activity, skill needs are changing. Previous studies (see Ferrier, Trood and Whittingham 2003) have shown that innovation requires skills - such as research skills to investigate new systems or tools, and management skills to produce and market them. In addition, innovation can create a need for new or different skills. When an industry adopts an innovation such as a new tool or process, some existing skills may become redundant and some new skills may be required. Occasionally an innovation will be so different from what it replaces that a completely new set of skills will be needed.

If new and changed skill needs are to be met, appropriate training is essential. Moreover, if the skills are to be available as soon as they are needed this training must be provided in a timely fashion. Innovation thus creates pressure on those who develop and deliver this training – primarily vocational education and training systems.

The Research

During late 2003 and early 2004 CEET conducted an ANTA-funded research project addressing the question: What steps are being taken to ensure that VET systems and providers are able to respond to innovation and the changed skill needs it creates? The project examined two aspects in particular:

1. Policies and programs of by Australia's states and territories.
2. England's Centre of Vocational Excellence (CoVE) program.

The first area was chosen to provide a 'map' of relevant state and territory initiatives that would enable comparisons and evaluations and allow good practice and 'bright ideas' to be identified. The second was chosen as an example of an initiative being undertaken overseas – against which Australian efforts might be compared. Its inclusion also reflected the researcher's relocation to the U.K. for an extended period.

The research was undertaken through internet searching; document examination; meetings and interviews; and site visits. Data collection began in Australia in late 2003 and continued in the first 3 months of 2004. Data collection in England was conducted in the early part of 2004. A report was prepared for ANTA in April 2004 and has been revised for publication by

CEET as two research working papers (no's 59 and 60, available on the CEET website www.education.monash.edu.au/centres/ceet).

This Paper

Among the many state and territory initiatives highlighted by the research was a program supporting 'Specialist Centres' in VET in Victoria. The centres were new at the time the research was conducted – they were established only in 2003 – and information about them was limited. Their future beyond the initial 12 month seed-funding provided by the Victorian government was unclear and the program had not been formally evaluated. However, interviews with departmental officers responsible for the program's implementation and examination of government documents and material presented by the Centres at seminars in late 2003 yielded some useful information about the nature of the policy decision to establish the centres and allowed a first glimpse of how they were working in practice.

In England, similar specialisation within the Further Education sector has been encouraged by a program also supporting centres – known as 'centres of excellence'. The program is one of a number of measures introduced in recent years to rebuild a vocational education and training system that has been criticised as 'run down' and 'out of touch' with the needs of contemporary industry. These reforms have included changes in government advisory bodies and the establishment of industry sector 'skills councils', similar to those recently created in Australia. The first 'pathfinder' centres were established in late 2001 so that at the time the research was conducted the program had been in operation for two years. Information about the program, and individual centres (CoVEs) was obtained by examining published documents including government documents and an evaluation commissioned by the government body responsible for the program, together with site visits to two CoVEs and interviews with policy makers.

The paper is underpinned by two questions: Do centres like these provide an effective way to build capabilities in VET to meet the challenges arising from innovation? Should centre programs like these be more widely adopted throughout Australia?

Background

1. Victoria's Specialist Centre's Program

In 2002, the Victorian Government published a statement, *Victorians – Bright Ideas, Brilliant Futures*, that set out an ambitious agenda to develop a internationally competitive 'innovation economy'. It indicated that the Government would adopt an *Innovation Economy Policy* aimed at driving innovation, including by:

- Building an educated and highly skilled workforce
- Becoming a leader in knowledge creation and innovation
- Developing linkages, clusters and networks to become a more integrated and networked local economy.

In June 2002 the Office of Training and Tertiary Education released a Ministerial statement, *Knowledge and Skills for the Innovation Economy*¹ which set out a plan to support the government's broader agenda to develop Victoria as an innovation economy by:

¹ Subsequently the Minister issued a similar statement regarding higher education.

- Reinvigorating TAFE so that Victoria has a highly skilled workforce to provide innovative and relevant training for firms and for students preparing for active citizenship in the innovation economy.
- Developing new VET products to meet the generic skill needs of individuals and firms, to meet new and emerging skill needs, to value local customised responses and to improve learning pathways.
- Implementing a coordinated development of lifelong learning by linking VET - and the benefits of its close association with industry - to ACE, schools and universities.

Among the initiatives announced in the statement was the provision of \$5 million in seed funding for the development of *Specialist VET Centres*. This decision was based on a view that the 'TAFE system is not homogenous' and that each institute is 'uniquely positioned to engage with the innovation economy and community and educational needs in their own way'. The statement indicated that the Centres would be expected to lead the development of provider networks through which they would share their expertise across the VET system and to:

- Create a strong focus for closer work with industry and/or communities
- Encourage diversification of training products and services
- Provide added value to existing training programs and services
- Increase the confidence of employers in the excellence of TAFE provision.

They were further expected to be able to attract matching support from industry. It was assumed that during the 12 month period they received the seed funding, the centres would work to ensure that other funding sources were in place when it came to an end.

Eligibility to bid for the funding was opened to TAFE Institutes, Registered Training Organisations and Adult Education Institutes. Fifteen were subsequently funded during 2003 with the first centres in place by March/April 2003 and others following as internal arrangements, including the selection of staff, were finalised. Though small in number, the centres were a diverse group covering particular industries or industry sectors, eg:

- BuildSmart – Sustainable Building Education Centre (Holmesglen Institute)
- Centre for New Manufacturing (Swinburne University of Technology TAFE)
- Centre for Transport, Distribution and Logistics (Victoria University).
- Innoven – Food Industry Centre (Goulburn Ovens Institute of TAFE)
- International Centre of Graphic Technology (RMIT)
- Specialist Centre for Motor Sports Training (Wodonga TAFE)
- Specialist Centre for Primary Industry (NMIT)
- Specialist Centre in Hospitality, Tourism and Culinary Arts (William Angliss TAFE Institute)
- Specialist Meat Training Centre (South West TAFE)

working across industries, eg

- Centre for Creative Art and Design (Gordon Institute)
- Centre for Environmental Technology (Gordon Institute)
- Centre for Integrated Engineering and Sciences (Chisholm Institute)
- National Centre for Sustainability (Sunraysia TAFE/Swinburne University of Technology)

focussing on very specialised needs:

- SME Specialisation Centre (Box Hill Institute)

All the centres selected had an established expertise in the chosen area. Department officers indicated that no 'green fields' sites were chosen because it was doubtful they would be able

to establish themselves and develop sufficient capacity to generate a sustainable income within the relatively short period of the seed funding.

Unfortunately, no formal evaluation of the specialist centres program was available during this research project. However, some indications of their performance were obtained through interviews with officers of the Department of Education and Training conducted during late 2003 and material presented by the Centres at a series of seminars conducted by the Department in October and November 2003.

These presentations indicated that the Centres were able to identify some substantial achievements. Among the outcomes they demonstrated were:

- The identification of new and emerging industry areas and associated training needs.
- The development of new resources for teaching and learning.
- The development of new competencies.
- The identification/revision of existing competencies appropriate to the field.
- The creation of new programs and/or the extension of existing programs including short courses and graduate certificates, publicly-funded and fee-for-service programs.
- The building of substantial links/networks with industries, communities and other providers, especially within regions.

Departmental officers noted enthusiastically many ways in which the Centre's were building on their existing relationships with the industries they were working in, the creativity and entrepreneurialism that Centre staff were bringing to the Centres and the Centres' developing expertise. Their comments suggested that the centres were vibrant, forward-thinking, and developing creative solutions to issues and challenges. Most were also building the relationships, and establishing provision, that would ensure an income stream beyond the period of their seed funding. There were also suggestions that some form of formal recognition of the Centres would continue after seed funding finished.

Strengths of the Centre model appeared to be:

- The ability to build on existing relationships with external organisations and industries and established expertise
- The ability to adapt quickly in response to new or emerging skill needs
- The ability to apply extra resources to the development of new provision and expertise
- The ability to monitor innovation in a specialised field, participate in it where possible, and apply resources to the development of appropriate responses

Weaknesses appeared to be:

- The program did not allow for the development of expertise in new areas, as no 'green field' sites are funded
- Sustainability issues – the centres were expected to become self-funding very quickly and their future was not assured.
- Performance monitoring – at the time of the research no formal program was apparent.

2. England's Centres of Vocational Excellence Program (CoVE)

A statement by the Secretary of State for Education and Employment in November 2000 *Colleges for Excellence and Innovation* set out a vision for the future of further education , declaring an intention to 'rebuild the technical instruction that once symbolised the very best of our industrial training system'. It introduced the idea of special centres of vocational education with strong links to industry:

I envisage a network of specialist centres of vocational education built around colleges or groups of colleges working with business partners.
[Colleges for excellence and innovation](#), p 3

The Minister noted that Colleges 'must earn and retain a reputation for excellence in vocational and technical learning' that would give them 'definition and enhanced standing' and indicated that he saw specialization as the way to achieve this. He further noted that while some Colleges had already developed specializations, focusing resources in a particular occupational field, these were often 'too narrow and limited' and their development had been 'ad hoc rather than being planned in relation to the work of other colleges and training providers or economic development priorities'.

The Minister indicated an expectation that the most successful centres – which he described as those with the most effective collaborations and the strongest credentials in teaching and learning - to have a strong role in innovation. They 'should aspire to become advanced technology centres working at the leading edge of innovation'.

The Department for Education and Skills (DfES) issued a proposal for development of the centres and began a consultation process that led to the publication of a prospectus for the CoVE program, *The Way Ahead*, in July 2001. The prospectus announced that the Government intended to establish a 'network of centres' within 12 months and to have at least one centre in half of all colleges by 2003-2004. It also set out the aims of the CoVE program, what would be expected of CoVEs, eligibility and the process for obtaining CoVE status, and some possible performance measures for assessing the performance of the CoVEs and indicated that a small number of centres would be selected to trial the CoVE program in a 'pathfinder phase', with their experience providing information to help the Learning and Skills Council (the body given responsibility for the program) to refine and develop the characteristics, implementation and operation of the program.

The CoVE program was focussed on meeting skill needs at four levels - nationally, sectorally, regionally and locally - by developing new provision, improving existing provision and by seeking ways to increase access to, and participation in vocational education.

Individual Centres were expected to do:

1. Focus their resources and provision at level 3, where a 'crucial skills gap' had been identified, while providing opportunities for some learners at lower levels, ensuring progression opportunities to level 4 and in some cases, delivering at level 4.
2. Focus on skill needs in one of three specialist areas: in the local labour market; sub-regional and regional labour markets; or a sector, occupation or group of related occupations at the national level.
3. Provide high quality vocational education through excellence in staff, staff development and extra support for learning.
4. Have, or have access to, industry standard equipment and a range of support services and resources for learners and by ensuring that the learning environment would meet the needs of learners.

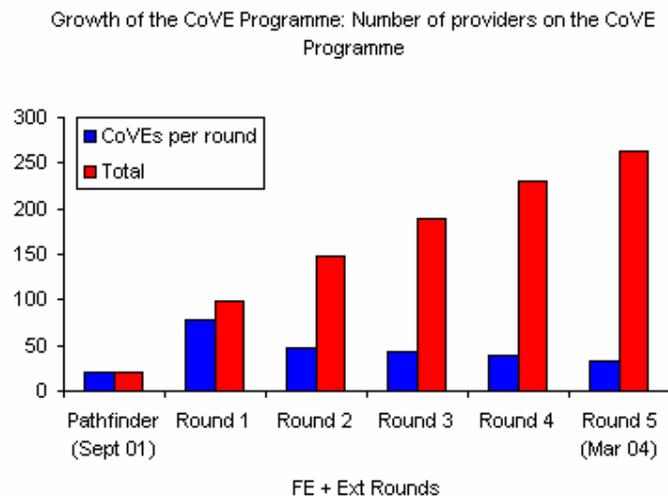
5. Build links to smooth the transition of learners from and to other education providers or employment and to support the progression of learners to higher levels.
6. Disseminate good practice throughout the further education sector.

CoVEs were expected to work to build relationships that would enable them to work closely with business and industry; local Learning and Skills Councils and other 'key partners' such as employer organizations, local education authorities, trade unions, Regional Development Associations and other government and non-government agencies; and other local vocational education providers, including private, voluntary and specialist training providers, group training associations and employer in-house training.

Eligibility to apply for CoVE status was initially opened to further education (FE) colleges, Tertiary and Specialist colleges of Agriculture, Horticulture, Art and Design and the Performing Arts and to further education provision within universities funded by the Learning and Skills Council.

A similar number of CoVEs (16) were selected for the pathfinder phase as centres were granted seed funding in Victoria (15). However, this phase began almost two years earlier – in September 2001. Since then, the program has grown rapidly and ahead of expectations. In September 2003, there were over 200 centres in the CoVE network, six months ahead of schedule and by May 2004 there were 262, comprising 126 with interim CoVE status and 136 with full CoVE status². Funding has been approved for a network of approximately 400 centres in England by 2006. Rapid growth of the network has been assisted by the extension of eligibility to apply for CoVE status from mid 2002 to work-based learning providers; private and voluntary sector providers; former 'external institutions'; employer-based providers; and group training associations. (<http://cove.lsc.gov.uk/background.cfm>) Growth is shown in figure 1 below.

Figure One



Source: <http://cove.lsc.gov.uk/background.cfm>

² On joining the program a CoVE is awarded Interim status for 12 months (the development period), during which the local LSC reports on progress and recommends whether Full CoVE status should be confirmed, or Interim status continued or withdrawn. Assessment is moderated at regional and national levels to ensure consistency.

Each CoVE is eligible to receive up to £300,000 in its first year, depending on the scale and scope of its work. Up to £100,000 is available for activity in the second and third year depending on the availability of funds.

Evaluating individual CoVEs

Local Learning and Skills Councils (LSCs) monitor and review the performance of individual CoVEs using five performance criteria set out in the original prospectus; and targets and milestones agreed with each CoVE and set out in their individual audit and development plans. The five criteria are: meeting skill needs; providing high quality learning; resources for learning; progression; and mission and management.

Evaluating the CoVE program

The CoVE program itself is evaluated in two ways. Firstly, information collected in the process of assessing individual CoVEs is aggregated by the LSC to provide an overall picture of the program. Secondly, the LSC commissions evaluations of specific aspects of the program. The impact of the CoVE program as a whole is measured against eight key outcomes identified by the Learning and Skills Council:

1. A significant expansion in vocational learning, particularly at level 3.
2. Increased effectiveness in addressing skills priorities through CoVEs, particularly in being responsive to the needs of employers.
3. An improvement in learners' achievements in vocational level 3 provision, including progression in to employment and advancement within employment
4. Widening participation of non-typical learners in level 3 vocational qualifications and the participation of adults.
5. A significant increase in the extent of collaboration amongst learning providers and the promotion of the concept of excellence and continuous improvement in economically important vocational specialisms
6. An expansion of the use of industry standard equipment and facilities including leverage of greater employer contributions to enhance provision.
7. Examples of innovation and flexibility in order to meet the needs of employers.
8. A positive change in the attitude of employers and involvement in training as a result of the quality of post-16 provision and the impact on meeting the skills needs of the workforce.

These are mapped these against the five criteria for measuring the performance of individual CoVEs so that there is a clear linkage between the two groups of measures.

In late 2002 the LSC commissioned an evaluation of the program to measure progress towards the eight 'desired outcomes'. Though many of the CoVEs involved in this evaluation were still in a developmental stage, and data was not always available, the findings were generally positive, with progress reported to be substantial against some measures, but less so against others. For instance, the report indicated that employers believed that CoVEs were improving course delivery and provision to meet their needs better. However, only two of ten employers indicated that they would increase their take-up of CoVE services. A summary of progress against the eight outcomes is presented in table 1 below:

The report identified some challenges with the potential to influence progress and described some future success factors that were identified by the CoVEs, including: maintaining the quality of provision across the program; continued collaboration between CoVEs and other stakeholders; the ability to recruit, retain and develop high quality staff; and the effective promotion and marketing of the CoVE program and CoVEs both locally and nationally. It

also noted concern among the CoVEs about their sustainability. The report consequently made a number of recommendations directed to the LSC or to the CoVEs.

Table 1: A summary of progress towards desired program outcomes

1 Expansion in vocational learning, particularly at Level 3	Eighty-one percent of the sampled CoVEs described forecast or actual increases in learner numbers at Level 3 – with 9 of the 11 FE pathfinders describing actual increases. Where increases were not forecast, negative developments in the target sector were given as the reason.
2 Increased effectiveness in addressing skills priorities	The majority of employers reported high levels of satisfaction with the services provided by the CoVEs. However, only two of the ten employers interviewed were sure that their take-up of CoVE services would increase. The influence of other factors such as market conditions and technological developments would have equal influence to the availability of relevant high quality provision.
3 Improved learner achievement at Level 3	CoVEs were optimistic about their potential for improving achievement and progression outcomes, with 20 of the 32 CoVEs sampled forecasting increases in achievement.
4 Widening participation at Level 3	All case study CoVEs were optimistic about widening participation in the future. CoVEs unanimously described plans to widen participation.
5 Increase in collaboration amongst learning providers, and the promotion of good quality provision	The level of collaboration with other providers had increased as a result of the programme, with a range of benefits already realised and more expected. The specialist development groups facilitated by the Learning and Skills Development Agency had been influential, and CoVEs had developed other partnerships to assist the enhancement and expansion of existing provision.
6 Expansion of use of industry standard equipment and facilities	CoVE funding and enhanced employer and industry relations guided investment decisions and offered opportunities for significant cost savings. ICT was a common investment focus, and impressive partnerships with global market leaders had been established which would be exploited further.
7 Innovation and flexibility in meeting employer needs	Employers believed that CoVEs are clearly improving their ability to accommodate employer needs in terms of course provision and delivery. CoVEs described many 'new' elements in their service offers. Increased flexibility of provision was also a common theme, to meet both employer and individual needs and featuring more on-line learning opportunities, flexible timetables and study locations and enhanced outreach work.
8 Positive change in employer attitudes to post-16 provision	There is evidence that employer attitudes are improving – with the majority describing their opinions as either improved or unchanged from a previously high opinion.

Source: Learning and Skills Council 2003, *Measuring Progress: The Impact of the Centres of Vocational Excellence Programme*

http://cove.lsc.gov.uk/cove_pdf/CoVEreport02.pdf

Interviews conducted by CEET with CoVE personnel and officers of the LSC and examination of documents suggest strongly that CoVE status and funding are assisting vocational education providers to build their expertise and capabilities. CoVEs have been able to:

- Develop new and extend existing relationships with employers, industries and community bodies.
- Form partnerships for the development and delivery of vocational education.
- Develop and deliver new courses and programs, including tailored programs to meet the needs of particular enterprises, organisations or learners.
- Update and extend facilities leading to substantial improvements in the standard of equipment available for training.
- Network with other providers to disseminate 'good practice'.

- Provide additional opportunities for staff development.
- Increase participation in vocational education.

For instance, case studies published by the Learning and Skills Council in late 2003 indicate that CoVE funding has enabled the Trade and Logistics CoVE at Felixstowe (within ITS Training, the training division of the Institute of Chartered Shipbrokers) to employ additional staff, which has speeded the development of new software. It has also supported the purchase of additional computer hardware (<http://www.itstraining.co.uk/>) The Construction CoVE in Cambridgeshire has brought together three FE Colleges to work together to provide training that better meets the needs of local industries. The Centre has worked to build a strong relationship with employers and as a result, has been able to offer enhanced tailored fee-for-service programs.

Visits conducted to two colleges suggest some similar, and additional, benefits of the CoVE program. At Merton College in Surrey, staff of the CoVE in Access and Community Studies stressed that a major benefit of becoming a CoVE is that the funding has enabled substantial staff time to be devoted to building extensive external relationships and partnerships. Previously, demands on staff time (full-time teaching commitments of 24 hours per week) did not allow for any developmental work. While links have been forged most strongly within the local region (eg with community bodies, hospitals, a university), new links have also been made with VET providers overseas. Staff indicated that each new connection made ultimately leads to the development and delivery of some new programs.

CoVE funding has also allowed the refurbishment, updating and extension of facilities to a higher standard. This has further enabled the CoVE to offer many additional and new courses and programs, using much more suitable and up-to-date equipment.

At the College of North-West London, becoming a CoVE has 'formalised' work to build external relationships that has been ongoing for some time, as well as providing support for new facilities, equipment and staff development. The College has two CoVEs, one in Construction and another in Refrigeration, Air Conditioning and Electrical Installations. It is also a partner in a third in Welding and Fabrication.

Staff indicate that the CoVE 'Badge' has brought recognition but it has also acted as a 'catalyst to further develop business'. It has enabled the College to become 'more aggressive' in providing services to industry. The College was competitive before, but CoVE status has helped to 'channel competitiveness' in setting standards. In Construction, these were noted to now be sometimes higher than in industry.

Staff also indicate that some of the effects of CoVE status are more subtle than might be imagined. External bodies, including the sector skills councils, use connections with CoVEs for their own advancement. For instance, some employers use their connections to raise their status in the industry and also to highlight the high standard of their skills when submitting tenders to local authorities.

While CoVE staff at both Colleges acknowledged that the benefits of CoVE funding and status are substantial, they also indicate that becoming a CoVE can create some difficulties. In addition they note some aspects of the program that they believe could be improved.

Firstly, staff indicate that success in obtaining CoVE status and funding has led to some strain in their relationships with other providers, and in one case, within the college. For instance, many students who might previously have enrolled in programs delivered elsewhere had chosen instead to enrol in the CoVE - and this sometimes created resentment towards the CoVE from other VET providers who experienced a decline in demand. Unfortunately, this resentment has worked against the requirement that the CoVEs provide 'leadership' to other

providers and disseminate good practice. Because it tended to be greatest in the local region, CoVE staff at Merton College indicated that they seemed to have better relationships with providers outside the region than within.

Similarly, CoVE staff at Merton College noted resentment from other staff within the college, which seemed to flow from a belief that the CoVE received more than its fair share of internal resources and recognition. While they experienced very strong support from senior management within the college they felt that this was not often reflected among other staff. This was unpleasant and had the potential to create difficulties for them in spreading 'good practice', developing internal alliances and partnerships, and gaining access to resources.

CoVE staff at both colleges also highlight problems with arrangements for funding within the CoVE program. At Merton College there was concern that the balance between funding for capital and for recurrent expenditure was not appropriate to their needs. They suggested that more funding should be available for staff support. Existing staff worked very long and hard to do what needed to be done, and more staff support would enable more to be achieved.

Staff at North-West College indicated that funding for CoVEs should be extended to enable them to continue beyond three years as CoVEs provided an 'outstanding' return on the investment of public funds. They sought more 'rolling funding', tied to performance measures. They suggested also that the LSC needed to develop an 'exit strategy' to support CoVEs as they came to the end of their funding.

Quality issues were also raised at both Colleges. CoVE Staff at Merton College noted that once the COVE had met the requirements of initial assessments during their 'development phase' it had not been subject to further evaluation. In particular they noted that while they had been given the 'excellence badge' no-one from the LSC had come to identify if in fact they were 'excellent' – or to what extent. At North-West College strong concern was expressed about the variability in quality across the CoVEs. A very large gap was noted between highly-performing CoVEs and some others and a strong view was expressed that this variability put at risk the status of all the CoVEs. More specifically, it was felt that the reputations of outstanding performers would be damaged by their association with those CoVEs performing at a much lower level. Thus a more rigorous performance assessment system was called for.

Both suggested that there might be a place for ongoing assessment to determine if the CoVE was continuing to meet the program criteria and their own targets and goals. CoVE Staff at North-West indicated that an assessment system of this kind could be tied to a program of 'rolling funding'.

Strengths and weaknesses of the COVE Program

The evaluation conducted for the Learning and Skills Council during 2003 and the findings of CEET's investigations point to some strengths and weaknesses of the program:

Strengths

- Flexibility
The flexibility built into the CoVE program supports a diversity of centres and interests addressing national, regional, local and sectoral issues. Policy makers are able to support the development and delivery of appropriate training for a particular industry, such as a new or emerging industry, by fostering an appropriate CoVE. Individual providers, or groups of providers are able to gain CoVE status and funding to support and further develop an area of strength, interest, or identified need.

Enterprises and industries are able to partner with providers to create a CoVE that will meet their special training needs. Flexibility also enables the building of capability from a low-base, as well as a high base.

- **Building relationships**
The program has a strong emphasis on developing and sustaining relationships to drive the flow of information about skill and training needs and the development and delivery of appropriate training, eg, relationships between providers and industries, enterprises and communities; between centres in the CoVE network; and between the local Learning and Skills Councils and VET providers, enterprises, industries and communities.
- **Disseminating good practice**
By requiring CoVEs to demonstrate leadership and to disseminate 'good practice' within the VET system, the program is making a contribution to the system's renewal.
- **Facilities**
Through its funding for capital and equipment, the program is supporting the substantial renewal and upgrading of the facilities and equipment available for training and is ensuring that these come close to, or match, industry standards.
- **Equity objectives**
In having 'widening participation' among its objectives the CoVE program recognizes the diversity of learners and their needs.

Weaknesses

- **Quality and Performance**
Considerable variability in standards across the CoVE network has been noted – and its potential to devalue the reputation of the best-performing Centres and thus affect the relationships that they are building with enterprises, industries and communities. Currently, assessment of the CoVEs seems to focus on their performance during their developmental phase. Further assessment appears to be required to identify under-performing CoVEs once they have passed this initial period and are fully-funded and operational.
- **Funding**
The balance in the program between funding for capital and equipment and for recurrent expenditure does not appear to suit all centres. Further flexibility may be required to cater for the needs of particular CoVEs. To assist in maintaining a more even distribution of quality across the CoVE network there may also be a case for an extended assessment system – perhaps with ongoing funding tied to performance measures.
- **Equity**
CoVEs have not been as successful in achieving 'widening participation' as they have in some other areas. One of the reasons they give for this is that they are required to focus their efforts at Level three, but most 'disadvantaged' students are found at lower levels. Assuming that there will be a 'flow-through' effect of equity measures at lower levels is inadequate.
- **Relationships with other providers**

The resentment that CoVE status and funding creates between the centres and other providers affects the ability of the CoVE to fulfil its responsibility to support others and disseminate 'good practice'

Comparing the two programs

It is interesting that in both England and Victoria policy-makers have chosen to strengthen the existing VET systems by supporting the development of specialisations within particular VET institutions, or groups of institutions.

England's Centres of Vocational Excellence and Victoria's Specialist VET Centres are similar in a number of ways:

- Both have been designed to build VET capability and expertise in a particular area.
- Both are expected to provide leadership to other providers and to work to spread good practice.
- Both emphasise the importance of collaboration and co-operation between providers and industries, enterprises and communities in order to ensure that training provision is appropriate to meet needs.
- Both are expected to develop new, as well as enhance existing provision.
- Both address issues at a regional or sectoral level.

However there are also some differences between the programs:

Context

The vocational training system in which the CoVEs have been established has been poorly regarded by both learners and employers. Demand for courses and programs has been generally low and participation has failed to meet levels required to address skill needs. Interviews indicate that the system had become rundown through years of neglect and underfunding. The centres thus face a more difficult task in building capability in the sector than Victoria's specialist centres, which have been established in a very different system that has already experienced reforms strengthening its links with industries, employers and communities and increasing participation and the sector's reputation and status.

Funding

Victoria's Specialist centres were granted only 'seed funding' for 12 months, after which were expected to become self-sustaining. Once they are 'licensed', England's CoVEs can receive funding for three years. Thus they have considerably longer to work towards sustainability.

Specialist areas

Victoria's specialist centres were established in areas selected by the government, building on established strengths. CoVEs can be selected in a similar way, but more generally the specialist areas they cover also reflect the nature of applications to the program. Some of the CoVEs seek to address national issues, while the specialist centres focus more strongly on regional issues.

Scale

The CoVE program currently involves over 250 providers and is still growing. Additional funding has been provided and the funding body (the LSC) aims to have 400 in place by 2006. By comparison, Victoria's program is very small, with only 15 Specialist Centres in 2003 and very limited funding.

Equity

The CoVE program has been charged with ‘widening participation’ in the VET system, ie both increasing participation and increasing the range of people who participate. The Specialist Centres share this brief, but to a lesser extent due to their focus on other imperatives.

Discussion

This paper began with two questions: Do centres like the two programs discussed here provide an effective way to build capabilities in VET to meet challenges arising from innovation? Should centres like these be more widely supported throughout Australia?

The initial success of both centre programs in strengthening relationships between VET providers and external communities and organisations, in building specialised expertise in VET, and in developing new training provision to meet new skill needs, suggests that further expansion and adoption of specialised centres is worth consideration. However, two important issues would need to be considered: what would the centres add to the existing range of initiatives to support VET responses to innovation; and how to minimise (or preferably eliminate) the weaknesses apparent in the Victorian and English programs.

A new model might aim to incorporate the strengths of both programs, such as:

- Flexibility to address changing skill needs at multiple levels: national, regional, local and sectoral.
- The ability of governments to identify an area which they want to promote and expand (eg biotechnology) and support the building of expertise in this area.
- The effect of ‘branding’, or an ‘excellence stamp’ on centres’ ability to engage employers and industry, community and individuals in their work and to increase their reputation and participation.
- Support to ensure the use of up-to-date industry-standard equipment in training (including through relationships with employers).
- Additional support for providers, or groups of providers, to work with enterprises, industries and communities to build specialised expertise and provision and, compared to the Victoria’s specialist centres program, give providers more time to work towards sustainability in their specialist areas.
- Enable the building of capability from a low-base, as well as an established strength.
- The identification of program objectives and the development of measures to evaluate progress towards them.
- A rolling process of evaluation to identify under-performing centres and to assist them, or remove them from the program.

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