

# Vocational Value



The role of further education colleges  
in higher education

Ralph Hartley  
Edited by James Groves



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## Executive Summary

Higher education is fundamental to the United Kingdom being able to compete successfully in a skills driven global economy. Higher education also has a crucial role to play in enhancing social mobility, with widening participation in higher education being a central component of attempts to enhance life chances.

However, it is clear that, at present, higher education isn't doing enough to provide the skills required by employers and the wider economy. Both employers and students are demanding more practical, employment-related skills. At the same time, many providers of higher education do not do enough to benefit from engagement with employers. The higher education sector also has a key role in helping to reinvigorate social mobility.

This paper considers the role that further education colleges (FECs) can play in solving some of these issues. It argues that measures to encourage short-cycle higher education (courses below the level of the first degree) delivered in FECs are one way to provide more vocationally focused, employer led higher education. This is not to say universities do not have a role. They already provide the majority of short-cycle higher education and should continue their good work in this area. However, the value for money, flexibility and local relevance of short-cycle courses in many FECs means that they can play a major role in widening participation and improving social mobility.

### The case for short-cycle higher education

A recent major European study found that short-cycle courses should be considered “the missing link” between secondary and traditional higher education and that there is a “genuine need” for students with short-cycle qualifications. This kind of higher education could be the speciality of FECs and its expansion could have economic, educational and societal benefits:

- **Vocational and skills focused** – Furthering the use of short-cycle degrees will be a considerable step towards bridging the skills gap and helping the UK become a dynamic player in a skills driven global economy. Short-cycle courses in FECs are vocational, with an emphasis on providing skills that are directly applicable in the workplace. As well as requiring more traditional graduates, the economy requires more people with ‘higher skills’. The UK Commission for Employment and Skills has found that England faces particular shortages in Associate Professional and Technical occupations as well as Professional Occupations and Skilled Trades.

Employers value the skills gained on short-cycle courses. Research has indicated that holders of short-cycle qualifications see their earnings rise until the age of 53 whereas wages for holders of vocational qualifications below the level of a short degree peak at the age of 30.

- **Employer engaged** – The lack of effective employer engagement in higher education has long been recognised as a weakness in the English higher education system. Short-cycle degrees are almost universally vocational and many employers have a key role in their design and delivery. FECs, because of their local and vocational nature, have often built up strong links with local employers. Flexibility of study is also a clear benefit to employers and employees alike. Higher education provision in FECs does not have to conform to rigid structures of full time undergraduate provision: instead, many short-cycle courses have multiple starting points throughout the year. An expansion of short-cycle courses in FECs would potentially foster greater employer engagement.
- **An engine for widening participation and social mobility** – Boosting short-cycle degrees in FECs would be an important step towards widening participation and, in turn, boosting social mobility. Students studying higher education within FECs are more likely to study part time. 68% of students studying higher education in

“Boosting short-cycle degrees in FECs would be an important step towards widening participation and, in turn, boosting social mobility”

FECs study part time compared to around 40% for higher education as a whole.

In addition, FECs offer a clear progression route into higher education for those students with lower level vocational qualifications. One estimate is that 35.3% of applicants to higher education in further

education have level 3 vocational qualifications, compared to 25.9% at post-1992 universities. These students also tend to come from less privileged socio-economic backgrounds. The Panel on Fair Access to the Professions, for example, noted that more than twice as many young people from lower socio-economic groups choose vocational routes than young people with parents in professional occupations. Although progression is difficult to measure (given the fact that some may not progress to higher study immediately) figures for foundation degrees suggest that around 54% go on to study for a bachelor's immediately.

Furthermore, the average price of a short-cycle qualification has been calculated as £8,790, compared to £15,714 for a bachelor's degree. With upcoming changes to tuition fees, this disparity is likely to widen as universities gravitate towards overall fees of £27,000 for bachelor's courses. Short-cycle courses are likely to be cheaper in FECs and universities. FECs are likely to charge £18,000 at most for a full qualification. All of these factors mean that delivering more short-cycle provision in FECs would help to widen participation in higher education to those groups and communities less likely to participate in higher education under the present system.

### Blockages to expanding short-cycle higher education

Despite the case for expanding short-cycle provision in FECs, there remain sizeable barriers to this vision being successfully achieved.

- **Cultural perceptions** – Higher education is predominantly perceived to be the domain of universities and many assume that expanding higher education provision in FECs will have the effect of diminishing quality. There is a poor understanding of FECs amongst the media and the wider public and even less

understanding of their current role in higher education. There is little vocal political support by comparison with other countries such as the US.

- **Dependence on universities** – Despite being able to apply for their own foundation degree awarding powers most FECs continue to depend on higher education institutions for accreditation purposes. The costs of validation vary, with some FECs retaining as little as 50% of the income intended to cover teaching costs. In too many cases, the FEC is very much the junior partner, with short-cycle provision often being a way for universities to expand rather than an area of focus. FECs dependence on higher education institutions HEIs can prevent them achieving the level of dynamism that an expansion in short-cycle provision might bring.
- **Stuck in the ‘numbers game’** – No distinction currently exists between short-cycle higher education provision and the longer provision of bachelor’s degrees – meaning that the number of places for short-cycle provision risk being reduced as universities consider cutting back on their range of courses. Any expansion of short-cycle provision will be severely inhibited whilst it continues to be counted in the same way as bachelor’s degrees, unless the government finds a way to expand overall student numbers.

### Successfully delivering a vision for short-cycle higher education

The Dearing report of 1999 described “the special role of further education colleges in providing sub-degree higher education” and recommended “that growth and transfer of this provision to these colleges should be encouraged.” If the present government can successfully realise this ambition, it will help foster a more diverse system of higher education and a broader understanding of the nature of higher education, including short, modular courses and higher level apprenticeships.

- **Empowering FECs to deliver short-cycle courses** – For FECs to expand their short-cycle provision they must have more autonomy from universities. As such, the government, together with the QAA, should encourage many of the largest providers of higher education in further education to apply for foundation degree awarding powers. Vitaly, the government should amend legislation to ensure that FECs with these powers are in turn able to engage independently in their own franchising arrangements with smaller, partner colleges.
- **Removing short-cycle from the ‘numbers game’** – The government should take measures to protect the current number of short-cycle places, an estimated 500,000. By removing these from the broader ‘student numbers game’, the risk that universities might pull back their short-cycle accredited provision in order to protect their own student numbers would be greatly reduced. It would also give the government the opportunity to replicate their policy with regards to private providers, where they have lifted the numbers cap on students taking loans limited to £6,000.
- **Introducing a ‘top-up’ premium** – HEIs should receive a financial incentive to admit students onto bachelor’s programmes who had previously completed a short-cycle award at an FEC. Such a scheme could form part of the National Scholarship Programme (NSP). This would help mitigate potential hostility from HEIs toward competitor FECs and maintain existing and develop new collaborative arrangements.

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# Introduction

## The debate over higher education funding

It has been largely accepted that the previous system of funding higher education was not fit for purpose. Whilst total income for universities increased dramatically in the last decade from £12 billion in 1998-99 to £23 billion 2007-08, universities receive less money per student than they did 20 or 30 years ago and many universities argue that their current funding per student falls far short of their real teaching costs.<sup>1</sup>

The result of underfunding has meant that student to staff ratios have risen.<sup>2</sup> The Higher Education Funding Council for England (HEFCE) found that in some cases there has been an effective breakdown of the system of pastoral tutoring, a reduction in staff intensive forms of learning and cutbacks in face-to-face feedback.<sup>3</sup>

At the same time, the economic crisis of 2007/8 and the efforts of the previous and current governments to cut public spending in order to reduce the structural deficit has impacted negatively on university funding in the short-term. In 2009, the then Minister of State for Business, Innovation and Skills Lord Mandelson announced a 12.5% cut (an overall reduction of £915 million) to the higher education budget for 2010/2011.<sup>4</sup>

Even with these cuts, the government could not afford the old approach to financing higher education as the student support system placed significant burdens on the Treasury: even without an increase in fees, the outstanding debt on the student loan book would have risen to £55 billion by 2018.<sup>5</sup> Universities need more funding merely to maintain their current levels of performance and student numbers, but the government is not in a position to provide this. At the same time, it is widely believed that the economy requires increasing levels of graduates. The labour market for graduates has become increasingly globalised and among OECD countries, graduation rates have doubled since the mid 1990s.<sup>6</sup> For the UK to keep pace with economic competitors, it needs to produce graduates who can succeed in the 'knowledge economy'.<sup>7</sup>

### Box 1: The Browne Review

This state of affairs led to the commissioning of the Independent review of Higher Education and Student Finance in England, authored by Lord Browne of Madingley. The final report, *Securing a Sustainable Future for Higher Education*, was published in October 2010. Browne proposed:

- Removing the fee cap altogether, but introducing a system of levies on any fees above £6,000 – in order to pay for the increased cost to government of higher student loans.

1 Fazackerley, A and Chant, J, *More Fees Please? The future of university fees for undergraduate students*, 2010, p. 5

2 AUT, *Packing them in – The student-to-staff ratio in UK higher education*, 2005, p. 2

3 JM Consulting, *The sustainability of learning and teaching in English higher education, a report prepared for the Financial Sustainability Strategy Group*, 2008 p22.

4 HEFCE Grant letter, 22nd December 2009, accessed 18/01/11 <http://www.hefce.ac.uk/news/hefce/2009/grant1011/letter.htm>

5 Hoareau C, *Student loans in the UK, equity and cost efficiency*, 2009, p. 12

6 OECD, *Education at a glance 2010, OECD indicators*, 2010, p. 71 (figures are for 'tertiary type a' graduation rates)

7 For example – Hopkins L and Levy C, *Shaping Up For Innovation: Are we delivering the right skills for the 2020 knowledge economy?* 2010

- Students would not pay anything at all until they earned £21,000 (an increase on the current threshold of £15,000), and they would then pay 9% of any income above £21,000.
- The interest rate on this debt would be linked to the government rate of borrowing, and there would be a debt forgiveness after 30 years as well as ‘payment holidays’ if earnings drop.<sup>8</sup>

At the centre of Lord Browne’s proposals is the contention that placing the burden of increased investment on the student would make them behave more like consumers than in the current system, where their choices arguably have little effect on the nature of provision. In a system where fees are variable, and students have a greater incentive to make ‘the right’ choice, universities will need to be more responsive to what students want.

Browne’s vision for the future of higher education was largely agreed upon by the Coalition government and the route to achieving it largely accepted. However, the government has proposed significant changes. These changes include capping fees at £9,000 a year removing the levy and introducing a two-tiered cap by setting conditions which universities must meet in order to set fees above £6,000; introducing tighter means testing on maintenance grants; and an interest rate ‘taper’ with increased interest rates for higher earners and a reduced rate for lower earners.<sup>9</sup>

Unfortunately, these changes mean that some of the intended outcomes of the reforms proposed by Browne may not be realised. In reality, higher education will operate as a quasi-market at best. An important aim of the Browne review was to allow student numbers to be free of government control and to make room for the expansion of higher education. In order to relax student numbers, the cost of expansion to the taxpayer needs to be kept as low as possible but the government’s changes have led to high overall fees, and higher fees mean higher loans. Overall therefore, under government proposals, the costs of expansion are not contained and, as a result, they have forced themselves to put a cap on student numbers. As a result, in the case of student places, demand exceeds supply, and the competitive forces which should act to drive down prices and improve quality are at risk of being made irrelevant.

These developments are disappointing. The government must continue to work hard and consider changes to the proposed system, which would alleviate the burden on the Treasury and allow expansion. Chapter 4 considers these issues in more detail.

## What should higher education look like?

Although the target for 50% of young people to go to university, which has driven higher education expansion in the last decade, has been modified to encompass other types of tertiary education, the broad thrust of policy is that expanding higher education is still beneficial.<sup>10</sup> But, if higher education is so expensive and expanding higher education involves such significant sacrifices, is it worth it?

One oft cited argument is that the increasing demand for higher education reflects a form of ‘credentialism’. The proportion of jobs requiring a degree-level

<sup>8</sup> An Independent Review of Higher Education Funding and Student Finance, *Securing a Sustainable Future for Higher Education*, 2010

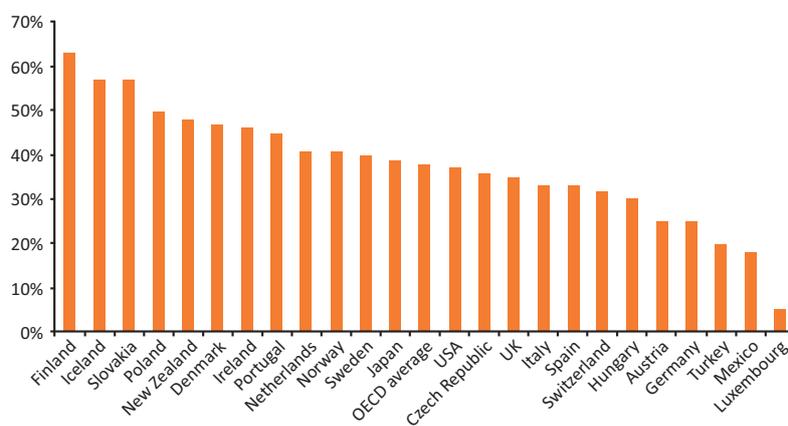
<sup>9</sup> Statement on higher education funding and student finance, accessed 25/11/10 <http://www.bis.gov.uk/news/speeches/david-willetts-statement-on-HE-funding-and-student-finance>

<sup>10</sup> See for example the last ‘Skills Strategy’ from the previous Labour government

qualification has risen from 20% to 30% between 1986 and 2006, but some argue that many of these jobs do not actually require graduate-level skills,<sup>11</sup> rather that employers are using degree attainment as a screening tool when recruiting.<sup>12</sup> However, this view of things ignores the fact that the shape and nature of the labour market has changed radically in the last 50 years. There are an increasing proportion of jobs at the top and bottom of the scale in terms of the skills required and the wages received.<sup>13</sup> This can be seen in the increase in the number of managers and senior officials, professional occupations, and associate professional and technical occupations at the top end of the scale.<sup>14</sup> Meanwhile, in the middle, trades and administrative occupations have seen a decline, and at the bottom jobs in personal service occupations have become more common.<sup>15</sup>

Even if it were the case that there is a form of credentialism at play, it is difficult to see to what extent anything can be done to reverse a state of affairs whereby employers value degrees so highly.<sup>16</sup> Added to this, young people in the UK are not only competing against one another for jobs but against others from an increasingly highly skilled global economy. Many developed economies are turning to their higher education systems to drive their economic recovery and to sustain their growth in the long-term. At the same time, developing economies (most notably China and India) are beginning to massively expand their higher education systems. Credentialism or not, young people in the UK will be unable to keep pace with their international competitors if they do not have access to high quality higher education.

Figure 1: 2008 graduation rates in OECD countries<sup>17</sup>



Furthermore, the contention that fewer people should go to university is based partially on the myth of a golden age when there was a perfect equilibrium between two types of tertiary education – vocational and academic. But, as those involved in what is now termed ‘skills policy’ know only too well, this is mistaken. For at least the last 50 years, if not the last century, employers and policy makers have fretted over the state of post-compulsory vocational education. There was never a golden age where all those who didn’t enter higher education had easy and consistent access to high quality vocational routes to employment.

11 Felstead et al, Executive Summary – *Skills at work: 1986 to 2006, 2007*, p. 3

12 UKCES, *Ambition 2020*, skills, jobs, growth, 2009, p. 85

13 *Review of Vocational Education: The Wolf Report*, 2011, p. 35

14 UKCES, *The UK Employment and Skills Almanac 2010: Evidence Report 26*, 2011, p. 94

15 Truss E, *Academic rigour and social mobility: how low income students are being kept out of top jobs*, 2011, p. 2

16 100 American institutions charge as much as \$50,000 a year. See, *THE A weather eye on the US storm*, accessed 3/03/11 <http://www.timeshighereducation.co.uk/story.asp?storycode=415240>

17 OECD, *Education at a glance 2010, OECD indicators*, 2010, p. 71 (figures are for ‘tertiary type a’ graduation rates)

It also assumes that an economy has a natural limit for the amount of graduate-level jobs it can sustain, leading to the argument that England has reached saturation point – too many graduates, not enough graduate jobs. There may be a natural limit to the amount of graduates an economy needs and it is certainly unlikely that the optimal level of graduates would be 100% of the population. However, there is little evidence that we are anywhere near to that natural limit now.<sup>18</sup>

Finally, arguing that the financial sacrifice involved in expanding higher education is not worth it involves the assumption that an alternative would be significantly cheaper. However, this alternative would presumably be a significant expansion (and boost in quality and efficiency) of the vocational education sector and a corresponding radical realignment of the labour market. Both would place significant costs on the individual and the taxpayer.

We do however need to ask whether or not our higher education system currently matches the demands of our economy. Whilst the case in favour of expanding higher education is couched almost exclusively in economic terms, there appears to be a mismatch between what our higher education system produces and what the economy (as represented by employers) wants.<sup>19</sup> The Association of Graduate Recruiters has argued that “too many young people are left to graduate without vital employability skills” and the CBI and the NUS recently made a joint call for higher education to be more employer-facing.<sup>20</sup> Moreover, employers consistently express concern about the lack of technical, practical and job-specific skills held by employees and applicants.<sup>21</sup> This should not lead us to conclude that we need to stop expanding higher education. Rather, it is vital that any expansion of higher education is accompanied by a reform of how it operates, our recognition of what higher education encompasses and a far stronger recognition of the skills employers need and students need to acquire.

We do not need fewer people accessing higher education. We need the expansion of a different higher education experience.

## Higher education and higher skills

The last government invested significantly in vocational education. However, towards the end of its final term in office it began to recognise that a large part of its focus (which had been on lower level skills) had been misguided and argued for a strategy of encouraging the uptake of, and investment in courses which led to higher skills.<sup>22</sup> The Coalition government’s recent ‘Skills Strategy’ followed in much the same vein, arguing that “we are currently weak in the vital intermediate technical skills that are increasingly important as jobs become more highly skilled and technological change accelerates.”<sup>23</sup> The UKCES has found that 19% of employers reported skills gaps in 2009 and that the highest number of skills shortages occur for “Associate Professional and Technical Occupations”.<sup>24</sup> Meanwhile, the highest proportion of skills shortages (relative to the number employed) are for Professional Occupations and Skilled Trades. SEMTA (the Sector Skills Council representing the science, engineering and technology sector) reported the highest proportion, at one in four, of firms with skills gaps.<sup>25</sup> These are industries historically well served by higher level technical education – often delivered by colleges. Higher education in further education represents an important means of filling today’s gaps.

18 Bowen, G W, Chingos, M M and McPherson, MS, *Crossing the finish line: Competing College at America’s Public Universities*, 2009, p. 6

19 See for example Association of Graduate Recruiters, accessed 2/01/11 <http://www.agr.org.uk/Content/Employers-urge-far-reaching-higher-education-reforms>

20 PR: *Universities must embed employability skills in course structures: CBI & NUS* accessed 19/05/11 [http://higher.education.cbi.org.uk/media/press\\_release/00365/](http://higher.education.cbi.org.uk/media/press_release/00365/)

21 UKCES, *The UK Employment and Skills Almanac 2010: Evidence Report 26*, 2011, p. 116

22 DBIS, *Skills For Growth: The National Skills Strategy*, 2009

23 DBIS, *Skills For Sustainable Growth*, 2010, p. 4

24 UKCES, *The UK Employment and Skills Almanac 2010: Evidence Report 26*, 2011, p. 116

25 Ibid

The debate about higher education has parallels in and links with current debates about ‘skills policy’. As well as requiring more graduates, the economy requires more people with so called ‘higher skills’ – skills at levels 3, 4 and 5 of the national qualifications framework. These skills are also sometime referred to as, technician level or technical skills and at other times, craft skills. They tend to be vocationally oriented and focused on a particular sector. They can be acquired in numerous ways and in numerous settings but are often acquired either in employment or in conjunction with an employer.

Clearly, there are vital links to be made between a strategy which looks to increase participation in higher education and one which looks to increase the acquisition of higher skills. This is explicitly recognised in the notion of ‘progression’ and there is much talk in government documents of ensuring that there are ‘progression routes’ from higher skills to higher education.<sup>26</sup>

However, more could be done to link these two areas. Indeed, the notion of progression between the two areas can be somewhat misleading. Higher skills are often acquired through higher education and are considered at the same level in qualification frameworks as higher education awards. It is not clear where higher skills ends and higher education starts, or why it is useful to distinguish between the two. By contrast, for instance, Scotland has a far more unified approach in which it considers its colleges and universities as part of a broader ‘lifelong learning’ sector.<sup>27</sup> An overarching theme for this report will be the extent to which policy makers can better align these, too often distinct, policy areas.

### The role of higher education in further education

There are two closely related problems with tertiary education in England that need solving. The first is the fact that higher education as traditionally understood appears not to be satisfying the demands of students and employers. The second is that traditional routes to acquiring technical level or higher level skills, often dependent on employers taking on apprentices at 16, have broken down. The nature of the labour market and the specific skills required by employers have changed radically, yet the economy will continue to require higher level skills. Subsequent governments have tried and failed to address the issue of technical and vocational education, creating a near constant revolution in policy.

This report will discuss the particular role that FECs could have in meeting these two challenges. FECs are well placed to meet the challenges of higher education and higher skills:

- Whilst FECs are a part of the existing higher education system, they are also one of the main providers of the development of higher skills training.
- FECs have significant experience in vocational education, are experienced at reacting to changes in the labour market and have a proven record of working closely with employers.

It is important to ensure that the potential of FECs is maximised in the context of a new approach to funding higher education. It is also vital that the role of FECs in the higher skills agenda and how this role and this agenda should fit with higher education is understood. These questions are the subject of this report.

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<sup>26</sup> Ibid, p. 7

<sup>27</sup> Gallacher G, *Higher Education in Scotland's Colleges: a Distinctive Tradition?* In Higher Education Quarterly vol. 63, 2009

Chapter 1 will provide an overview of higher education in further education, what it is, and some definitions and distinctions. It will also set out two potential directions policy could take in regards to higher education in further education. It will argue that one direction, the expansion of so-called 'short-cycle' higher education in colleges should be focused on.

Chapter 2 will look at the history of the role of FECs in higher education in England, and look at two examples of how colleges can play a strong role in a higher education system: America and Scotland.

Chapter 3 will explore how FECs in England can be given a stronger role in a higher education system. It will look at how to give more responsibility to FECs, whilst maintaining quality and without losing the valuable input of HEIs. It will look at progression from short-cycle provision, to bachelor's provision.

Chapter 4 will explore how the government might go about expanding short-cycle provision despite the difficulties it is facing with the funding of higher education more generally.

Chapter 5 will look in more detail at the interaction between short-cycle higher education and higher level skills. It will look at progression between the two; the role of employer co-funding and the opportunities for further expansion; and the development of even more flexible approaches to delivering higher education in the workplace.

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# 1

## What is Higher Education in Further Education?

Further education colleges play two key roles in higher education in the UK:<sup>28</sup>

1. FECs are a setting for the delivery of higher education. In 2006/7 there were 2,233,000 students studying at higher education levels in England.<sup>29</sup> 171,000 (around one in 12) of these students were taught at or directly enrolled in a further education college, rather than a university.<sup>30</sup>
2. FECs are a source of qualified entrants to higher education. In this role, FECs are integral to the higher education system. Students whose previous educational establishment was an FEC account for at least 37% of all full-time entrants to undergraduate education in HEIs.<sup>31</sup> This figure would rise if it were to include part-time entrants and higher education students enrolled in FECs themselves.

Although the second of these two roles is very important and will be considered, the first will be the main focus of this report.

### Short-cycle provision and higher level qualifications

<sup>28</sup> Parry G, Foster Review 'Think Piece': The higher education role of further education colleges, 2005 p. 1

<sup>29</sup> Rashid S, Parry G, Thompson A, Brooks G, *Patterns of Further and Higher Education in Colleges and Universities in England: A Statistical Summary and Technical Commentary*, p. 2

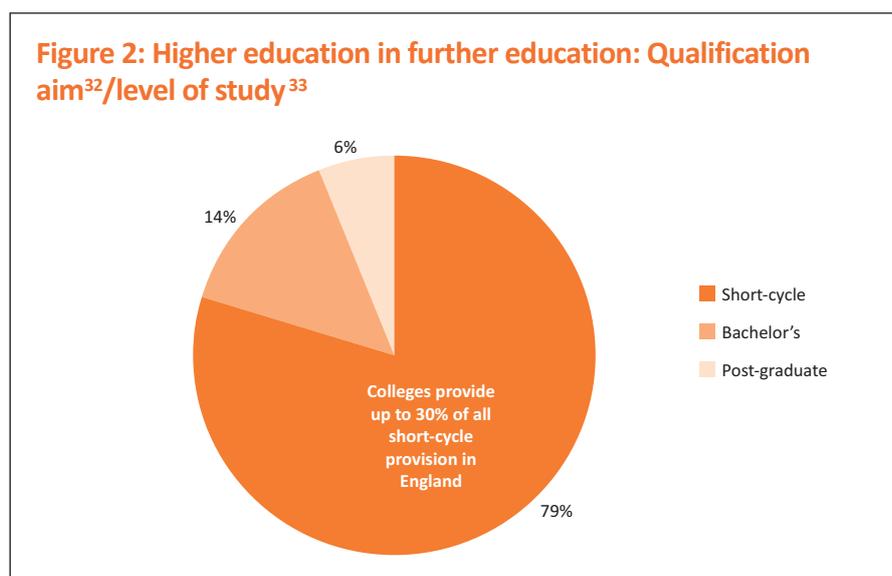
<sup>30</sup> Ibid, p. 3

<sup>31</sup> Parry G, Foster Review 'Think Piece': The higher education role of further education colleges, p. 6

<sup>32</sup> Rashid S, Parry G, Thompson A, Brooks G, *Patterns of Further and Higher Education in Colleges and Universities in England: A Statistical Summary and Technical Commentary*, p. 3

<sup>33</sup> Ibid, p. 33 (calculated from table 10a)

**Figure 2: Higher education in further education: Qualification aim<sup>32</sup>/level of study<sup>33</sup>**



The majority (79%) of higher education students in FECs are on courses that can be described as being short-cycle.<sup>34</sup> This means they will lead to a higher education qualification other than, and below the level of, the standard bachelor's degree awarded by UK universities, which is sometimes referred to as 'first-cycle' higher education.

This report will use the term short-cycle as consistently as possible but this kind of provision may also be referred to as: 'below honours', 'sub-bachelor', and/or short degrees.

The main short-cycle higher education awards in England are set out in Table 1 (bold) according to their 'level'. Qualifications in England can be on any one (or more) of three separate frameworks which assign them to a certain level. Whilst the ultimate ambition is to have all qualifications (although perhaps excluding those awarded by universities) on the new Qualifications and Credit Framework (QCF) this is currently only populated by vocational qualifications. Others, such as A-levels, are on the National Qualifications Framework (NQF). Meanwhile, those awarded by universities and other higher education institutions (HEIs) are on the Framework for Higher Education Qualifications (FHEQ).<sup>35</sup> Table 1 is composed from separate frameworks.

**Table 1: Qualifications by level**

Level	Qualification
6	Bachelor's/Honours Degree
5	<b>Foundation degree; Higher National Diploma; Diplomas of Higher Education; Certificates of Higher Education; Vocational Qualifications at Level 5; NVQ Level 4</b>
4	<b>Higher National Certificate; Vocational Qualifications at Level 4 – Such as Professional Diplomas</b>
3	GCE AS and A-Level; Advanced Diploma; Vocational Qualifications at Level 3; NVQ Level 3

**Box 2: Foundation degrees and higher nationals**

The qualifications that account for more than half of all short-cycle Higher Education are foundation degrees and higher nationals (Diplomas and Certificates).

**Foundation degrees:** Introduced in 2001, they combine academic study with work based learning. They are designed jointly by universities, colleges and employers. They are currently exclusively awarded by universities and take two years to complete if studied full-time.

An example of a foundation degree would be the IT For Business foundation degree, developed by BT in collaboration with Stoke College and Staffordshire University. Part of the training programme sees students spending three days a month at BT's residential training centre where they are taught by tutors from Stoke College and Staffordshire University. The programme incorporates traditional classroom-based learning, online learning, and mentoring in the workplace.<sup>36</sup>

34 Ibid, p. 3.

35 QCDA, *QCF and higher education: Working together to benefit learners*, 2010, p. 28

36 Foundation Degree Forward, Case Study: BT Foundation degrees are ringing success, accessed at <http://www.fdf.ac.uk/downloads/165/20090814150329J1170%20BT%20case%20studyweb.pdf>

**Higher nationals:** Vocational qualifications accredited by the awarding body, Edexcel. They take two years to complete if studied full-time. Higher nationals vary in form and delivery but are characterised by the BTEC approach in which assessment is predominantly practice and project based. Higher nationals and foundation degrees are often very similar but officially they differ in the formal requirements placed on foundation degrees to be developed as a partnership between universities, colleges and employers. Many higher nationals will still have strong employer and higher education input.

These are perhaps the two most recognisable and well understood short-cycle higher education qualifications. They are included on the FHEQ alongside Diplomas of Higher Education and Certificates of Higher Education. All of these qualifications will attract HEFCE teaching funding until it is removed as part of the new funding regime in 2011/12. Students on these courses will continue to be eligible for student loans. These courses are sometimes termed ‘prescribed higher education’.

However, other courses at the same level are therefore not included in the FHEQ because they are not accredited, or delivered by universities. These courses are not funded by HEFCE. These are sometimes termed ‘non-prescribed higher education’.<sup>37</sup> The distinction between these two types of provision is largely historical. Over the years many courses previously considered non-prescribed have been granted prescribed status, but some courses remain on the wrong side of the fence.<sup>38</sup> A large part of this provision, which may amount to as much as 34% of all higher education delivered in FECs, is taken up by Higher Level Professional Awards which include qualifications accredited by professional bodies such as the Association of Accounting Technicians.<sup>39</sup> These courses are funded by the Skills Funding Agency (SFA), but individuals and employers often also contribute.

The distinction between these two types of provision does not have a strong rationale. Non-prescribed higher education is currently subject to the funding approach of the skills system, rather than higher education. This is despite it being at the same level as all other higher education. Until recently, this would mean that an adult seeking to undertake a non-prescribed higher level professional qualification would have to meet the complex criteria of the SFA to determine what level of funding they would receive. Most adults would be eligible for 50% of their fees paid by the government and some priority groups (such as those on benefits) may get 100% of their fees paid. However, the number of places available (and therefore whether or not a student could undertake a course) was heavily limited by government spending levels and government priorities, as opposed to individual demand.<sup>40</sup>

This is set to change in part as the government is introducing a system of fee loans for provision above level 3, although only for adults over the age of 24. The fees are likely to be on the same terms as the proposed student loans. Whilst this is broadly the right approach, there are some important issues for the government to consider:

- There is no rationale for paying for the same course in different ways according to the age of the learner. At the very least, it increases bureaucracy by requiring FECs to access multiple funding streams. Adults aged 19-24 should also access courses through fee loans.

<sup>37</sup> Learning and Skills Development Agency, *Non – prescribed higher education – where does it fit?* 2002

<sup>38</sup> *Ibid*

<sup>39</sup> Exact numbers are unclear – figures from Parry, suggest a 20% share, but earlier estimates from Parry suggest as high as 34% – Parry G, *Foster Review ‘Think Piece’: The higher education role of further education colleges*, p. 7

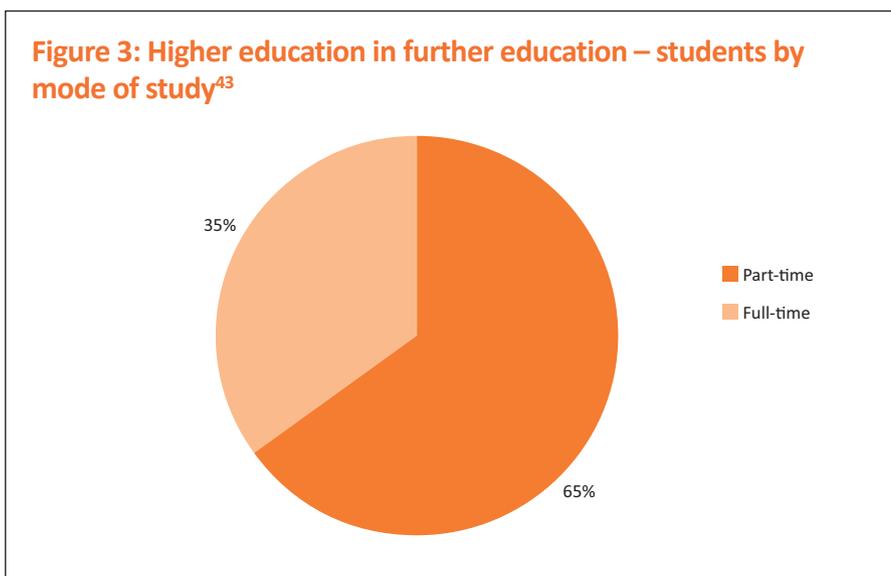
<sup>40</sup> Skills Funding Agency, *Learner Eligibility Guidance 2010/11*, 2010, p. 20

- Currently, it appears fee loans will only be available for full time students. The inequality between part-time and full-time students in higher education has been redressed, only for it to continue for students in further education, including students studying at higher education levels.
- It is not clear whether or not fee loans will provide for 100% of the cost of the course, or only the 50% that the government has typically provided for in the past. This risks a situation in which an individual would be able to access a loan covering 100% of the cost of a £9,000 a year degree course, but only 50% of the cost of a cheaper course, at the same level, accredited by a professional body.

The distinction between non-prescribed courses and other higher education essentially limits the opportunity for prospective students to study certain courses. Instead, the focus on student choice which has driven higher education reform should be extended to non-prescribed higher education. Higher level courses currently designated as non-prescribed should be eligible for exactly the same financial assistance as other higher education courses.

However, it should be acknowledged that doing this will produce a potentially significant extra cost to the government. It is not clear how much such a move would cost, as many students are likely to be employer-funded and evidence suggests many would seek to pay up front (if possible).<sup>41</sup> It is also not clear how many students this represents although it is somewhere between 30,000 and 60,000.<sup>42</sup> This uncertainty means that whilst the government should commit to ending the distinction between prescribed and non-prescribed higher education, and to allowing these students access to full student loans, this may have to be a medium-term as opposed to immediate, aim.

### Who studies higher education in further education?



Higher education in FECs currently plays an important role in terms of widening participation into higher education and in advancing social mobility more generally.

41 Fletcher M, *Coping with the costs of college: the role of saving and loans in financing further education*, 2011,

42 See footnote 34 above, another estimate places numbers as high as 70,000 – <http://www.parliament.the-stationery-office.co.uk/pa/cm200809/cmselect/cmdius/170/170we57.htm>

43 Rashid S, Parry G, Thompson A, Brooks G, *Patterns of Further and Higher Education in Colleges and Universities in England: A Statistical Summary and Technical Commentary*, p. 33

68% of students studying higher education in FECs study part time.<sup>44</sup> This can be compared to around 40% for higher education as a whole.<sup>45</sup> Part timers tend to be older than full time students and are more likely to be female. Students in FECs are also more likely to hold vocational qualifications, or general educational qualifications below A-Level on entering higher education.<sup>46</sup> Though they represent only one in 12 of all students, they often study courses not offered at rival institutions, designed to meet specific local employment needs. They are also more likely to come from low-participation neighbourhoods. The proportion of 1st year undergraduate students receiving a weighting in the widening participation allocations is higher in FECs (25%) than in HEIs (19%).<sup>47</sup> Widening participation allocations are HEFCE funds designed to recognise the higher costs associated with outreach and other activities.<sup>48</sup> In this way FECs play a very strong role in widening access. This widening participation role is particularly pronounced in so-called higher education ‘cold spots’, where there are no universities within easy travelling distance or no tradition of higher education attendance.<sup>49</sup>

Higher education in further education is also helped in its widening participation agenda by the fact that it charges lower fees. Figure 4 shows an estimate of the average annual unit cost for bachelor’s degrees and short-cycle provision respectively (and the average unit cost for the full qualification assuming three years and two years study respectively). As this is an average of all short-cycle qualifications, it will include the cost of provision at HEIs. Based on the current picture, FECs charge less than HEIs for this level of higher education.<sup>50</sup> Therefore, were the figure for short-cycle higher education only to be taken from FECs, it is likely that the difference in cost between bachelor’s provision and short-cycle provision would be even wider.

44 Ibid

45 Universities UK, *The supply of part-time higher education in the UK*, 2010, p. 24

46 Speech by Anthony Maclaren (then Chief Executive of UCAS) to the 2007 HEPI conference, *The Road Less Travelled: Vocational Qualifications and HE Entry*, accessed 18/04/11 <http://www.hepi.ac.uk/485-1320/Vocational-qualifications-and-HE-entry.html>

47 Parry G, Foster Review ‘Think Piece’: *The higher education role of further education colleges*, p. 9

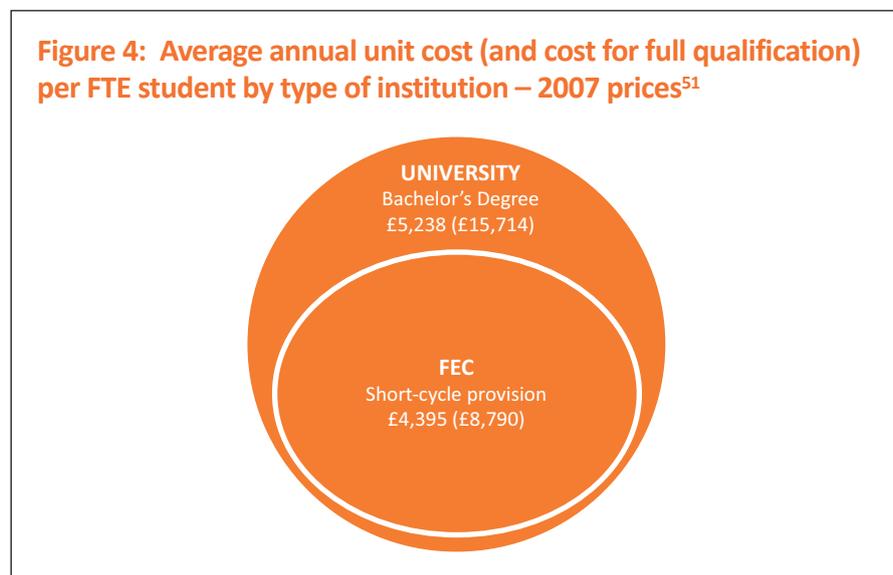
48 See HEFCE, *How we fund widening participation*, accessed 01/06/11 <http://www.hefce.ac.uk/widen/fund/>

49 Universities UK, *The supply of part-time higher education in the UK*, 2010, p. 42

50 AoC News Release: *New research shows colleges aiming for affordable tuition fees* accessed 15/04/11 [http://www.aoc.co.uk/en/newsroom/aoc\\_news\\_releases.cfm/id/2A53D90F-F22D-4925-84EF597CD19AF917](http://www.aoc.co.uk/en/newsroom/aoc_news_releases.cfm/id/2A53D90F-F22D-4925-84EF597CD19AF917)

51 McMahon, W M, and Oketch, M, *Bachelor’s and Short Degrees in the UK and US: New Social Rates of Return and Non-Market Effects on Development*, 2010, pp. 22-3.

**Figure 4: Average annual unit cost (and cost for full qualification) per FTE student by type of institution – 2007 prices<sup>51</sup>**



This estimate is based on the assumptions made by HEFCE in allocating teaching funding and is meant to give an indication of the cost of provision. With the onset of a new fee regime, the costs incurred by students will (particularly at bachelor’s level) be higher than this. A three year bachelor’s degree is likely to cost around £27,000 whereas a short-cycle qualification will cost closer to £12,000.

## How is it funded?

Higher education in FECs is funded in three different ways:

- Non-prescribed higher education funded by the SFA.
- Direct funding by HEFCE.
- Indirect funding – via a partner university.

Most colleges receive the majority of their funding for higher education ‘indirectly’, via a partner HEI. The HEI ‘franchises’ out some of its student numbers to a partner FEC. At times this is done because the HEI does not have the capacity itself to teach the extra student numbers it has been awarded, therefore partnerships with FECs allowed HEIs to expand. At other times this might be done to allow higher education to reach into so called ‘cold spots’ where there is no higher education presence. In these instances, HEIs have complete control over the student numbers.

Some FECs are directly funded by HEFCE. This means that the student numbers are allocated to the college, not to an HEI. HEFCE tends to directly fund larger colleges, with higher education provision of a greater scale. This means that, though there are 127 colleges who receive direct funding from HEFCE.<sup>52</sup> 59 large colleges deliver 50% of all provision of higher education in FECs.<sup>53</sup> The remaining 252 colleges which provide higher education provide only a small amount each.<sup>54</sup> However, even directly funded colleges have only a limited amount of autonomy because no FEC yet has the power to award their own higher education qualifications. Colleges can now apply for the powers to award their own foundation degrees (FDAPs) but as yet, none have received these powers.

## The possible expansion of higher education in further education

The general narrative of the Coalition’s higher education policy has been that the justification for the rise in fees lies in the creation of a market in which more aware, better informed students are able to choose between a diverse range of institutions. These institutions should compete on price and, where relevant, offer vocationally oriented higher education programmes. FECs are seen, and see themselves, as strong contenders in this ‘marketplace’.

By introducing a system of variable fees and competition between universities for the custom of students, Browne argued that universities would be forced to offer students a distinctive product. Moreover, as noted earlier, the financial pressures on the student should mean that they in turn place pressures on universities to offer more vocationally relevant higher education. The result should be a more diverse system with a range of different providers: existing higher education institutions, private universities and further education colleges, with a range of different modes of learning such as distance learning, part time courses and short, bite size modules of higher education.<sup>55</sup>

One reason for dissatisfaction and disillusionment with the current system of higher education is that universities have been unwilling to differentiate amongst themselves. The reputation of universities, their brand, and the prestige which comes with their degrees, are vital to them. As a result, they are keen not to be seen as second rate, or not on a par with those institutions which are more

<sup>52</sup> The Mixed Economy Group, *Strategic Options, Operational Challenges: A study of Higher Education delivered in a Further Education setting*, 2010, p. 6

<sup>53</sup> Rashid S, Parry G, Thompson A, Brooks G, *Patterns of Further and Higher Education in Colleges and Universities in England: A Statistical Summary and Technical Commentary*, p. 3

<sup>54</sup> Ibid

<sup>55</sup> The government’s response to Browne included a pledge to increase financial support for part-time learners who, previously were treated inequitably – see, Fazackerley A, Chant J, *Educating Rita? A model to address inadequate state support for part-time students*, 2009

prominent in the public consciousness. However, this is to deny (and obscure from prospective students) the clear differences between institutions in focus, approach, style and quality. The introduction of alternative providers is meant to challenge this status quo.

The potential advantages for FECs in such a marketplace are clear. Their strengths include:

- A local higher education option, an attractive element to many, especially from non-traditional higher education backgrounds.
- A familiar learning environment – FECs play a strong role in their local communities and provide education at lower levels.
- The entry requirements tend to be lower, which is attractive to prospective students who may be seeking a second chance, having not achieved highly at school.
- FECs are used to delivering in a flexible manner – delivering a high proportion of part time learning.
- FECs to offer more personalised learning patterns than many HEIs with strong additional support and mentoring related to need.
- They are (for the most part) dedicated teaching institutions. As a result, their cost bases are far lower than universities who must invest in expensive research and development activities.
- This allows them to deliver small group sizes, more 1:1 tutorials and average teaching hours of up to 18 hours a week.<sup>56</sup> This compares to an average of 14.7 hours a week in Russell Group universities.<sup>57</sup>

Many FECs are confident that, given a chance to compete on a more equal footing with HEIs, their strengths will prevail and their slice of provision grow. A market would free FECs from the constraints of indirect funding and prohibitive validation arrangements with HEIs. In a competitive environment, FECs would either be able to expand directly-funded provision validated by universities, or gain foundation degree awarding powers (FDAPs) and grow their provision independently.

In the past year there has been discussion of the potential expansion of the role of FECs in higher education provision. There are two areas in which FECs could expand their provision of higher education.

### 1. FECs as ‘teaching institutions – delivering full degrees

There is an important debate to be had about the costs of higher education more broadly and how these can be reduced. Whilst in a market for higher education competition would exert pressure on institutions to produce efficiencies and cut their costs, there is significant work to be done to encourage and help universities, colleges and other institutions to become more efficient in the absence of strong competitive forces. In a recent report, the economist Tim Leunig has argued that many universities with smaller, less productive research departments could significantly cut their costs (and pass this on in lower fees) by concentrating on delivering good teaching.<sup>58</sup> This debate is part of a wider discussion about the role of research in universities, in particular newer universities with less well established or respected research departments, and the relevance of postgraduate

<sup>56</sup> The Mixed Economy Group, *Strategic Options, Operational Challenges: A study of Higher Education delivered in a Further Education setting*, 2010, p. 45

<sup>57</sup> See, <http://www.guardian.co.uk/education/2011/feb/13/university-students-teaching-hours-tuition-fees> accessed 18/04/11

<sup>58</sup> Leunig, T, *Universities Challenged: making the new university system work for students and taxpayers*, April 2011

research for the delivery of high quality undergraduate education. Whilst much of the discussion of the effects of raised fees on higher education has focused on price, there have also been strong suggestions that increased consumer awareness on students behalf will force universities to concentrate on the quality of teaching. Some have argued that, in time, some universities may shed their research functions altogether and become teaching institutions.

FECs are already teaching institutions, having no (or very few) research functions. By comparison to the higher education sector, FECs must cope with multiple and inconsistent funding streams, as many as nine for some colleges – a reflection of the bureaucracy associated with the further education and skills system, but also of the fact that many colleges may cater for a huge range of ages and levels of learning. In these circumstances colleges do remarkably well to keep costs down: for example, the average funding per 16-to-18-year-old student in FECs is significantly lower than maintained sixth form schools; £4,631 is spent per pupil in colleges compared with £5,650 in sixth form schools.<sup>59</sup>

In July 2010, the new Universities Minister, David Willetts, set out a vision of the future of higher education in which FECs would play a strong role in delivering high quality degrees, validated by external institutions such as the University of London.<sup>60</sup> Furthermore, towards the end of 2010, it was announced that the examining and awarding body Edexcel was on the way to receiving degree awarding powers itself. It would use these powers in the future to validate FECs to deliver programmes at level 6 (the same level as a bachelor's degree), designed in the same way as their BTEC qualifications at other levels, a suite of qualifications which includes higher nationals.<sup>61</sup>

These approaches rely on the observation that FECs are efficient institutions with a strong teaching focus, able to deliver higher education at a lower cost than universities. FECs can play a key role in supply side reform of higher education, in which a far wider range of institutions are enabled to challenge the hegemony of universities in supplying higher education. In this vision, FECs will compete with universities at their own game. Validated by external bodies (such as the University of London or an awarding body) they will offer students local, affordable and flexible higher education.

14% of all higher education in FECs is at the bachelor's level or above already and the government is right to identify FECs as efficient teaching institutions.<sup>62</sup> There is no reason why FECs should not be able to expand this provision in partnership with external validating partners where demand dictates. As such, FECs are part of the wider agenda of supply side reform which also takes in private providers.

## 2. The expansion of short-cycle provision: a distinctive higher education offer

The idea of expanding the role of FECs in delivering bachelor's degrees sees FECs as a different setting for the delivery of the same product. As such, whilst it has its merits, it is necessarily limited in terms of addressing the two issues set out in the introduction of this report:

“FECs can play a key role in supply side reform of higher education, in which a far wider range of institutions are enabled to challenge the hegemony of universities in supplying higher education”

<sup>59</sup> Association of Colleges, *College Key Facts*, Summer 2010, 2010

<sup>60</sup> See, accessed 24/11/10 <http://www.bis.gov.uk/news/speeches/david-willetts-oxford-brookes-university-challeng9>

<sup>61</sup> TES, *FE to the rescue in HE funding crisis*, accessed 15/01/11 <http://www.tes.co.uk/article.aspx?storycode=6067573>

<sup>62</sup> Rashid S, Parry G, Thompson A, Brooks G, *Patterns of Further and Higher Education in Colleges and Universities in England: A Statistical Summary and Technical Commentary*, p. 3

- Higher education is not responsive enough to the demands of a wider spectrum of students and employers.
- There is a dearth of supply of training which leads to the acquisition of 'higher level skills'.

However, FECs are not just settings for the low cost delivery of the traditional higher education offer. They also provide their own, distinct offer of short-cycle provision. This accounts for the majority of all provision of higher education in FECs and would therefore be more appropriate for immediate expansion, in terms of the in-built skills and capacity of FECs and their staff, than bachelor's provision.

short-cycle provision is the speciality of FECs. They have proven themselves to be hugely effective in delivering good quality short-cycle provision, which is rooted in the local community and often delivered in partnership with local businesses, offering a value for money solution to both of the challenges raised above. Therefore, if expansion of higher education in further education is to be considered, thought should be focused on this area.

### The benefits of short-cycle provision

#### *Wage returns*

For holders of short-cycle higher education qualifications earnings rise until the age of 53, whereas wages for holders of vocational qualifications below the level of a short degree peak at the age of 30.<sup>63</sup> Therefore, it is clearly advantageous for those with lower level vocational qualifications to have access to short degrees. Short-cycle provision can offer a clear route into higher education for the increasing numbers of young people who will undertake apprenticeship training.

#### *Social mobility*

short-cycle higher education can be a real driver towards social mobility, as it is often studied by those with lower level vocational qualifications. Although not exclusively so, young people with lower level vocational qualifications tend also to be from lower socio-economic backgrounds. The Panel on Fair Access to the Professions, for example, noted that more than twice as many young people from lower socio-economic groups choose vocational routes than young people with parents in professional occupations.<sup>64</sup> Providing access to short-cycle higher education, and the accompanying opportunity for wage returns, can therefore be a useful part of overall strategies and approaches to increase social mobility.

Moreover, access to short-cycle higher education can provide far greater opportunities to progress on to bachelor's level higher education. Many programs, particularly foundation degrees which are required to specify a 'progression route', are designed so that completion can lead to bachelor's level study. Although progression is difficult to measure (given the fact that some may not progress to higher study immediately) figures for foundation degrees suggest that around 54% go on to study for a bachelor's immediately.<sup>65</sup> Many students embarking on short-cycle provision have the intention of progressing on to higher levels.

#### *Local and regional economic development*

Most short degree graduates tend to remain and work near the locality where they studied. Only 29% of those with short degrees move locality between the

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63 McMahon, W M, and Oketch, M, *Bachelor's and Short Degrees in the UK and US: New Social Rates of Return and Non-Market Effects on Development*, 2010, p. 44

64 *Unleashing Aspiration: The Final Report of the Panel on Fair Access to the Professions*, 2009, p. 22

65 HEFCE, *Foundation Degrees: Key statistics 2001-02 to 2007-08*, 2009, p. 44.

ages of 23 and 33, whereas 45% of those with bachelor's degrees move.<sup>66</sup> This means that the expansion of access to short degree programmes can be taken as part of local and regional plans for economic development and growth. This is not to deny the benefits of a more mobile workforce (for individuals and for the economy). Nonetheless, the role of higher education which clearly serves local and regional, rather than national and international needs is to be encouraged. Short-cycle graduates can provide a boost of highly skilled individuals to local labour markets. This effect is multiplied by the fact that short-cycle higher education involves FECs working directly with local employers to deliver highly work-focused courses and qualifications – delivering work ready graduates for local employers.

#### Meeting the skills gap

short-cycle provision can also contribute to the national skills deficit at 'intermediate' and 'technician' levels. Some short-cycle programmes such as higher nationals have a long tradition of catering for this demand. More recently, the foundation degree is intended for precisely this purpose: "to address a consistent stream of employer feedback that suggested that many young students and graduates are not adequately prepared for the world of work."<sup>67</sup>

BIS found that short-cycle provision in general is more likely to be funded by an employer than full bachelor's provision.<sup>68</sup> The way in which foundation degrees, in particular, aim to effectively plug the skills gap is by involving employers in the design of the course itself. Employer engagement in undergraduate higher education in the UK has always been lacking. One of the key ways in which they did get involved, university sandwich courses in which students took a year out of full time study and undertook a work placement, have largely declined. Foundation degrees begin to go some way towards reversing this trend. At the same time, higher education reforms, which make students more conscious of employment outcomes may drive supply side reform throughout undergraduate education, seeing it becoming more employer-focused.

The flexibility of short-cycle provision also makes it much better suited to meeting skills gaps. As noted in the previous chapter, a great deal of provision at this level is part-time, accommodating the busy lives of often employed mature students and also enabling provision to fit in with needs of employers. It does not have to conform to the rigid October starting point for full time undergraduate provision in universities and instead, many short-cycle courses have multiple starting points throughout the year. Some full time foundation degrees are delivered over 48 weeks rather than the 30 weeks which is standard in universities, giving added flexibility to students and to employers who may be providing work placements.

Work placements are integral to full-time foundation degrees, often accounting for as much as 50% of the required credits to complete the course. The fact that foundation degrees are always designed with this element of work-based learning in mind makes them equally well suited for employers to incorporate them as part of their professional development. This also benefits employers, with foundation degree graduates being fully 'skilled up' and work-ready' following their placement and vocationally-focused degree.

66 McMahon, W M, and Oketch, M, *Bachelor's and Short Degrees in the UK and US: New Social Rates of Return and Non-Market Effects on Development*, 2010, p. 33

67 The Guardian – Kingston, P *What employers really, really want*, accessed 16/01/11 <http://www.guardian.co.uk/education/2009/feb/10/work-skills>

68 DBIS, *Employer Perspectives on Part Time Students in UK Higher Education*, 2011, p.

### The particular benefits of FECs in the delivery of short-cycle provision

Although short-cycle provision may be the speciality of FECs, HEIs also provide a significant proportion and they also provide some excellent courses, which should not be lost. Nonetheless, there are a number of reasons why any growth in short-cycle provision is better managed by the college sector.

#### 1. Cost

It is not yet clear where HEIs and FECs will set their fees for provision for short-cycle provision, as coverage of fee announcements has focused on the 'headline' figures, which are more likely to correspond to full time, first degree courses. Nonetheless, the submissions do suggest that the majority of HEIs will charge more than £6,000 for all courses, including short-cycle provision. Colleges on the other hand are expected to charge £6,000 or less. This reflects better the HEFCE assumed costs of provision and represents better value for money for the Treasury and the student.

Moreover, there are a range of other downward pressures on price in FECs. Firstly, the types of students who are likely to choose colleges as their first choice destination are also likely to be the most sensitive to price. Indeed, for many this will be a strong element in why they choose the FEC in the first place.

#### 2. Access

One estimate suggests that only 16% of FECs currently charge the full fee available to them for their higher education provision.<sup>69</sup> This is in stark contrast to the university sector, where the vast majority of universities charge the full fee. In a piece of research conducted by the Association of Colleges on what factors FECs take into account when setting their fees, one strong element was their commitment to their local community. Some colleges felt that whilst the market could withstand higher fees, if they could offer it at a lower price they should in order to continue to widen access to local higher education. This sense – that colleges go about their business with a clear notion of an access mission – is important. Nonetheless, policy should not naively expect all colleges to act in a saintly fashion but seek instead to build on and encourage this behaviour. It should recognise that colleges have a sense of mission and seek to bolster their identity as institutions with a key role in widening access, as well as help them achieve their goals.

A final point to bear in mind is that, unlike universities, colleges are likely to vary their fees according to the course. Whilst is not entirely clear yet, it appears that at least the top universities plan to offer a flat fee, regardless of the course undertaken. Again, this goes against the initial intentions of those in favour of higher fees. However, colleges are already used to variable fee regimes from their substantial further education provision where the costs of the course may range from zero (completely government sponsored courses) through to around £300 and onwards to around £1000 for some level 3 courses.

#### 3. Employer engagement

FECs are required to constantly react to the needs of local employers at the level of further education, and this culture extends to their approach to higher education. The last government was determined to create what it described as a

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<sup>69</sup> AoC, *College Higher Education finance, funding and fees*, 2009 document obtainable by google search, accessed 24/02/11 [http://www.google.co.uk/search?hl=en&q=AoC+colleges+don%27t+charge+full+tuition+fee+&meta=&rlz=117GGIH\\_en-GB](http://www.google.co.uk/search?hl=en&q=AoC+colleges+don%27t+charge+full+tuition+fee+&meta=&rlz=117GGIH_en-GB)

'demand-led' skills system, rightly recognising that the previous system was too often led by government prescriptions and, at times, the vagaries of colleges. It would not be true, however, to say that a truly demand-led system was achieved between 1997 and 2010, largely because of an obsession with government targets, which inevitably warped priorities at a local level. Nonetheless, colleges have worked very hard to engage with employers. Programmes such as Train to Gain and the expansion of apprenticeships, whilst by no means perfect, have meant that colleges must persuade employers of their worth in order to ensure their custom. Many colleges have intimate knowledge of the local labour market and provide niche training to local employers at different levels, gaining expertise and experience, which is not always gained in university faculties.

In the meantime, foundation degrees and other short-cycle provision, delivered in colleges, have the particular advantage that employers may already be engaged with the college in the provision of vocational courses, such as apprenticeships, at lower levels. Colleges are highly adept at developing relationships with local employers which provide a strong basis from which to develop courses which effectively meet higher level skills gaps.

**Recommendation**

The government should no longer distinguish between prescribed and non-prescribed higher education. Students studying on higher level professional courses should have access to the same system of student loans as all other students. However, the potential cost implications of this move will mean that this should be a medium-term commitment and not an immediate government priority.

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# 2

## History and an International Perspective

This report is concerned with answering the questions posed in the introduction. What role should FECs have in meeting the challenges faced by higher education, and what role should FECs have in meeting the challenges of the higher skills agenda? The previous chapter argued that FECs should be able to expand their provision of a valuable product – short-cycle higher education.

However, there will be some who balk at this notion. There is a commonly expressed belief that higher education should be the preserve of traditional universities and that expansion of this sort is the continuation of a devaluation – rather than a democratisation – of higher education. This is not a belief that we share.

It is important to understand something of the history of FECs and their enduring role in higher education as well as the position colleges take in other countries. By doing so, this chapter will outline some of the obstacles faced by FECs in attempting to expand their role, yet conclude that these obstacles are not inevitable.

### Understanding of FECs is limited

There is very little understanding of FECs in general amongst the media and the wider public and even less understanding of their current role in higher education. A pertinent example of this lack of understanding, or consideration could be seen in the fact that in the entire 64 page Browne review: there is only a single mention of FECs, and that is in the annex!<sup>70</sup> If the role of FECs was enhanced, some might balk at the notion, seeing higher education as the exclusive domain of universities. Many already bemoan the perceived consequences of a mass higher education system, as the erosion of a notion of higher education as the purview of an academic elite.<sup>71</sup>

Such an argument ignores the skills-driven basis of the global knowledge economy, as well as ignoring the historical basis of FECs. Concerns and doubts about the appropriateness or otherwise of FECs being part of higher education are not new. FECs have always played a role in higher education but this involvement has always been unclear, confusing and regularly jeopardised by government policy. As such, FECs have been unable to develop a clear higher education identity. Reversing this state of affairs should be a key goal for the current government, allowing it to make a stronger case for the increase in general access to and availability of short-cycle higher education in FECs.

<sup>70</sup> An Independent Review of Higher Education Funding and Student Finance, *Securing a Sustainable Future for Higher Education*, 2010, p. 57

<sup>71</sup> See, for example the general view of the former polytechnics implied in this newspaper article, accessed 16/03/11, <http://www.telegraph.co.uk/education/educationnews/4781291/Now-universities-could-revert-to-polytechnic-format.html>

### A brief history

Until 1966, further education institutions provided more higher education by headcount than universities, because of the volume of part timers they served.<sup>72</sup> This reflected a system in which a universities sector and a further education sector shared provision of higher education – and largely provided a distinct offer from one another. This, however, was complicated by the 1966 Higher Education White Paper and the designation of a number of existing further education establishments as ‘polytechnics’. Despite this, by the end of the 1970’s further education institutions continued to enrol almost as many students as the 29 polytechnics on higher education courses. This caused concern for ministers and civil servants who believed that degree work was better done by institutions and departments predominantly concerned with it.<sup>73</sup>

The Further and Higher Education Act of 1992 redesignated polytechnics as universities and meant that all higher education was now intended to be undertaken in universities. Meanwhile FECs were administratively cut off from the new, unified higher education sector. Although there was seemingly no coherent argument for this approach (given the strong historical overlap between the work of further education and higher education institutions) the arrangements put in place “assumed that higher education and further education stood for different levels of learning and, for this main reason, should be provided by separate types of organisation.”<sup>74</sup>

After the 1992 reforms, the number of people studying higher education in the further education sector was meant to be ‘residual’ and, probably, decrease. Higher education students enrolled in the further education sector increased by 22% from 1989 to 1993 which would tend to suggest that despite the design of the 1992 policies, higher education activity in the further education sector was not ‘residual’.<sup>75</sup> Nonetheless, the 1992 reforms succeeded in their aim in the sense that a significant part of the growth FECs did share was as part of franchised agreements which meant that the true power and responsibility remained with the university partner. Post-1992 – it was universities who benefited from the mass expansion of higher education.

### New Labour and the current situation

The Dearing Inquiry, which was commissioned by the last Conservative government and reported in 1996, talked about the “special role of further education colleges in providing sub-degree higher education” and put forward a vision for the future of higher education in further education that would have FECs focusing on the delivery of short-cycle higher education and developing different modes of delivery including distance learning and work-based learning.<sup>76</sup> The Dearing recommendations were based on the assumption that the large part of future demand would be for short-cycle higher education and that growth in this area should be accorded to FECs.<sup>77</sup>

The then Prime Minister Tony Blair accepted Dearing’s recommendations. The Labour government also developed a target of a 50% participation rate in higher education for young people. Even more pertinently for FECs, late on in Blair’s time in office, a brand new higher education qualification was developed, the foundation degree. The foundation degree was to operate at below the bachelor level, the new focused domain of FECs as envisioned by Dearing, and act as a terminal qualification as well as a progression route to full bachelor’s level.

72 Parry G, *Higher Education, Further Education and the English Experiment*, in *Higher Education Quarterly* vol. 63 2009, p. 328

73 *Ibid*, p. 329

74 *Ibid*, p. 332

75 *Ibid*, 333

76 Report of the National Committee of Inquiry Into Higher Education, paragraph 79, accessed 19/04/11 <https://bei.leeds.ac.uk/Partners/NCIHE/>

77 Parry G, *Higher Education, Further Education and the English Experiment*, in *Higher Education Quarterly* vol. 63 2009, p. 334

The structures which were put in place in 1992 were designed to impede the development and growth of higher education in further education and concentrate it in one sector. However, Dearing and the introduction of foundation degrees implied that exactly the same structures were meant to encourage an expanded role for colleges at levels below the bachelor degree.<sup>78</sup> At least partly as a result of this inconsistency, by the time these measures were introduced fully, the sense of a dedicated higher education mission for FECs was lost. Instead, foundation degrees

“ This history illustrates that FECs have always played a role in higher education in England. However, successive government policies have attempted to diminish this role. Despite these attempts, higher education in further education colleges stubbornly remains an important element in English higher education provision ”

are now delivered in strong partnership with universities – and in many cases, have perpetuated or created new franchising relationships.<sup>79</sup>

As a result, at present, short-cycle higher education is a shared territory with FECs and HEIs collaborating and competing. In the meantime the trend, observed throughout the history of the development of mass higher education in the UK, of further education institutions being incorporated into the higher education sector has stopped –

with FECs contained in a further education and skills sector with different funding regimes, quality regimes, governance arrangements and organisational cultures from their higher education counterparts.<sup>80</sup>

This history illustrates that FECs have always played a role in higher education in England. However, successive government policies have attempted to diminish this role. Despite these attempts, higher education in further education colleges stubbornly remains an important element in English higher education provision. However, because government policies and the structures they have put in place have often been actively hostile to this role, it is not as clear, developed or coherent as it could be.

It is time to return to the Dearing approach and give FECs a clear, well-defined role in higher education. If short-cycle provision is to be expanded, FECs should take the lead in doing so. In doing this, England would be able to draw on considerable international experience, not least from America where Community Colleges have long been a part of the higher education system, but also in Scotland where colleges have a limited and defined role. Learning from both of these examples, amongst others, should be an important part of policy making with regards to higher education in FECs.

### The American model – Community Colleges

In the United States, Community Colleges are roughly analogous institutions to FECs in the UK. However, unlike FECs, Community Colleges are considered an integral part of the higher education system. 64% of all undergraduate students in the US are currently studying in one of the 1,195 Community Colleges nationwide, and there are reports that amid the current recession the percentage of high school graduates choosing Community Colleges over the traditional ‘four year’ colleges has jumped.<sup>81</sup>

The equivalent of a bachelor’s degree in the UK, the US Baccalaureate Degree typically takes four years to complete.<sup>82</sup> As a result, universities are regularly

78 Rashid S, Parry G, Thompson A, Brooks G, *Patterns of Further and Higher Education in Colleges and Universities in England: A Statistical Summary and Technical Commentary*, p. 2

79 Parry G, *Higher Education, Further Education and the English Experiment*, in *Higher Education Quarterly* vol. 63 2009, p. 335

80 Scott P, *On the Margins or Moving into the Mainstream? Higher Education in Further Education in England* in *Higher Education Quarterly* vol. 63 2009, p. 408

81 See for example, *High Enrolment Strains Two Year Colleges* accessed 19/04/11 [http://online.wsj.com/article/SB1000142405274870313304576132621582757788.html?mod=WSJ\\_hps\\_RIGHTTopCarousel\\_3](http://online.wsj.com/article/SB1000142405274870313304576132621582757788.html?mod=WSJ_hps_RIGHTTopCarousel_3)

82 In the UK the bachelor’s typically takes three (four in Scotland and for some courses in England)

referred to as ‘four year colleges’. Distinct from this, Community Colleges traditionally offer two things in a system which is largely geared towards the achievement of the Baccalaureate. They offer access to their own higher education award, the associate degree, only conferred by Community Colleges (and conferred independently of universities). The associate degree typically takes two years to achieve and, in turn, it potentially provides access to the final two years of the Baccalaureate degree at a four year college. This process works differently in each state given that each operates its own higher education system. The fees charged for the associate degree at a Community College are lower than the first two years at a four year college and, as a result, they offer a cost effective route to the Baccalaureate. The full cost of provision at a two year college per Full Time Equivalent (FTE) student is around £6,479 a year. By comparison, the costs at a public four-year college will be £16,470, and at a private four-year college, even higher, at £22,151 a year.<sup>83</sup> Vitality, Community Colleges also operate an open admissions system which means that they cater for many who would otherwise fail to gain access to a four-year college. This places them at the forefront of widening access and they receive 30% of all Pell grant funding (grants intended to boost access for under-represented groups) from the federal government.<sup>84</sup> 35% of all Community College students are from ethnic minorities and 60% study part time – with an average age of 29.<sup>85</sup>

Community Colleges enjoy considerable political support. President Obama has recently pledged \$12 billion in extra funding, with the aim of creating 5 million extra Community College graduates by 2020.<sup>86</sup> Obama has argued that Community Colleges should be at the heart of the economic recovery in the US,, and are key to a general drive to create a highly skilled economy capable of maintaining competitive advantages over emerging (and increasingly skilled) economies, all without putting undue strain on the public purse. Greater rates of access to higher education generally is seen as key to increasing productivity as well as reversing some social and economic trends: in the US the 64% of the population who have a high school education or less have seen no increase in their real earnings since 1980, whereas those with a baccalaureate degree have enjoyed a 48% increase.<sup>87</sup>

Transfer arrangements differ from state to state. In many instances, they remain bilateral agreements between individual two-year and four-year colleges. However, state-wide agreements have also emerged, most notably in California in Florida.

### California Community College System

The California Community Colleges system is the largest higher education system in the nation. It is comprised of 72 districts, 112 colleges and enrolls more than 2.9 million students per year.<sup>88</sup> These institutions are the most diverse found in California’s public education sector, enrolling a majority of Latinos and African Americans in higher education. They are, by law, *open door* institutions: the Community Colleges must admit any California resident over 18 years old and capable of profiting from instruction. They offer instruction in three types of courses supported by state funds: credit transfer to universities, community college credit, and noncredit.<sup>89</sup>

83 McMahon, W M, and Oketch, M, *Bachelor's and Short Degrees in the UK and US: New Social Rates of Return and Non-Market Effects on Development*, 2010, p. 22

84 See, accessed 1/06/11  
<http://www2.ed.gov/programs/fp/index.html>

85 Council for Industry and Higher Education and the Mixed Economy Group, *Higher Education and Colleges: A comparison between England and the USA*, 2008, p. 7;

86 See, accessed 13/03/11  
<http://www.csmonitor.com/USA/Education/2010/1005/Gates-gives-35-million-to-Obama-s-community-college-overhaul>

87 McMahon, W *Higher Learning, Greater Good: The Private and Social Benefits of Higher Education*, 2009

88 See, accessed 16/03/11  
<http://www.cccco.edu/CommunityColleges/tabid/830/Default.aspx>

89 California citizens commission on higher education, *Toward A State of Learning: California Higher Education for the Twenty-First Century*, 1999, p.16

California, since 1960, has organised higher education into separate systems or, more accurately, into several tiers of campuses that have distinctive institutional missions. The California Master Plan drew clear lines between the research-oriented University of California and the teaching-oriented California State University, between Community Colleges with open access and public universities with restricted admission pools, and between these public institutions with appropriations and private sector institutions, where government support is provided only indirectly through student financial aid.<sup>90</sup>

Under this framework, only the highest one-third of academic achievers in high school enter directly into the state's public four-year universities. The path to a baccalaureate degree for all other students requires them to begin their collegiate studies at community colleges and transfer to a university after achieving a satisfactory record at the lower-division level.<sup>91</sup>

However, this system – whilst celebrated – is under threat from severe budgetary constraints. Enrolment in the University of California is being reduced by a collective 300,000, and UCLA has cut the number of its courses by 165 this autumn, or 10%.<sup>92</sup>

### Florida Community College System

Florida's Community College system, consisting of 28 institutions, spans 64 campuses with a total student population of over 900,000 enrolled on various courses (2008). Of those enrolled, 38% are undertaking full-time study compared to 62% part-time, and over half (60%) of those studying are female. Annually, these colleges combined award 86,970 degrees/certificates, of which only a mere 1,602 (1.8%) are bachelor's degrees, with the majority (56%) being associate degrees.<sup>93</sup>

As a rising number of students are both interested, and often required, to pursue longer courses of study, many community colleges and universities are striving to create more streamlined transfer programs to provide students with enhanced support.<sup>94</sup> Any student who has earned at least 12 semester hours of college credit following graduation from high school and has not earned a bachelor's degree is considered a transfer applicant.

As a result of the Florida Statewide Articulation Agreement (1971), a student who receives the associate's degree from a Florida public community college is guaranteed admission to four-year college, with the exception of limited access programs (limited access programs are selective in admission and require additional criteria). Students who receive the associate's degree are classified as juniors and have satisfied the university's general education requirements.

The role of Community Colleges in widening access by creating a progression route to four year college is one of their greatest strengths, and this function as a 'transfer' institution is considered their main responsibility. The transfer function is underpinned by a system of transferrable credits which facilitates roll-on-roll-off participation. Credit transfer arrangements are made easier to achieve by the more uniform structure of the American Baccalaureate. Associate degrees can have vocational specialisations tailored to individual or labour market need, but they must also prepare students for completion of a traditional Liberal Arts degree at a four year college. As such, they have a heavy General Educational Component.

90 Ibid, p. 23.

91 Hayward et al, *The national centre for public policy and higher education, Ensuring Access with Quality to California's Community Colleges*, 2004, p.11.

92 See, accessed 26/05/11 <http://www.timeshighereducation.co.uk/story.asp?sectioncode=26&storycode=408928>

93 Florida Department of Education, *College Facts at a Glance*, See, accessed 17/04/11 [http://www.fldoe.org/cc/facts\\_glance.asp](http://www.fldoe.org/cc/facts_glance.asp)

94 Community College Review, *How to ensure you're your community college credits transfer to a 4 year university*, see, accessed 23/04/11 <http://www.communitycollegereview.com/articles/70>

This credit approach is vital. While there are just over half a million learners undertaking an associate degree in any year, there are 6 million on credit bearing courses: “It is the credit learning core that underpins the ability of Community Colleges to go out and be enterprising, flexible and seek the more volatile and uncertain work from local businesses and residents”.<sup>95</sup>

### Weaknesses in the Community College model

Community Colleges are an attractive model, but it is important to recognise some of the weaknesses they exhibit. One enduring concern or criticism of Community Colleges is that their effect on the higher education system is contradictory. This has been described by some as “providing access and creating diversion”.<sup>96</sup>

- Even with a wide range of controls for selection bias, students entering Community College who aspire to complete the baccalaureate are 10-15% less likely to do so than if they had directly entered a four-year college.<sup>97</sup>
- The proportion of Community College entrants transferring to a four year college at all within four years of beginning their studies has fallen from nearly 30% in 1972 (itself perhaps not particularly high) to around 20% in the present day.<sup>98</sup>
- A recent report from the National Center for Education Statistics shows that fewer than 12% of students who entered a two-year college in 2004 had a baccalaureate degree within five years.<sup>99</sup>

In light of these facts, some academics have suggested that, rather than boosting access to the baccalaureate, Community Colleges are hindering growth by diverting students away from four-year colleges and that, if they cannot improve their success rates, there will be an overall decline in the US in baccalaureate degree attainment.<sup>100</sup>

## Policy transfer – problems

Despite these weaknesses the concept behind Community Colleges remains powerful. It is an idea that retains strong political support in the US, enough for President Obama to pledge \$12 billion in additional investment to place them at the heart of economic recovery. The notion that FECs in the UK might emulate them in theory, by providing a consistently recognisable route into higher education, is attractive. However, there are broader reasons why the policy of Community Colleges would not neatly transfer to the UK context.

### 1. Credit transfer arrangements

As noted, the American model relies on a system of transferrable credit. Although this system does not always work perfectly, it is easier to build credit transfer arrangements in a higher education system which, in its entirety, is based around course-specific credits which accumulate to meeting the requirements for a degree. In the UK, degrees tend to take three years rather than four and do not have a consistently recognisable core of general education. Although many universities design degrees according to a credit approach, and there have been efforts to standardise credit arrangements, this is far harder given the sheer diversity of design

95 Council for Industry and Higher Education and the Mixed Economy Group, *Higher Education and Colleges: A comparison between England and the USA*, 2008, p. 9

96 Bathmaker, A.-M et al *Dual Sector Further and Higher Education: Policies, Organizations, and Students in Transition*, in *Research in Papers in Education*, 23 (2), 2008 pp. 125–137

97 Long, B.T. and Kurlaender, M, *Do Community Colleges Provide a Viable Pathway to a Baccalaureate Degree?* Working Paper 14367. Cambridge, MA: National Bureau of Economic Research, 2008  
<http://www.nber.org/papers/w14367>, 2009.

98 Dougherty, K J, *The Contradictory College: The Conflicting Origins, Impacts and Futures of the Community College*, 2001, p. 5; and Nora, 2000, p. 3

99 National Center for Education Statistics, *Enrollment in Postsecondary Institutions, Fall 2009; Graduation Rates, 2003 & 2006 Cohorts; and Financial Statistics, Fiscal Year 2009*, 2011 – accessed at  
<http://nces.ed.gov/pubsearch/pubinfo.asp?pubid=2011230>

100 *High Enrolment Strains Two Year Colleges* accessed 19/04.11  
[http://online.wsj.com/article/SB10001424052748703313304576132621582757788.html?mod=WSJ\\_hps\\_RIGHTTopCarousel\\_3](http://online.wsj.com/article/SB10001424052748703313304576132621582757788.html?mod=WSJ_hps_RIGHTTopCarousel_3)

in universities and the courses studied in FECs. As higher education studied in FECs is likely to be strongly vocationally focused and specialised, it is not reasonable to expect that students will progress or transfer on to bachelor's degree programmes which are not directly related to that specialist area.

## 2. Changing role

There is an increasingly vocational focus in Community Colleges with the intention of leading students from associate's degrees onto 'Applied Baccalaureate Degrees' rather than the traditional Liberal Arts approach.<sup>101</sup> As in the UK, this meeting of two educational cultures, the vocational and technical with the traditionally academic, has caused ructions. Whereas universities are broadly sympathetic to the traditional role of Community Colleges in the system, fewer are willing to engage with the development and implementation of the Applied Baccalaureate programmes.

These recent developments in the US should warn English policy makers about a simplistic approach to policy transfer. The ideal Community College model of two years, transfer, and two years at a four-year institution is no longer the norm. In fact Community Colleges are in many instances becoming more like FECs, with a more vocational approach. As a result, the approach to transfer and their relationship with universities is more ad hoc and at times, problematic.

## Policy transfer – opportunities

### 1. 'Drop on – drop off' higher education culture

Community Colleges have grown up in a different higher education culture, partly because of the foundations of a credit based approach. This culture attaches far less stigma to students who 'drop-off'. In England, these same students would be considered as 'drop-outs'. Moving beyond such a rigid notion of achievement, whilst learning the lessons of the American approach, would be of great benefit to increasing the flexibility of English higher education.

In recent years there has been a drive in the US to reduce the average amount of time it takes students to complete the Baccalaureate – it is not unknown for it to take seven years. Clearly this does not represent an efficient use of public funds. Nonetheless, ensuring that part time students and students who wish to take short, credit bearing modules are encouraged and supported would be a positive step for English higher education.

### 2. Costs

The scale of Community College provision is also important to note. There are 326 FECs in England and 1,195 Community Colleges in the US. As a ratio to the population, there are about twice as many FECs in the UK as there are Community Colleges in the US. Therefore, Community Colleges are usually larger with greater economies of scale. This, combined with the fact that it is cheaper to provide General Education than vocationally specialised higher education means that an associate degree can be provided for around 43% of the cost of the baccalaureate. By comparison, a UK 'short degree' such as a foundation degree or higher national diploma (HND) costs as much as 84% of a full bachelor's.<sup>102</sup> The next chapter will address the opportunities for FECs to consolidate and effectively increase the scale of higher education provided in an institution.

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<sup>101</sup> See for example, Bragg et al, *The New Vocationalism in Community Colleges*, 2000

<sup>102</sup> McMahon, W M, and Oketch, M, *Bachelor's and Short Degrees in the UK and US: New Social Rates of Return and Non-Market Effects on Development*, 2010, p. 43

### Lessons to be learned

English FECs operate in a different higher education culture, with very different technical characteristics. Moreover, it is clear that the idealistic notion of Community Colleges, which may sometimes be portrayed in the media is mediated by practice. Nevertheless, their strong political support gives them a sense of stability and confidence which allows them to get on with their job.

In England, FECs do not enjoy the same level of political support and high profile recognition – if only because few politicians, policy makers or members of the media have had experience of an FEC, having typically benefited from a traditional university education. Poor understanding of FECs is also symptomatic of the complexity which has grown up with the development of ‘skills policy’ in the last decade: multiple funding arrangements, countless quangos, and the constant re-branding of initiatives.

It is clear that the UK can learn from the role and status given to Community Colleges. Community Colleges are unequivocally seen as a part of the higher education system in the US. Despite some criticism, they remain the local point of access for higher education, and they offer a lower cost alternative to completing the Baccalaureate at a four-year college. There is little hostility towards Community Colleges on behalf of universities, except in areas where competition is particularly high (which may follow from excess supply of places). Moreover, Community Colleges are for the most part independent of university partners (unlike in the UK). They have the power to award their own qualifications, and although they are funded separately they are funded with a view towards their role in the broader higher education system and objectives of their particular state.

Community Colleges are a well understood part of American higher education, and indeed, a far larger part of American higher education than FECs are in the UK. In the US, 64% of all undergraduate students are in Community Colleges whereas in the UK only 8-10% are in FECs. This reinforces the perception that Community Colleges are part of the higher education system in America. FECs are not part of the higher education system in England. Community Colleges continue to be considered as a fundamental building block in a system of mass higher education which aims to widen access, and achieve excellence. This should be considered by policy makers in England grappling with the future model of higher education should look. As described earlier, despite the rationale behind the Browne review and government reforms, we are not moving towards a free market for higher education, with government potentially retaining a significant role in regulating a quasi-market. There is a chance, therefore, to consider higher education in England as a system, as it is considered in the US, and to carefully consider the role of FECs within this system. FECs have never been accorded this consideration, but as the example of America shows, there is no reason that they cannot. Moreover, there is another example from closer to home in which colleges are given a clear role and responsibility as part of a system of higher education.

### Scotland

Scottish colleges traditionally provided skills for workers in traditional industries at craft and technician level. As the Scottish economy moved away from these traditional industries, the role of the colleges changed with it. Many colleges saw

the opportunity to expand vocationally relevant higher education.<sup>103</sup> At the same time, funding and governance structures (already different from England) diverged even further after devolution. Policy for further and higher education, instead of considered separate, developed as part of an encompassing strategy for ‘lifelong learning’ in Scotland. An important part of this was the merging of higher education and further education funding councils in the Scottish Funding Council. Scottish colleges receive almost all of their higher education funding as part of their core budget and there is no complex system of prescribed and non-prescribed higher education, or direct and indirect funding.

Within this national framework for lifelong learning, there are relatively clear roles for different institutions. Higher education institutions have almost no role in the development of provision below the level of bachelor’s degrees, which is considered the domain of Scottish colleges. Degrees validated by universities account for only 1% of higher education in Scottish colleges. Scotland did not follow the UK in the development of foundation degrees and has instead maintained its provision of higher nationals (HNs). A further difference between Scotland and England, is the fact that most colleges have participation rates in higher education close to the average (around 10%), whereas in England a minority of larger colleges dominate higher education provision. Overall, Scottish colleges have a larger share of the higher education market. Although it has declined in the last decade, they still provide around 22% of all undergraduate higher education in Scotland.<sup>104</sup>

Although the system is far from perfect, there is a strong Scottish tradition of articulation between higher national programmes in colleges and bachelor degree programmes in HEIs. The distinctive development of the college sector has been supported by the clarity of the arrangements for the development and validation of HNs. HNs are validated by the Scottish Qualification Authority within a well understood national framework and this allows Scottish colleges to develop their own provision which is well respected whilst being independent from HEIs:

*“This has given the colleges far greater control over this area of development, and has allowed college principals and senior staff to make decisions about development based on their own college plans and strategies...”<sup>105</sup>*

As with the US though, matters are not completely static and the college sector is changing. Much of the current debate is driven by funding considerations in the light of impending cuts. In particular, as in the UK, colleges are concerned by inequities in the approach to funding colleges by comparison to universities and are pushing for a fairer approach.<sup>106</sup>

### Giving FECs responsibility

As the government is, for the foreseeable future, likely to retain a strong role in managing the higher education system, it should take the opportunity to encourage some changes in the culture of English higher education, learning from the American and Scottish experiences.

The higher education system should become more tolerant of, and should do more to facilitate, a drop on – drop off approach to study. Great strides have been

103 Gallacher G, *Higher Education in Scotland’s Colleges: a Distinctive Tradition?* In *Higher Education Quarterly* vol. 63 2009, p. 385

104 *Ibid.*, p. 391

105 *Ibid.*, p. 388

106 Scotland’s Colleges, *Shaping the Sector of the Future: Paper 1 – The Foundation for Change*, 2010, p. 2

made in the recognition of the needs of part time students but more needs to be done to allow people who may need to interrupt their study, or approach the acquisition of a qualification through the study of modules, to do so. This will be considered in more detail in Chapter 5.

FECs in England have had a problematic history when it comes to playing a role in higher education. Although they have always provided higher education, their role has never been defined or supported. Government policies have pulled them to and fro and recent policy changes leave these issues as unresolved as ever. However, such an ill defined role is by no means inevitable. America and Scotland can show England the benefits of giving FECs a strong, clear and decisive role to play as part of a wider higher education system.

The government should continue to build on the strong vocal support it has given to FECs in regards to their role in higher education.

Although the details of the respective systems (in America, Scotland and England) may be different, thus limiting direct policy transfer, one general tenet is clear. In America and Scotland, colleges have full responsibility for the delivery of short-cycle higher education provision. They operate a higher education system which conforms to the vision put forward by the Dearing Inquiry, which stated that FECs should be the custodians of short-cycle higher education in England.

Achieving this in the short-term would be difficult. A ‘big bang’ approach, which would see HEIs excluded from providing short-cycle higher education, would clearly be undesirable; many HEIs provide excellent short-cycle programs at the moment, and provide strong support to college partners. In other instances HEIs and FECs are in a position to compete for student demand, which could serve to drive up quality.

Nonetheless, the experience in America and Scotland shows that giving greater responsibility and independence to FECs should be considered a priority. In the US, Community Colleges serve 64% of all undergraduate students and, in Scotland, FECs provide 22% of all undergraduate higher education. It is clear that FECs can play a stronger role in English higher education than the 8-10% they currently serve. The government should be clear that, over the long-term, and as in America and Scotland, FECs will have the core responsibility for promoting and developing a dedicated, discrete form of higher education – short-cycle higher education. This should not preclude FECs from working at a bachelor’s level, nor should it stop HEIs delivering short-cycle provision but, at a national level, it should be clear that FECs are as a sector responsible for its promotion and development and there should be an expectation that the majority of short-cycle provision will be undertaken in FECs. The government should ensure that FECs are allowed to pursue this agenda independently of HEIs.

FECs should be given the opportunity to develop a clearer role in providing short-cycle higher education programs. The next chapter will consider how this could be done.

“ In the US, Community Colleges serve 64% of all undergraduate students and, in Scotland, FECs provide 22% of all undergraduate higher education ”

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# 3

## Autonomous FECs and the Future of Collaboration

This chapter addresses some of the specific challenges which will be faced if the government seeks to give FECs an expanded role in short-cycle higher education, and outline what such an extended role would look like in practice.

Giving FECs a stronger role to play in the higher education system by making them custodians of short-cycle provision is important but not enough. In order to take proper responsibility for this level of provision, colleges need real independence from HEIs who currently exercise considerable influence through their ability to confer foundation degrees and other qualifications, which colleges cannot.

If colleges are given more responsibility for student numbers under existing arrangements, many would remain subject to the influence of HEIs who may be hostile or ambivalent to their role. In areas where colleges are competitive and therefore threaten student numbers at HEIs, HEIs would understandably be wary of continuing to validate colleges. In a more competitive environment in which HEIs have been told that lost student numbers may not be regained, competitive colleges represent a true threat.<sup>107</sup>

However, whilst it is desirable to increase the responsibility of FECs for short-cycle provision, it would be detrimental if this meant the complete loss of the valuable contributions made by HEIs. Therefore, policy must tread a fine balance – getting the most out of colleges and HEIs whilst being clear that colleges will be the main partner in taking short-cycle provision forward.

Moreover, if FECs are to justify this status, policy must be sure not to undermine the case for the expansion of short-cycle higher education. Therefore, policy must ensure that FECs stay cheaper and maintain their high quality offer.

### Staying cheaper

If things change, and costs rise, a key part of the rationale for giving FECs more responsibility for short-cycle provision breaks down. It is important therefore to understand why colleges are cheaper. In part, this may be as a result of a conscious decision to keep prices low in the pursuit of an access mission. However, there are other factors which enable them to keep fees low:

#### A further education not a higher education culture

Universities tend to maintain a managerial structure in part designed to ensure the academic freedom of staff and faculties. As a result, individual staff and

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<sup>107</sup> See Vince Cable's comments, *Universities charging maximum tuition fees could see student numbers cut*, accessed 5/04/11 <http://www.guardian.co.uk/education/2011/apr/05/universities-tuition-fees-pressure-ministers>

faculties have a great deal of autonomy from senior management. By contrast, in FECs the balance of power lies clearly with the college Principals, not the staff. In one sense then, this makes it easier for college management to make organisational changes, which may be unpopular with staff but may impact favourably on the financial health or efficiency of the college as a whole. In part, this may be a reflection of the financial pressures on FECs who are used to being asked to do more with less.

### Staffing

Only three in ten colleges have any staff who teach higher only education courses.<sup>108</sup>The vast majority of higher education lecturers in FECs are on contracts reflecting the working practices and approaches of further education, not higher education. This is one factor that allows FECs to work with a far lower cost base than universities.

The danger is that, as higher education becomes a more significant part of the offer in FECs, the culture within them will change. As long as the government takes a role in allocating student places, it remains useful to note those factors in keeping costs low. FECs should be encouraged to learn from the best practice in their sector.

### Quality

One claim, often made by some who are protective of a traditional conception of higher education and by universities who fear competition from FECs, is that the quality of higher education in FECs is a potential problem. The evidence however, from studying assessments from the Quality Assurance Agency is that the quality of higher education delivered in FECs is not a cause for concern.

#### Quality in FECs

All the reviews carried out by the Integrated Quality and Enhancement Review in the 2009-10 period resulted in a judgement of confidence in the academic standards and quality of learning opportunities present within the FECs in question. In 65 out of the 66 reviews conducted, it was concluded that reliance could be placed in the public information colleges are responsible for publishing about themselves and their programmes.<sup>109</sup>

Colleges employ a broad range of teaching and learning methods suitable for the subject areas and the level of the award. Examples of good practice in teaching and learning incorporate a programme of taught sessions balanced by independent study which encourage students to take responsibility for their own learning. Such methods are often characterised by progression from more didactic first-year approaches toward independent learning in the later stages of the programme.<sup>110</sup>

Progression rates for the degree courses are good, with an average review report showing around 95% of students progressing from one level to the next and about 78% gaining their intended qualification within the expected time. Progression rates for the students taking higher national qualifications have been satisfactory with an average report showing a completion rate of around 68%.<sup>111</sup>

108 The Mixed Economy Group, *Strategic Options, Operational Challenges: A study of Higher Education delivered in a Further Education setting*, 2010, p. 28

109 QAA, *Integrated quality and enhancement review Findings from the 2009-10 Summative reviews in England Information Bulletin 2011*, p.2.

110 QAA, *Learning from Academic review of higher education in further education colleges in England 2005-07* (2008), p.20.

111 QAA, *Learning from Academic review of higher education in further education colleges in England 2005-07* (2008), p.22.

Though our focus here is higher education, Ofsted confirmed the quality of education provision on offer in FECs. Out of all the colleges inspected, 98% were judged by the regulatory body as satisfactory or better for the quality of their provision; in 65% of colleges provision has been judged to be good or outstanding.<sup>112</sup> Public confidence in colleges' teaching standards was also high. Two-thirds of people said their local college has a good reputation for quality and the range of courses it provides.<sup>113</sup> Furthermore, 90% of students are fairly, very or extremely satisfied with the quality of teaching in colleges.

A further contention that universities, and others, make with regards to the quality of higher education in further education is that high standards of undergraduate provision can only be provided in an institution that is thoroughly engaged with the most up to date academic research. Yet, to date, there has been no convincing evidence put forward for this position. The arguments for the provision of excellent teaching, without research facilities, are more developed in the private higher education space but are equally applicable to the case of FECs.

The majority of FECs ensure that their teaching staff have access to high quality Continuing Professional Development (CPD), and they consider the broader development of their staff as important. Each FEC is likely to take a different approach. Some give staff remission from their teaching duties to allow them to pursue 'scholarly activity'. This activity might be of a conventional academic nature or it might involve a placement with an innovative local employer. Around 48% of colleges actively supported remission, which averaged out at about two weeks for each member of staff across the year.<sup>114</sup>

All colleges expect staff to have a teaching qualification and will actively support staff in acquiring them. At the same time, colleges also expect staff who teach higher education to have a degree higher than the level at which they are teaching. In 50% of colleges, staff will be partially supported in postgraduate qualification fees. However, FECs do admit that there is no consistent funding for CPD. Those colleges which provide the most consistent CPD support have been keen to stress to us that they are capable of doing this because of their scale and the critical mass of student numbers which makes resources available. This is an important issue to take into account going forward. Whilst there are not significant worries over quality in FECs, it is of course desirable that FECs continue to support staff to develop and improve their teaching skills. If this is harder to do in colleges where provision is on a small scale, this may be of relevance to strategy for higher education in further education.

### The role of partners

If the case for an expansion of short-cycle provision in FECs is to hold, FECs need to keep their costs down and maintain quality. Universities may argue that they play a strong role in 'assuring' the quality of teaching in FECs by overseeing the process and generally taking a senior role in franchised arrangements for foundation degrees. They also argue that by providing these services, they help to

<sup>112</sup> Association of Colleges, *College Key Facts Summer 2010*, 2010, p.8.

<sup>113</sup> Association of Colleges, *College Key Facts Summer 2010*, 2010, p.8.

<sup>114</sup> The Mixed Economy Group, *Strategic Options, Operational Challenges: A study of Higher Education delivered in a Further Education setting*, 2010, p. 28

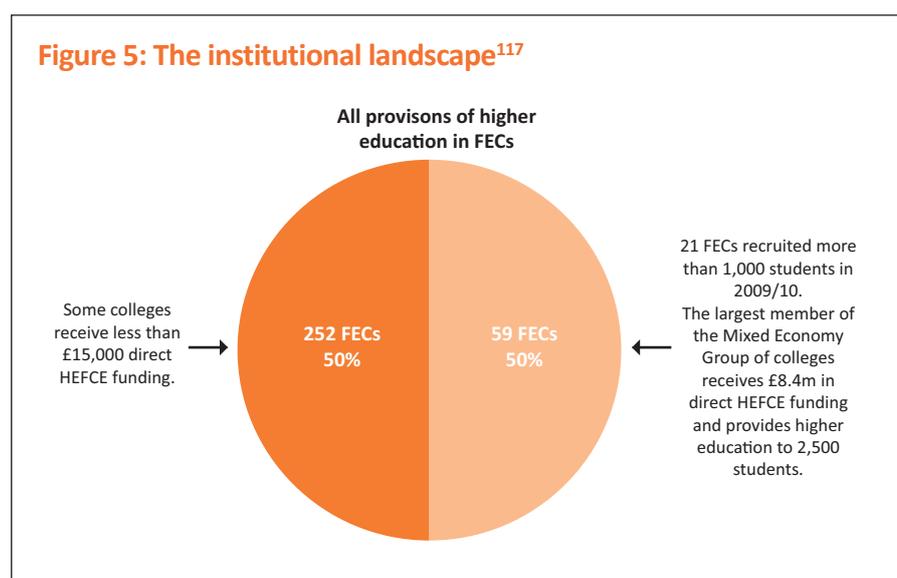
maintain the lower fees in FECs. Many indirectly funded FECs currently rely on partner HEIs to provide significant administrative help. Conversations with colleges also indicated that many highly valued the wider support that they received from partner HEIs to maintain the quality of their higher education provision. Although the degree to which colleges rely on HEIs for certain services will vary from partnership to partnership, this is a very important point. If FECs are to take more responsibility and deliver more provision completely independently of universities, they must ensure they have the support structures in place which a university provides.

## The changing institutional landscape

Many partnership arrangements will continue to thrive. Nonetheless, in cases where FECs seek greater autonomy, the future size and shape of the further education sector in England may prove beneficial.

There is reason to believe that the number of FECs will diminish in the coming years, not because of declining activity or importance, but because institutions will increasingly merge or federate.<sup>115</sup> This is partly a result of the funding environment for further education and skills – the Chief Executive of the SFA, Geoff Russell, set out his views on a variety of collaborative options available to colleges last year.<sup>116</sup> This process will partly be driven by the variable financial health of FECs; weaker colleges will be taken over by stronger, better positioned colleges. However, there is also a drive towards a ‘rationalisation’ of the sector in places where there is a high concentration of separate colleges. This drive is itself part of a wider requirement on colleges to produce significant efficiencies.

The importance of this projected increase in mergers, takeovers and federated arrangements is the impact it will have on the scale and concentration of higher education in FECs. Whilst mergers and federated arrangements may well maintain existing college campuses, many services would be shared and some strategic decisions may be made by a core management, rather than a college by college or campus by campus basis. This may bring a number of advantages.



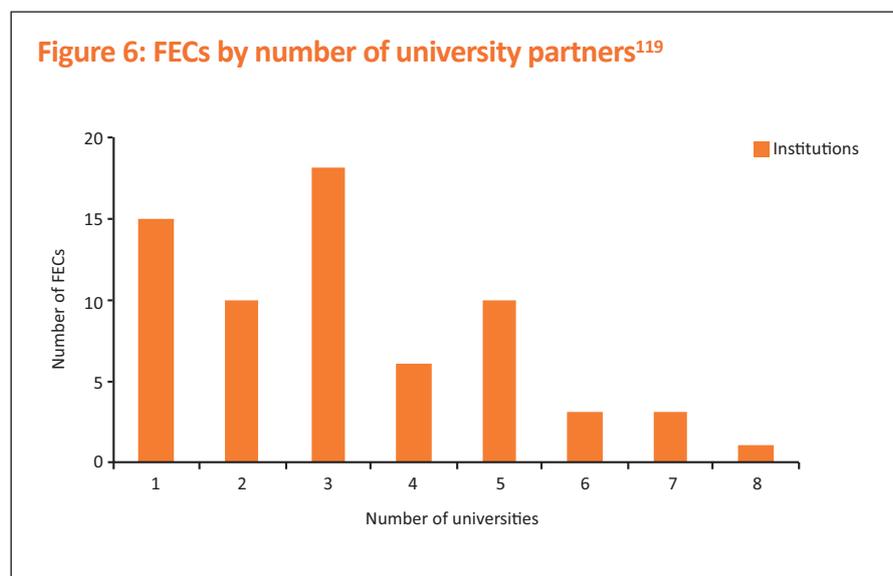
115 157 group, *Preparing colleges for the future*, 2010, p. 10

116 SFA Press Release, see, accessed 20/05/11 <http://skillsfundingagency.bis.gov.uk/news/pressreleases/GRspeechfemergercollaboration.htm>

117 Parry G, *Foster Review 'Think Piece': The higher education role of further education colleges*, p. 8

As the Figure 5 shows, although higher education in further education is significant in aggregate, for most FECs it is a tiny element of their daily activity. Higher education represents only 6% of activity in the further education sector,<sup>118</sup> although, for the 59 larger providers it is likely to represent a far higher proportion of their activity.

Increased mergers or federations would effectively mean larger colleges, able to combine separate higher education portfolios together and achieve greater scale. This might strengthen college capacity to deal with the bureaucratic and administrative baggage that comes with higher education. FECs are used to dealing with a wide range of different funding, regulatory and quality assurance bodies and the notorious levels of bureaucracy in the skills sector will inevitably place costs on FECs. Higher education adds to this cost by necessitating relationships with partner universities, HEFCE and the QAA. Colleges often have to deal with numerous university partners and the costs of these relationships are likely to be significantly reduced (proportionately) when higher education is a larger part of the FECs activity.



As a result, the costs of delivering higher education could be reduced in institutions where the scale of higher education provision is bigger. This is clearly important in ensuring that FECs can maintain their low cost base and retain their ability to offer affordable higher education.

It is important not to generalise when it comes to the effect of greater scale of provision. As Professor Gareth Parry has noted in his authoritative writings on the role of FECs in higher education, successive governments were wrongly suspicious of FECs, in part because they assumed higher education was better delivered on a large scale.<sup>120</sup> This can be an unhelpful assumption to make. However, at the moment HEFCE does fund larger colleges directly, partly based on an assumption that greater scale brings a range of potential advantages.

It is not the case that small colleges cannot deliver excellent higher education on a very small scale. Nonetheless, it seems reasonable to assume that with greater scale come certain efficiencies. Certainly, anecdotal evidence from FECs suggests that a

118 Rashid S, Parry G, Thompson A, Brooks G, *Patterns of Further and Higher Education in Colleges and Universities in England: A Statistical Summary and Technical Commentary*, p. 33

119 The Mixed Economy Group, *Strategic Options, Operational Challenges: A study of Higher Education delivered in a Further Education setting*, 2010, p. 40

120 Parry G, *Higher Education, Further Education and the English Experiment*, in *Higher Education Quarterly* vol. 63 2009, p. 328

larger scale of provision can allow colleges to better sustain not just the administrative burden described above, but things such as extensive provision of CPD to staff.

Nonetheless, it is vital not to forget the potential value of small scale provision. Where FECs have very few students on higher education courses they may well be offering a niche programme which meets a specific local employment need. Partly because of the small scale, local HEIs may be unwilling to provide the course themselves. In some cases, the FEC will have strong links with the particular employer or sector and will provide related courses at other levels which allow it to offer a seamless link into the higher education provision. Recognising the potential advantages of scale is different from suggesting that small, niche provision should be phased out. In fact, an increase in mergers and federations could offer a lifeline to niche higher education in further education provision. As noted, HEFCE gave direct funding only to larger providers, thereby disadvantaging smaller providers. Although it was not necessarily the intention of HEFCE to drive out this provision, it may have made it more difficult for colleges to react in a dynamic way to small scale, local demand for vocationally relevant higher education courses. If higher education provision becomes naturally more concentrated as a result of there being fewer, but larger, FECs this will achieve the aims of HEFCE, whilst having the added advantage of providing a more stable and sympathetic environment for small scale, niche provision to flourish and develop. Large colleges with multiple sites, or federated colleges, could work together to maintain small scale provision within the broader context of a critical mass of higher education numbers.

A final point relates to the status of FECs. Higher education generally is riven with debates about status, and worries that certain institutions are perceived as second (or even third) rate. These are by no means new debates, the re-designation of the former polytechnics as universities in 1992 was, in some ways, a product of these arguments and it has certainly served to perpetuate questions about the equivalency of different degrees and the relative value of different university experiences. Higher education in further education is unfortunate enough to have two characteristics which mark it out as 'low status': it is delivered in a non-traditional higher education setting (i.e. not a university); and it is vocational in nature. It is sometimes difficult to see what policy can do to change public perception but is important to note here that the status of higher education in further education can only be served in a positive way if colleges are able to develop a significant and well known brand identity. Many of course already do this, but those that do tend to be the larger providers. Increased mergers or federated arrangements will increase the ability of colleges to develop a strong higher education presence and brand locally.

However, none of these potential advantages can be capitalised upon until colleges can gain real autonomy from HEI partners.

## Real autonomy

### Validation

Many colleges highly value their relationships with HEIs. However, these relationships do incur costs on colleges, who are required to pay HEIs for their validation services. Colleges have been keen for some time to argue that they do not always get full value from these services and that the cash that they lose could

be better used to improve their provision or even offer lower fees. At the moment, validation means that colleges actually only receive between 70–80% of the income intended to cover their teaching costs from HEFCE. Of course, the rate varies from partnership to partnership; some institutions receive as little as 50% of the allocated HEFCE funding, others as high as 90%. In the future, validation partnerships will involve HEIs taking a percentage of the tuition fee, as opposed to the teaching funding.<sup>121</sup>

At the same time, colleges are subject to the whims of HEIs. One college told us that it had recently changed validating partners, but that whilst the new validating partners presented a better academic offer (as well as a more secure brand) they had not made the transfer as easy as they could have. Despite the college being a large, well recognised local provider of higher education, the new validating partners were insistent on stringently reviewing all provision. Whilst their desire that quality would be of the highest standard is admirable, they did not take the track record of the college into account, and as a result forced them

“Despite high level commitment in HEIs, it sometimes transpires that individual departments or faculties are unenthusiastic and unwilling to engage with further education partners”

to spend a great deal of time (and money) on reviewing courses that had been proven already to be delivered at a high standard.

Furthermore, the difference between the staff/management power balance in higher education and further education has repercussions for validating

partnerships. Despite high level commitment in HEIs, it sometimes transpires that individual departments or faculties are unenthusiastic and unwilling to engage with further education partners. This forces colleges to find separate validation partners for particular courses, incurring greater expense.

#### Foundation degree awarding powers (FDAPs)

From 1 October 2010, further education institutions in England and Wales became able to apply to the Privy Council for the powers to award their own foundation degrees. As yet, no FEC has received these powers although two large providers of higher education, New College Durham and Newcastle College, have gone a significant way towards this aim, having begun conversations with the QAA before it became officially possible for colleges to receive FDAPs. A further five colleges have made applications more recently.

Many believed that the decision to allow colleges to gain FDAPs would result in wholesale migration away from validation partnerships. As a result, the university sector was said to be nervous about the new arrangements. However, this migration is yet to occur. Colleges appear more circumspect in their approach. This partly reflects a desire amongst colleges to test the water and see how things develop with those colleges which do achieve FDAPs. It also reflects the fact that the process, overseen by the QAA is very rigorous and involves a significant time commitment from colleges. The largest colleges, with very high proportions of higher education provision are as a result more likely to be in a position to commit to the process and see it through. There have been concerns, in some quarters, that the process has taken too long and that it will necessarily limit the ability of colleges to gain independence by achieving FDAPs. However,

<sup>121</sup> Ibid, p. 44

others have been keen to argue that a considered, rigorous process is vital to ensuring that foundation degrees awarded by colleges can build a strong and well respected reputation.

FDAPs should only be awarded to institutions which have a proven track record of designing and delivering higher education courses, and that can prove that they are capable of continuing to deliver higher education and conducting relationships with HEIs on their own terms. Assessing institutions against these standards will understandably take time. This dovetails well with the future size and shape of the further education sector (fewer, but larger, colleges) as elaborated above. The advantages of these larger providers gaining FDAPs are clear. It would cement their position of independence and allow them to concentrate on developing their own roles.

Larger further education based higher education providers are also likely to be dominant partners, and certainly take strong leadership roles for higher education, in merged institutions and federated arrangements. As a result, institutions with FDAPs would be able to, in turn, free smaller colleges from numerous relationships of dependence with HEIs. This would have the added benefit of meaning that small institutions without the scale of provision necessary to develop their own quality assurance arrangements and higher education cultures, would not receive FDAPs.

Vitaly, this would require the government to change the regulations that currently apply to FDAPs, which states that colleges are unable to enter into their own franchising arrangements with other colleges (or indeed HEIs). In other words, whilst current legislation allows individual colleges a degree of independence, it does not allow them to extend this independence to partner colleges. This is clearly inconsistent; if a college is deemed capable of awarding foundation degrees then it must also be capable of validating these degrees on behalf of other colleges.

### Foundation degrees versus higher national diplomas

Although foundation degree enrolments have grown steadily since 2001, there has also been a decline in enrolment in other level 4 and 5 qualifications. Enrolments in HNDs, for example, have fallen substantially.<sup>122</sup> Enrolments in HNDs were already declining prior to the introduction of foundation degrees, but some HND programmes were converted into foundation degrees.<sup>123</sup> Around 51% of foundation degree Programmes are higher national conversions.

However, during this time, foundation degrees have proven themselves to be high quality programmes and at times have shown advantages over HNDs.<sup>124</sup> The proportion of foundation degree and HND students progressing on to bachelor's level study is broadly the same.<sup>125</sup> However, foundation degree students are more likely to combine study with employment and foundation degree students are more likely to be credited with two or more years of study when transferring on to bachelor's programmes.

Foundation degrees are not unequivocally admired. HNDs are seen by many, including at points by David Willetts, as recognised, understood and valued courses which represent a past history of excellence in technical education.<sup>126</sup> The popularity of

122 Harvey L, *Review of Research Literature Focussed on Foundation Degrees*, 2009, p. 6

123 Ibid

124 Ibid

125 Ibid

126 See for example, accessed 9/03/11 <http://www.timeshighereducation.co.uk/story.asp?storyode=415359>

HNDs in the engineering sector is regularly cited, the engineering sector often being praised for its history of investment in technical education at all levels including higher education. As a result, some have expressed disappointment that foundation degrees have replaced HNDs in certain areas. There is in some quarters a suspicion of foundation degrees and a sense that they are an attempt to give an academic sheen to vocational programmes.

However, this ignores the significant emphasis in foundation degree development on employer engagement in design and delivery. Indeed, there is no reason that HNDs cannot also be designed and delivered in partnership with employers and, increasingly, they are. Rather than using this to criticise foundation degrees themselves, it is better to acknowledge that foundation degrees are, in some ways an updated version of HNDs, as opposed to something radically different (and less valuable). If HNDs were to be created from scratch now, they would look like foundation degrees.

Nonetheless, advocates of HNDs are right to point out that the higher national brand is at times stronger than that of foundation degrees. The perceived weakness of the foundation degree brand may be a limiting factor in future growth in short-cycle provision. A 2008 study of student and employer knowledge of foundation degrees highlighted this lack of understanding:<sup>127</sup>

**Students**

- 54% of students said they had heard of foundation degrees but of these 27% knew the name and nothing else.
- Only 8% identified them as work-based learning accredited with a university.
- Just 7% were correctly aware that the qualification was developed with employer involvement and 6% that it is an professional/academic degree in its own right.

**Employers**

- 76% were aware of existence but of these 21% heard the name and nothing else.
- Only 11% recognised it as work based learning accredited by university.
- Only 4% accurately identified it as employer-developed.

Debates about the relative merits of foundation degrees and HNDs do not focus around plausible contentions on quality, relevance, cost or flexibility. They focus on the brand value of the respective qualifications.

The government should not implement any policy that seeks to favour either qualification but should allow the market (students and employers) to decide. Giving colleges foundation degree awarding powers would not be an intervention in favour of the award itself, but would merely put it on an equal footing with HNDs, which colleges are free to deliver independent of universities (albeit accredited by external awarding bodies).

### Maintaining good quality collaboration

Although autonomy is vital, policy should ensure that it doesn't undermine existing, excellent collaborative arrangements, or discourage future arrangements.

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127 Rhodes, C. and Ellis, S., 2008. *Foundation Degree Market Assessment 2007*

### Existing partnerships

There is an important issue raised by the prospect of colleges taking greater control over short-cycle provision. What happens to existing partnerships in which HEIs are the dominant partner?

In cases where HEIs continue to validate colleges, there is a worry that they may seek to impose a tuition fee on them. Whilst they may be happy to outsource their teaching to a college partner it may make little sense for an HEI to sanction local provision which undercuts their own offer. At the moment, there is little the government could do about this potential scenario as individual validating arrangements are governed by the details of the contracts drawn up and agreed between partners. However, it is clearly against the interests of any strategy that would seek to promote and further expand short-cycle provision as a more affordable entry to higher education.

Therefore, the government should consider implementing a funding cap for short-cycle provision of £6,000 per annum. This would ensure that, in instances where HEIs sought to impose a fee on an FEC, the fee could not greatly exceed that which the FEC would be capable of offering of its own accord. It would also help send a clear signal about short-cycle provision, helping colleges and others to shape and maintain its identity as a high quality 'affordable' higher education offer. There is already a cap on fees for undergraduate provision more broadly, set at £9,000 a year. As short-cycle provision is a distinctive offer, it is consistent to set a second formal cap at £6,000 a year for this provision.

This also fits well with the widening participation remit of short-cycle provision as the government has made it clear that institutions will only be permitted to charge above £6,000 if they fulfil strict access requirements, monitored by the Office for Fair Access. A fee cap should not be seen as a regulation but as an affirmation of the role and importance of short-cycle provision.

A fee cap at £6,000 might be a useful tool in boosting a process whereby colleges increase their share of the short-cycle market over time, with universities stepping back and concentrating on their full honours provision, whilst maintaining strategically useful and successful relationships with FECs. This process would work most smoothly if student numbers for universities were increasing over time, allowing good universities to replace any lost short-cycle provision with full bachelor's provision.

### The future of collaboration

Policy regarding higher education in further education should not seek to actively diminish collaboration between FECs and HEIs. In the case of mergers and federated arrangements, there is an opportunity for FECs, which are also large scale providers of higher education, to take up the challenge of helping other FECs develop their provision.

Whilst it is clear that colleges which deliver a great deal of higher education are capable of exerting their independence from HEI partners, the same is not true of all colleges. Many colleges benefit greatly from their relationship with HEIs: some HEIs undertake all the relevant administrative requirements on behalf of colleges; support them in the completion of QAA audits; and provide access to CPD.<sup>128</sup> There is also benefit to be gained from the sharing of expertise between

128 See University of Hertfordshire submission to BIS Select Committee Enquiry into Future of Higher Education, <http://www.parliament.uk/business/committees/committees-a-z/commons-select/business-innovation-and-skills/>

HEIs and FECs (and this process benefits HEIs as often as FECs). Moreover, HEIs often give students access to their wider learning resources and facilities. Nonetheless, there will be instances where colleges with less experience of higher education (and less capacity) could just as easily benefit from a strong relationship with another FEC as with a partner HEI.

Whilst it is desirable for more colleges to receive FDAPs, and for them to use these powers to develop provision with partner colleges, this should not be perceived as a move towards the complete severance of ties between colleges and universities and other HEIs. Although it is important for colleges to be able to exert their independence, it is also clear that in many instances colleges and HEIs gain a great deal from cooperation and collaboration. Indeed, the very fact that applications for FDAPs have been limited would suggest as much. However, the extension and encouragement of FDAPs will allow this collaboration and cooperation to occur on a more equal footing. Until now, this has largely operated within circumstances which see colleges as weaker partners, unable to exert any independence.

For this to work, universities and HEIs must not be hostile to the presence of more independent colleges on their doorstep. Therefore, the system must ensure that HEIs, where possible, have a strong interest in the success of local colleges.

#### **A top up premium**

With a view to this, the government should look to implement a 'top up premium' in which universities would receive a financial reward for admitting students who completed short-cycle courses at FECs to full bachelor's courses. A top up premium of this sort would fulfil a strong widening participation remit given the types of students who will be likely to do short-cycle courses in FECs in the first place. Therefore the government should consider designing the 'top up premium' to fit within the National Scholarship Programme (NSP). The NSP is a scheme to be funded by the government from 2012/13. It will allocate money to institutions who will match this funding and, in turn, provide financial assistance (such as a fee waiver) to students with a declared income of less than £25,000 a year.

In the case of a top-up premium, universities could be cleared of their commitment to match funding for students eligible for the NSP if they are progressing from a short-cycle courses at external institutions on to a bachelor's. The government would continue to meet its own commitment from within the NSP fund but also meet the entire costs of any benefits usually covered by the university such as fee waivers or discounts, discounted accommodation, or cash bursaries. In the case of students not eligible for the NSP on the grounds of income (which for instance may be the case for many part time, employed students) the government could provide the usual 50% contribution under the NSP but the university would not be obliged to match this funding. This would only apply to students progressing from external institutions as it is not likely that universities would need an incentive to provide effective progression routes from their own short-cycle programmes.

The ultimate aim of this premium would be to better facilitate progression, or what is referred to in the US as 'transfer'. A premium of this sort would incentivise universities to create more efficient credit transfer arrangements from short-cycle

provision, in to full bachelor's. In fact, a system of this sort which gave power and responsibility to FECs for short-cycle provision but introduced an incentive for universities to cooperate, could actually strengthen collaborative arrangements between further education and higher education. Moreover, it would be an added help to attempts to widen access and participation in higher education.

### Recommendations

- The government, in partnership with QAA, should encourage the best quality providers of higher education in further education to gain foundation degree awarding powers.
- The government should amend legislation to ensure that colleges with these powers are able to engage in their own franchising arrangements with smaller, partner colleges.
- The government should set a cap of £6,000 a year for short-cycle provision.
- The government should task HEFCE with designing and implementing a 'top up premium' which would operate as part of the National Scholarship Programme and encourage universities to take short-cycle graduates from FECs to complete a bachelor's where appropriate.

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# 4

## Expanding Short-Cycle Higher Education

This report has argued for the expansion of short-cycle higher education in FECs. However, the current policy environment makes it difficult for such supply side reform. This chapter explores why, and suggests steps the government could take to address this problem.

### The funding environment

The Coalition government has enacted a series of reforms in light of the recommendations of the Browne Review. At the centre of Lord Browne's proposals lay the attempt to make students behave more like consumers. In a system where fees are variable, and students have a greater incentive to make 'the right' choice, universities will need to be more responsive to what students want. However, there a range of issues which mean that this vision may not be realised. The mechanisms the government introduced in order to alleviate the effects of raised fees on lower income graduates (and to alleviate the political impact of an unpopular policy) mean that, in reality, higher education will operate as a quasi-market at best.

An important aim of the Browne review was to allow student numbers at individual institutions to be free of government control. In a system in which student numbers are relaxed institutions would be able to attract students away from a rival by offering a better deal.

Browne recognised that, in order to relax student numbers, the cost of expansion to the taxpayer needed to be kept as low as possible. His solution to this was to remove the teaching grant awarded to higher education providers by HEFCE for arts, humanities and social science courses. Reducing taxpayer funding for teaching means universities have more funding to recoup. In turn, this means higher fees on average. Higher fees mean higher loans, which mean an increased risk of non-repayment. Browne attempted to break this vicious cycle with a levy on fees above £6,000, but the government rejected this proposal and made changes to the repayment system which made the cost of loans (to the government) even higher. Overall therefore, under government proposals, the costs of expansion are not contained. As a result, they have been forced to put a cap on student numbers.

If demand exceeds supply because student numbers are limited then the competitive forces which should act to drive down prices and improve quality will be blunted. Students may be forced to go to an institution they prefer less

because other institutions are unable to grow. At the same time, it remains the case that the rationale for raising fees was that students would benefit from a liberalised supply of higher education. Therefore, there is a need to resolve this in the short-term as well as the long-term. This is particularly pertinent to FECs. Whilst they see the opportunity presented to them, to make use of their competitive advantage in a world where most institutions will be charging as much as £9,000 a year, they are yet to see how they can realise this ambition.

## Options for reform

Some options for reform have been put forward. Tim Leunig of CentreForum, has proposed an auction for student numbers.<sup>129</sup> Under Leunig's proposal, the government would auction the right to offer places at universities. Universities would bid for places, and the government would allocate them based on the expected loss to the government, giving universities an incentive to put forward the most attractive bid packages possible – courses with low fees and high returns, offered to appropriately able students. With universities, together, putting forward a bid package which cost less than the government had planned for, an expansion of the overall number of places would be made possible.

A different approach has been proposed by Professors Nick Barr and Neil Shephard, at the LSE.<sup>130</sup> They propose a teaching grant designed to ensure all universities received a minimum amount of funding annually per student per course (say £6,000). It would be tapered so universities would receive less over and above this the closer they got to charging £7,000. Combined with this, Barr proposes that each university would pay an insurance premium to the state reflecting the expected loss on its student loans (based on the level of its fees above £7,000 and the expected earnings of its graduates). This would add to the incentive to charge less than £9,000 and universities charging below £7,000 would pay nothing.

Barr and Shephard argue that these measures would reduce the cost of expansion to the Treasury and allow student numbers to increase over time. The marginal student numbers available however would still need to be allocated as previously by HEFCE or the government, towards 'good value' institutions and courses. As with Leunig's proposal, the notion of good value would be determined by the government.

Both proposed systems require a significant level of government involvement in the allocation of student numbers. It is clear from these accounts that even if the government were to make large scale (and in the case of Leunig's approach) quite radical changes to its stated approach, a market in higher education would still not be achieved. The market will be substantially mediated by some sort of government intervention, what is not clear, however, is what form this intervention will take.

## The student numbers game

Currently, short-cycle provision (or at least that which is funded by HEFCE as prescribed higher education) is part of what has been called 'the student numbers game'. The fact that student numbers are unlikely to increase in the near future means that short-cycle provision is also unlikely to expand.

<sup>129</sup> Leunig, T, *Universities Challenged: making the new university system work for students and taxpayers*, April 2011

<sup>130</sup> Barr N, Shephard N, *Towards setting student numbers free*, 2011

The government controls costs by controlling overall numbers, without taking into account the widely varying costs of different types of course. At the moment, student numbers are (in the vast majority of cases) not allocated according to course or level of study. This means that as far as the government is concerned a 'student number' is the same as any other – even if it is a foundation degree, as opposed to a bachelor's degree. Numbers are not ringfenced for certain types of provision, institutions can choose which courses they offer and therefore have a strong influence over how their allocated student numbers get filled. Of course, in calculating the funding it has provided in the past (and presumably in estimating the average tuition fee of £7,500) the government will have taken into account the amount of students studying short-cycle provision and the fact that this provision is likely to be at a lower cost than full bachelor's provision. This is a point which may have been missed by some commentators on the fees debate who have taken headline figures from universities in order to get an idea of the average fee level across the sector – discounting which courses students will take. Even if one were to assume that the average fee level for all bachelor's provision did hit the £8,700 claimed by some, by taking into account the fact that around 10% of all students are on lower cost, short-cycle programs, the average fee level for all student numbers would fall below this.

However, because short-cycle courses are considered as part of a wider student numbers game, the government cannot actually count on this. Universities may pull back their foundation degree or other short-cycle provision in order to protect their student numbers or reduce the risk of competition from FECs. Moreover, given the lack of pressure on universities to charge below £9,000, universities will understandably find the prospect of charging £9,000 a year for a full bachelor's course more attractive than £6,000 or less for a short-cycle course. As a result of this, and wider financial pressures, some universities are cutting the range of courses which they offer. Some short-cycle choices, particularly those with smaller aggregate numbers, will inevitably be caught up in these cuts.

### Separating out short-cycle numbers

The chance to expand short-cycle provision is hamstrung by the political and financial imperative of student numbers. However, an initial step in setting short-cycle provision free would be to separate it out from the rest of higher education student numbers. Pulling short-cycle provision out into a separate and distinct category of higher education provision could allow for expansion at this level without having to consider the wider design of a system which efficiently allocates student numbers. Short-cycle provision could be (relatively) set free of these constraints, even if full bachelor's provision were to remain constrained. Under the current system, this might still require extra funding from government (dependent on the overall burden of student debt on the Treasury). It would, of course, only be a partial and temporary solution. The ambition should be to free up constraints on all higher education where appropriate.

In order to ensure that short-cycle provision can contribute to keeping the average cost of student loans down, the government should begin by ringfencing student numbers for short-cycle provision at or around the current level of 430,000 (students on courses funded by HEFCE at colleges and universities).<sup>131</sup>

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131 Rashid S, Parry G, Thompson A, Brooks G, *Patterns of Further and Higher Education in Colleges and Universities in England: A Statistical Summary and Technical Commentary*, p. 33

As argued in Chapter 1, the government should also commit to allowing access to student loans for those studying non-prescribed higher education in colleges in the long term. This represents around 65,000 students.<sup>132</sup>

Even if this approach cannot immediately allow the expansion of short-cycle provision, it does ensure that it is not endangered by the pressures placed on some universities to cut the range of courses they offer. It also means that many universities will have to continue partnership arrangements with FECs which they may otherwise cut in fear of a local competitor.

As a second step, the government should then consider lifting the cap altogether on short-cycle student numbers. This is a measure it has already taken for higher education provision in private universities – intended to allow them to begin providing greater competition for public universities. The government has signalled its support for private providers by allowing their students to access a

maximum loan of £6,000 a year. Given the fact that short-cycle provision is unlikely to demand fees greater than £6,000 a year (this is a point which will be returned to later), it is an option open to the government to lift the cap on short-cycle provision altogether, as well as provision in private institutions. There would need to be careful consideration of the cost implications

“Lifting the cap on short-cycle student numbers could prove a cost effective way of meeting high demand in coming years without the government involving itself in detailed, bureaucratic exercises allocating additional student numbers”

of this move, which may potentially incur greater costs than in the case of private provision. But, by separating out short-cycle student numbers and removing it from the larger student numbers game, the government would give itself this option. In particular, lifting the cap on short-cycle student numbers could prove a cost effective way of meeting high demand in coming years without the government involving itself in detailed, bureaucratic exercises allocating additional student numbers.

Following from this, the government should also release restrictions on the expansion of so called ‘off-quota’ provision. This is an area that the government has said that it is actively interested in – the notion that expansion of higher education numbers could be allowed where students did not have access to student loans, much like a great deal of the provision in the private higher education sector at the moment. Some FECS already recruit off-quota students. However, only those FECS who are indirectly funded, and therefore do not hold a contract with HEFCE, are able to do so. This means that larger providers are unable to.

The main concern about this move, from the governments point of view, is that middle class students going to top universities (the least risky students from a debt point of view) will be the most likely to take up the opportunity these off-quota places offer, paying their fees upfront and thereby paying less than they otherwise would over their lifetime. This would be a potentially damaging outcome for the government’s social mobility agenda. Meanwhile, the student loan portfolio would be left with those students more likely to default on their loan. The government is right to be cautious in regards to off-quota student numbers. However, it is also right to consider it as a potential method of increasing student numbers.

132 Ibid but the over all number could be higher – depending on definition, for one example <http://www.parliament.the-stationery-office.co.uk/pa/cm200809/cmselect/cmduis/170/170we57.htm>

However, in the case of short-cycle provision, the dilemma is far less acute. The likely characteristics of students undertaking short-cycle provision are very different. They are more likely to be employed and, if they are considering paying for their course without the aid of government loans, they are likely to be at least partly funded or supported by their employer. The government should send a clear message to colleges and universities that they will be free to recruit off quota students on short-cycle higher education programs.

### **Recommendations**

- The government should remove short-cycle higher education from the broader 'student numbers game': short-cycle provision should have its own allocated student numbers. The numbers could be based initially on current levels of participation.
- The government should consider lifting the cap altogether on short-cycle student numbers as it has already done with students accessing loans to study at private institutions.
- The government should allow off-quota expansion of short-cycle higher education. This would not carry the risk that the wealthy would buy places. Instead, it would be a way to give more students, many from disadvantaged backgrounds, an opportunity to study vocational higher education.

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# 5

## Meeting Demand and Engaging Employers

A top-up premium, recommended in Chapter 3, addresses the notion of progression beyond short-cycle higher education into full bachelor's provision. However, there is also a need to address the issue of progression into short-cycle higher education in the first place, from lower level vocational programmes and from employment.

For students to be in a position to top up their short-cycle programme to a full bachelor's, they need to have been attracted by, applied for and accepted onto a short-cycle program in the first place. The danger is that current patterns of demand and aspiration, which are skewed towards a traditional conception of full-time bachelor's study, will continue in the future. As noted in Chapter 3, the Dearing Inquiry expected that growth in higher education would mostly be to meet demand for short-cycle provision. However, whilst foundation degrees have grown significantly, short-cycle provision as a percentage of overall higher education has not. As the strategies of some universities in setting their new fees suggest, choice in higher education is too often guided by considerations of brand and prestige, rather than genuine information on quality. There is a danger that short-cycle higher education is seen as a lesser alternative, rather than a distinctive option. Given the potential for short-cycle higher education to meet the needs of employers, there is a need to engage employers more in promoting and funding short-cycle higher education, thereby increasing demand.

At the same time, there remains a challenge in meeting existing demand by ensuring that prospective students with vocational or applied qualifications can access higher education. A stark example of this is the fact that only 6% of participants in apprenticeship programmes currently progress on to higher education, despite many more having aspirations to progress.<sup>133</sup> Applicants to higher education in further education are more likely to have vocational qualifications. 35.3% of applicants to higher education in further education have level 3 vocational qualifications, compared to 25.9% at post-1992 universities. The figure is even lower at other institutions.<sup>134</sup> At the same time, the majority of growth in access to higher education generally in recent years has been amongst students who are likely to have vocational qualifications or backgrounds. 70% of the increase in applications to higher education between 2007 and 2008 were from students with no UCAS tariff points, many of whom will have level 3 professional or vocational qualifications.<sup>135</sup>

133 University Vocational Awards Council, *Progression from vocational and applied learning to higher education in England*, 2009, p. 5

134 Speech by Anthony Maclaren (then Chief Executive of UCAS) to the 2007 HEPI conference, *The Road Less Travelled: Vocational Qualifications and HE Entry*, accessed 18/04/11 <http://www.hepi.ac.uk/485-1320/Vocational-qualifications-and-HE-entry.html>

135 Higher Education Policy Institute, *Higher Education Supply and Demand to 2020*, 2011 p.12.

This shows that these challenges can be overcome but that there is still work to be done, especially if short-cycle higher education is to expand. In particular, FECs must be able to adapt to and take advantage of the potentially huge new supply of apprenticeships. This will mean potential higher education applicants will be far more likely to have completed an apprenticeship – higher education offers must reflect this.

This chapter will address these issues – how to meet existing demand for short-cycle higher education provision and how to engage employers to strengthen and increase demand in the future. It will explore these issues in four sections:

- Progression ‘in’ to higher education
- The role of apprenticeships
- Employer co-funding
- Modular provision

### Progression ‘in’ to higher education

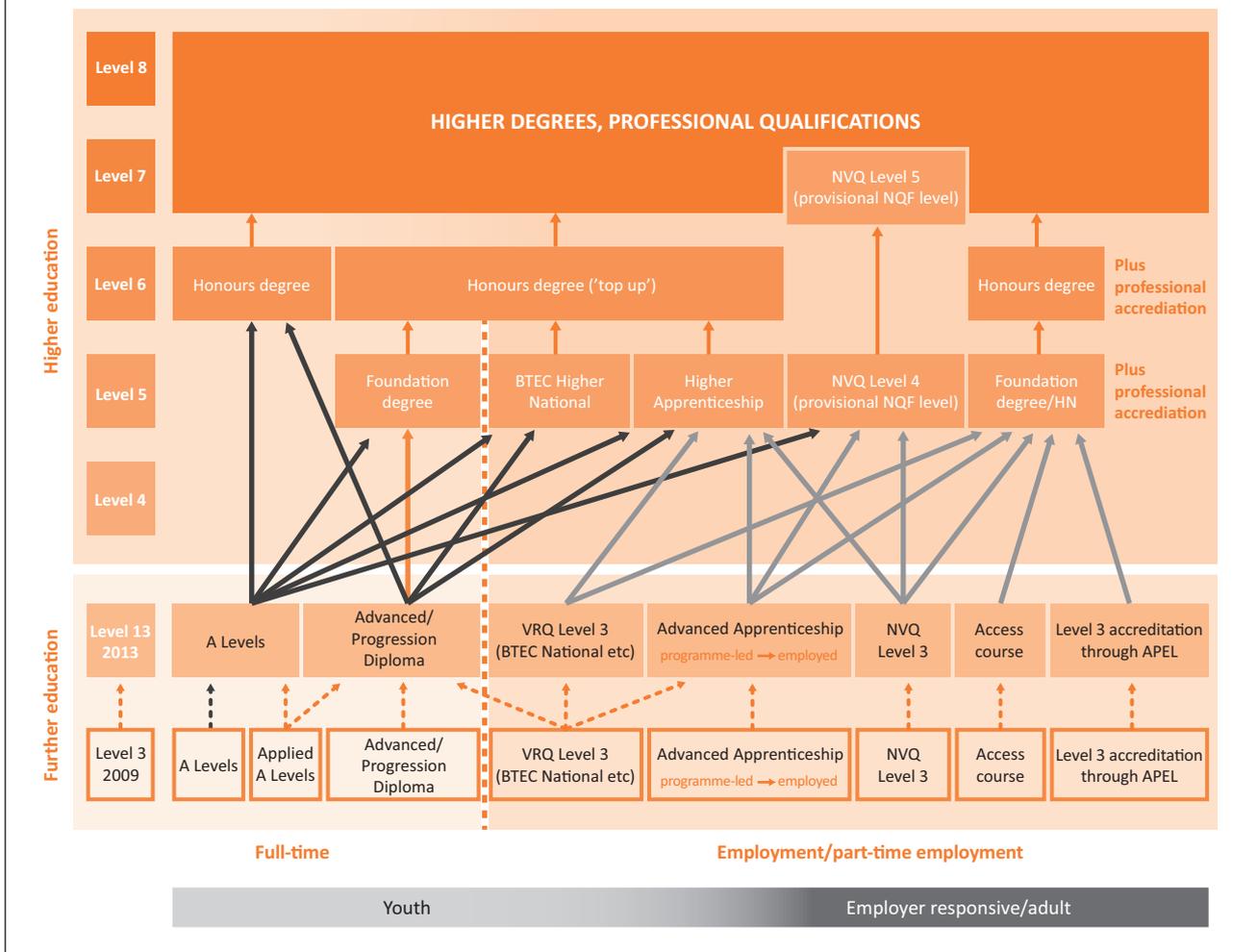
Given the historical primacy of the academic route into higher education, it is in some ways not surprising that there are difficulties in ensuring a smooth transition between vocational options at level 3 (equivalent to A-level) and higher education. In many ways, the key barrier to improving progression is the lack of understanding or knowledge of the higher education opportunities available to vocational learners – in particular amongst apprentices and their employers.<sup>136</sup> There is also a lack of understanding amongst admissions tutors in HEIs of the appropriate vocational routes in. This is unsurprising, given the complexity of progression ‘routes’ illustrated by the diagram opposite.

The diagram illustrates the complexity which characterises vocational education and training in this country. The result is that students find it difficult to get a clear idea of how best to achieve their aims and employers find it difficult to express what they want. Initiatives and policies designed to improve matters are hampered by the lack of good quality data on apprentices.<sup>137</sup> This is a theme constantly reiterated by academics and others attempting to get a handle on the issue of apprentice progression. Partly, the difficulty of accessing good data stems from the difficulty of measuring progression from apprenticeships. As opposed to the simple, linear and usually immediate progression from academic courses into higher education, apprentices and other vocational learners are likely to offer a far more varied picture. To study a level 4 or 5 programme, apprentices need to be doing a level 4 or 5 job. It may take time for employees, who had previously been apprentices, to develop in their career – and this time period itself will differ widely. At the same time, it is important for academics, policy makers and practitioners to be able to effectively measure progression. The National Apprenticeship Service should work on developing effective ways of measuring apprenticeship progression which can be agreed upon throughout the sector. In particular, the NAS should consider using the Skills Accounts being developed by BIS to effectively track and stay in contact with apprentices and their employers.

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<sup>136</sup> Connor H, Little B, *Vocational ladders or crazy paving? Making your way to higher levels in 2005*, 2005

<sup>137</sup> Connor et al, *Progressing to higher education: vocational qualifications and admissions*, 2006

Figure 7: Progression routes<sup>138</sup>

### Progression agreements and credit transfer

Despite these difficulties, some good work has been done, most clearly the work to incorporate all apprenticeships on the UCAS tariff system used by higher education admissions tutors. Meanwhile, Lifelong Learning Networks (LLNs) helped forge 'progression agreements' between FECs and HEIs. These agreements would set out the conditions under which the HEIs would accept vocational learners onto their higher education programmes, giving stability and clarity to FECs and their vocational learners.

Progression agreements between individual institutions for individual courses are of course ad hoc arrangements, and whilst useful, may not drive the systemic change which is sought in order to make progression as seamless as possible. However, this type of systemic change may not be realisable. The Qualifications and Credit Framework (QCF), fully introduced in 2010 and intended to cover all vocational qualifications is in part an attempt to improve employer understanding of vocational qualifications, as well as to build a more flexible approach allowing the building up of units and modules to create bespoke qualifications. However, whilst the notion of a credit based approach has received broad support in the sector, the implementation of the framework has met with much criticism –

138 UKCES, *Progression from Vocational and Applied Learning to Higher Education across the UK: A comparative study by the University Vocational Awards Council*, 2010, p. 69

especially from awarding bodies who have been forced to review all of their awards, at great expense. Meanwhile, there is deep concern that the QCF has actually made matters more complicated than before and that employers are less likely to understand bite size modules than they are to recognise packages of qualifications and brands. Perhaps more importantly, the future of the QCF itself was cast in doubt by recommendations made in the recent Wolf Review of 14-19 vocational education, which said that qualifications offered to 14-19 year olds would not be required to be QCF compliant.<sup>139</sup> Although Wolf does suggest that the QCF may remain appropriate for adults beyond 19, if her recommendations are taken up it would appear likely that the QCF will fall by the wayside, as did many other attempts at creating credit frameworks for vocational education in the past.

Nonetheless, the experience of the QCF does not mean that more sustainable and wide ranging progression arrangements cannot be put in place at a local or even regional level, it only means that these arrangements are unlikely to be based on a national credit framework.

### GMSA Pathways

The Greater Manchester Strategic Alliance (GMSA) is an excellent example of how colleges, universities and others can work together to develop clarity when it comes to progression. The GMSA was a Lifelong Learning Network (LLN) for Greater Manchester. It provided an online progression tool which mapped all of the progression opportunities available from BTEC programmes at Greater Manchester further education providers onto higher level programmes. Progression Agreements were drawn up for each of the sectors, so that vocational learners had a clear entitlement linked to success in their vocational programmes. Pathways were extended to include agreed routes into higher education for Advanced Apprentices in two pilot sectors: Built Environment and Business Administration. Beyond mapping the opportunities available the GMSA also guaranteed interviews at Colleges and HEIs for prospective students who met relevant progression criteria.

Originally, the Pathways project was funded by subscription from each provider involved (ranging from £500 to £2000 depending on the size of the institution). Once the GMSA gained the status of an LLN, the activity was largely sustained by LLN funding. However, the government no longer funds LLNs and the uncertain climate and future for HE in FE means that providers are unwilling to contribute to a subscription-based scheme. Instead, colleges and universities have reverted to their core partnership arrangements. Many of these partnerships may have been strengthened by the experience with GMSA but options and choices for students are now at risk of being limited as a result of the slimming down of each institutions network of partners.

Based on an estimate of an average subscription level of £1,000 per institution per year and the involvement of around 50 institutions in the GMSA, the cost of reviving the project is a reasonably small amount – £50,000 a year. The government should commit funding of at least £50,000 to revive the GMSA as a pilot to inform best practice for local and/or regional groupings of HEIs and FECs. It bears mentioning that the financial commitment (given it is so small) was not the core reason that institutions were not willing to continue the programme.

<sup>139</sup> Review of Vocational Education: The Wolf Report, 2011, p. 73

Rather it was the uncertainty regarding collaborative arrangements more generally, as a result of the creation of a more competitive system, which made institutions less confident about being involved. This remains a challenge. But, given previous success the institutions involved in the GMSA are perhaps more likely than others to re-engage in a partnership approach to credit transfer and progression and the government should make the funding available, and attempt to persuade them where possible.

It is important to note that if the recommendations made in Chapter 4 are taken up it should generally be easier for greater clarity over progression routes to emerge. In the past there has been a lot of energy devoted to brokering individual progression agreements between FECs and HEIs. If FECs have greater independence in relation to their short-cycle higher education provision (as recommended in Chapter 4) they will have a far greater incentive to develop coherent progression pathways from their further education to their short-cycle higher education programmes. They will also be better equipped to do so, as their expertise neatly spans further education and vocational higher education.

This is one approach that colleges we discussed the matter with are particularly keen to focus on in the new higher education environment. They want to show students and employers that colleges can offer a seamless educational experience from the age of 16 (and potentially younger) through to adulthood. Some colleges already work with employers to offer training and development across a number of levels, sometimes working with the employer as they take on an apprentice at 16 and bringing them on to study a foundation degree through a Higher Level Apprenticeship and even postgraduate qualifications later on.

## The role of apprenticeships

The Coalition government is strongly committed to expanding apprenticeships, as was the last government. In the recent budget, the Coalition announced 50,000 new apprenticeships.<sup>140</sup> This investment will be on top of the £250 million a year announced for adult apprenticeships in the Comprehensive Spending Review last year.<sup>141</sup> It is clear that the government has ambitions to cement the role of apprenticeships as an excellent vocational route at 16 and beyond. This was reiterated by the Wolf Review of 14-19 vocational education, although she did express important misgivings about the reality of some programmes.<sup>142</sup>

The government support for apprenticeships is clearly important given the difficulty experienced in progressing students from apprenticeships to higher education. One approach which seems particularly attractive is the development of higher level apprenticeships as the delivery model for some higher education programmes. Apprenticeships are not qualifications in themselves; they are a bundle of qualifications delivered primarily in the workplace. All apprenticeships must have a 'technical certificate', which accredits more theoretical and general knowledge beyond the specific occupational competencies required to do the job the apprentice is employed to do. In the case of higher level apprenticeships, the ambition is for the technical certificate to be a higher education level qualification such as a foundation degree.

Higher level apprenticeships are an extremely attractive proposition, not least because they allow the government, colleges and universities to market short-cycle higher education as part of the strong apprenticeship 'brand'. Whilst

140 HM Treasury, *Budget 2011*, 2011, p. 33

141 HM Treasury, *Spending Review 2010, 2010*, p. 52

142 *Review of Vocational Education: The Wolf Report*, 2011, Appendix VIII: Apprenticeship figures and trends

it is not clear to what extent people do understand the reality of modern day apprenticeships, they have significant support and are well recognised. This might be seen in contrast to foundation degrees, which suffer from a relatively weak brand with too many employers not fully aware of their benefits.

At the moment there are five Higher Level Apprenticeship (HLA) frameworks up and running, with more in development.<sup>143</sup> Whilst there is significant enthusiasm for HLAs as a model, there are a range of problems which suggest that this area will not see huge and immediate growth.

The expansion of HLAs faces the same barrier as the expansion of apprenticeships at other levels – employer uptake. At times this is because of a shortage of relevant job vacancies but there are also fundamental issues with the general approach taken to apprenticeships in this country which may be unduly restrictive on employers.<sup>144</sup> Whilst some blue-chip companies are standard bearers for the apprenticeship brand, offering very high quality, highly competitive programmes, the real challenge for policy lies in engaging Small and Medium Sized Enterprises (SMEs). One challenge involves stripping away the bureaucracy which continues to characterise apprenticeships. Another involves ensuring that frameworks truly meet the bespoke needs of employers. These are challenges common to all apprenticeship policy and the government should seriously review the delivery of apprenticeships in this country, rather than simply committing to the delivery of ever more hundreds of thousands.

### The difficulty of funding Higher Level Apprenticeships

When it comes to HLAs, whilst there are important, general challenges, there remains a problem more distinctive to higher levels. Companies that have been involved in HLAs have reported that the funding has been particularly difficult to arrange, largely because it requires coordinating funding from two different bodies – the SFA and HEFCE. Employers have reported that the two bodies have not worked well enough together to stop confusion and added bureaucracy for employers and providers.<sup>145</sup> They have contrasted this to Wales, where the funding system is far more straightforward. SEMTA, the Sector Skills Council (SSC) for the engineering and manufacturing sector, listed a number of large employers who were interested in offering higher apprenticeships but were dissuaded by funding issues, despite the fact that employers engaged with the programme were “impressed by its rigour, its positive impact on recruitment, and its close match with employer needs.”<sup>146</sup>

These concerns were matched by evidence to the BIS Select Committee from LLNs: “Many FECs offer suitable higher education provision for Apprentices but find the funding model difficult and unrewarding to operate.”<sup>147</sup> It should be an immediate priority for the government to rationalise funding for HLAs. A further concern of those involved in promoting HLAs is that, whilst they are potentially excellent programmes, the ambitions and aspirations of young people remain focused on a traditional conception of undergraduate higher education. Whilst there is very strong evidence to suggest that apprenticeships too are the subject of young people’s ambitions, it is important to be clear than in the case of HLAs – the two are not mutually exclusive.

The government should consider rebranding HLAs as Higher Education Apprenticeships in order to be clear to prospective apprentices and to employers that they are considered as part of the higher education offer. As such, it is a positive step

143 Hall G et al, *Developing Higher Apprenticeships in England*, 2010, p. 3

144 For a general discussion of the fundamental problem with the English approach to apprenticeships, see Wolf A, *An Adult Approach to Further Education*, 2009

145 Science Engineering and Manufacturing Technologies SSC, *Views on policy issues*, see, accessed 28/04/11 [http://www.semta.org.uk/employers/skills\\_policy/views\\_on\\_policy\\_issues/higher\\_apprenticeships\\_uk.aspx?theme=print](http://www.semta.org.uk/employers/skills_policy/views_on_policy_issues/higher_apprenticeships_uk.aspx?theme=print)

146 Ibid

147 See, accessed 16/05/11 <http://www.publications.parliament.uk/pa/cm201011/cmselect/cm/bis/writev/885/m15.htm>

that apprenticeships at level 3 and above (at least for 19-24 year olds) will be funded by student loans in the future. However, there is no reason that 19-24 year olds should be funded differently from those older than 24 they should be funded by loans too. As Alison Wolf has argued “apprenticeships should be treated exactly like higher education in terms of access to grants and income contingent or other loans.”<sup>148</sup>

## Employer co-funding

In the case of apprenticeships, employers incur direct costs (50% or more of the cost of the training provided) as well as indirect costs associated with running the apprenticeship programme, the potential for lost productivity and the use of equipment and facilities. Nonetheless, there is a need to consider the issue of employer investment. This is a common theme throughout debates on skills policy (see for instance the recent Banks Review of Co-Funding),<sup>149</sup> and increasingly so in higher education policy: how best to encourage the investment of employers in the education and training of their employees?

### Employer co-funded ‘additional student numbers’

In 2009/10 HEFCE funded 8,000 FTE ‘co-funded’ student numbers in HEIs and FECs. These co-funded numbers were part of a specific scheme run by HEFCE to encourage the higher education sector to harness direct employer investment in higher education. HEFCE allocates ‘co-funded additional student numbers’ (ASNs) to institutions, separately from their main grant, at 50-75% of the normal HEFCE funding rate. The HEI or FEC is then expected to secure the remaining funding from the employer. Importantly, these co-funded ASNs were meant to secure funding from employers beyond a contribution to student fees. Many employers already contribute to student fees, especially on short-cycle courses such as foundation degrees or HNDs with direct workplace relevance. Co-funded ASNs are intended to attract employer funding to cover a portion of the funding in addition to the fee – i.e. to contribute to the costs of the provision usually borne by HEFCE.

Co-funded ASNs are a potentially useful way of encouraging a stronger culture of employer investment in higher education. The government has hinted that it will take steps to allow an expansion of employer-sponsored places. It should consider doing the same for co-funded places. Chapter 4 recommended that the government allow off-quota expansion (which would let students pay fees up front) for short-cycle courses. The case of co-funded places would necessitate more flexibility, namely that students should be able to access a smaller loan for the proportion of their fees that their employer is unwilling or unable to provide. This could be limited to 50% of the overall fee to ensure a reasonable level of employer investment, and minimize the cost to the government. This would mean, even in the case of £9,000 fees, that the government would only invest £4,500 a year. As students will by necessity be employed, they will not require a maintenance loan.

Allowing growth in this area will mean that colleges and universities continue to work to engage employers far more closely with their higher education offers. If co-funded ASNs were to stay at their current level, there is a danger that institutions would not have a strong enough incentive to continue their good work in this area as they have no real interest in where the money comes from (student or employer).

<sup>148</sup> Wolf A, *An Adult Approach to Further Education*, 2009, p. 95

<sup>149</sup> An Independent Review of Higher Education Funding and Student Finance, *Securing a Sustainable Future for Higher Education*, 2010, p. 2

As with allowing growth in private provision and the proposals in this report to allow the expansion of short-cycle provision, the government would need to carefully consider the cost implication of allowing the expansion of co-funded ASN. However, it is to be expected that the relatively slow growth of ASNs previously will continue as colleges and universities attempt to overcome some of the cultural and historical barriers to direct employer investment in higher education. Therefore the Treasury does not need to be too worried by the prospect of an explosion in demand.

### Modular provision

Another promising opportunity to harness employer investment is in the provision of 'bite-size' modules of higher education not necessarily leading to a full qualification. This is particularly attractive to employers who may wish to upskill their employees in a specific, technical area without the need to pay for (and make the time for) a more lengthy course leading to a full qualification. At the moment, HEFCE will only fund universities directly to provide modules. Although FECS may provide modules as part of a franchised relationship with an HEI, HEFCE will not fund them directly for anything which does not lead to a full qualification. This is a further manifestation of the unfair and unproductive way in which higher education funding in the past obstructed FECs from playing to their strengths and growing excellent provision.

However, under the new funding rules, because HEFCE teaching funding is unlikely to be available at all for the types of courses which might be taken in modules, FECS are in theory free to expand this area of provision. One college told us that they were looking to develop a whole new service to local businesses which would extend the service they already offered at further education level – accrediting the prior learning of students as well as boosting it through short, flexible courses. Indeed, it is an area which many FECs are very keen to expand.

The government will only provide student loans to those studying at 25% intensity of a full course. It is unlikely therefore that modules, which are usually between 5 and 20 credits (a foundation degree represents 240 credits), will attract any government subsidy in the form of loans. Nonetheless, it is likely that the main

market for modular provision would be employers. If employers are funding this, then there is no need for government finance – although the same problems which applied to the case of co-funded ASNs will also apply to modules as employers and potentially students will need to contribute more.

However, not making any loans available to students undertaking bite size provision risks an unacceptable inconsistency between policy in further education and higher education. Modular higher education could fall in to a gap created by the haphazard approach to funding further and higher education. Whilst adults would be free to access student loans to study higher education above 25% intensity; and whilst they would be able to access direct financial support in the form of fee remission for short courses at the further

“There is a need for the government to fundamentally review and simplify the approach it takes to funding short courses – regardless of the level at which they are studied”

education level, they would not be able to access any finance at all to study short modular courses at the higher education level.

Funding for further education is incredibly complex with a baffling array of entitlements which are constantly changing.<sup>150</sup> There is a need for the government to fundamentally review and simplify the approach it takes to funding short courses – regardless of the level at which they are studied. At the moment, the money available for adults to access short courses is highly restricted according to government priorities, despite the fact that there is no evidence to suggest that the government is any better than individuals at deciding which courses should be studied by whom, and when.

There should be a simple entitlement to learning which all adults can access through the Skills Accounts being developed by BIS. An earlier Policy Exchange report explores the potential use of such accounts which would allow individuals to exercise real choice in how they spend government funding.<sup>151</sup> The government should not place significant restrictions on how adults use this entitlement to learning and there should be no reason that the entitlement should not be used to study modular courses at the higher education level.

Given freedom from HEFCE funding methodology, and a simpler approach to learning entitlements, FECs will be able to expand an area of provision which they are well placed to develop. However, as with all higher education provision, colleges remain hamstrung by their reliance on HEIs for validation. Moreover, the spread of FDAPs would not necessarily solve this problem because this would limit their modular provision to level 6. At the same time, reliance on a university partner for accrediting modules is a very inefficient way of going about something which relies on flexibility and the ability to respond rapidly to employer demand.

The government should consult on ways in which universities could have modules accredited by a third party. One option would be to follow the process which is currently taken for other levels of vocational provision in which providers, without the power of accreditation (including FECs), are able to add modules to a shell framework, accredited by a single body. A nationally recognised institution with experience at higher education, such as the Open University could do this. A similar model is already used in Scotland for the development of Professional Development Awards (PDAs) which are accredited by the Scottish Qualification Authority (SQA). These are awards which can be achieved by building modules and credits:

“PDAs can incorporate HN units and are marketed by SQA as ‘designed to develop and deliver high level skills in a sharp, flexible and focused way.’ They are aimed particularly at people in work, for use by individuals and employers as Continuing Professional Development (CPD) to enhance career prospects and workforce skills.

One contributor described PDAs as ‘an alternative to the traditional ‘full fat’ qualifications with specific entry points.’ They were introduced as a flexible approach to up-skill the existing workforce, are very sector specific, small awards designed to help an individual to develop specific skills for movement between job roles or to develop skills within an existing job role.”<sup>152</sup>

PDAs could be developed in England as higher education awards accredited by a body such as the Open University or even professional associations. However,

150 For a discussion see Hartley R, Richmond T, *Simply learning: Improving the skills system in England*, 2009

151 Ibid

152 UKCES, *Progression from Vocational and Applied Learning to Higher Education across the UK: A comparative study by the University Vocational Awards Council*, 2010, p. 19

whilst the government should explore the possibility of such a national approach, there are also examples of where such an approach has been attempted at a more local, or regional level which may ultimately prove more manageable.

As well as the Pathways initiative explored earlier, the GMSA also ran a program called GMSA Advance. The project provided a catalogue of short, business-focused, higher education courses. Every GMSA Advance module was free-standing and carried credits that could be banked and accumulated towards larger awards such as Honours, Foundation or Masters Degrees. Institutions developed shell frameworks into which credits and modules could be built to create coherent awards. Interestingly, modules from different universities and colleges could be combined within a single qualification. The final, full qualification would be awarded by the institution at which the student had completed a certain specified proportion of their credits.

As with the Pathways project, GMSA Advance is no longer being pursued as a result of the removal of LLN funding. It was calculated that it would need around £100,000 seed corn finance in order to develop the project beyond its initial stages. The government should consider providing this funding in combination with the funding for a revival of the GMSA Pathways project. Otherwise, it is highly unlikely that such an innovative approach will be explored independently by universities and colleges in the coming years of uncertainty and fierce competition.

The achievements of students taking modular courses should be recorded using the Skills Accounts currently being developed by BIS. These accounts are partly meant as a tool for employers, students and learning providers such as colleges to keep a track of the learning undertaken by individuals – usually at a further education level. BIS should ensure that the use of Skills Accounts is encouraged for all students undertaking learning at a higher education level, including (as recommended earlier) higher apprenticeships.

### Recommendations

- The government should provide funding to pilot programs which explore the possibility of local or regional credit transfer systems.
- It should be an immediate priority for government to rationalise the funding model for Higher Level Apprenticeships so that funding comes from one single source. It should also consider rebranding Higher Level Apprenticeships as Higher Education Apprenticeships so as better to communicate the fact to employers and prospective apprentices that they are a clear route to accessing higher education.
- The government should consider allowing the expansion of co-funded student places in which the employer pays at least 50% of the fees and the student would access loans for the remaining fee.
- Adults should be free to pay for short higher education modules with any learning entitlement they have access to.
- The government should consult on ways in which modular provision in FECs could be accredited by a national body, rather than a partner HEI.

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## Conclusion

Education and skills at all levels are vital to the rebuilding of the economy. But, the key to sustainable growth lies in the cultivation of the high level skills which drive innovation and can keep pace with technological change. This report argues that FECs can play a vital role in responding to this challenge through an increase in vocationally-focused, employer-led, flexible higher education. This type of higher education can serve as an opportunity to progress for the increasing number of young people completing apprenticeships and other vocational programmes, a key plank in attempts to increase social mobility. Moreover, FECs can widen access to higher education by offering significant value for money.

The government needs to ensure that employers, individuals and the economy can take full advantage of the benefits to be gained from an expansion of short-cycle higher education in FECs. In order to do this, it must take a number of steps, including:

- **Empowering FECs to deliver short-cycle courses** – For FECs to expand their short-cycle provision they must have more autonomy from universities. Large providers of higher education in further education should be encouraged to apply for foundation degree awarding powers and the government should amend legislation to ensure that FECs with these powers are able to validate the work of smaller, partner colleges.
- **Removing short-cycle from the ‘numbers game’** – The government should take measures to protect existing short-cycle places by removing these from the broader ‘student numbers game’. This would alleviate the risk that universities might pull back their short-cycle accredited provision in order to protect their own student numbers. It would also give the government the opportunity to replicate their policy with regards to private providers, where they have lifted the numbers cap on students taking loans limited to £6,000.
- **Allowing off-quota expansion of short-cycle courses** – Demand for higher education exceeds supply. Allowing students (or employers) who wish to pay fees up front for short-cycle courses provides an opportunity to widen access to vocational higher education. By taking short-cycle numbers separately, the government is able to do this without considering the implications of allowing off-quota expansion at other levels.
- **Introducing a ‘top up’ premium** – HEIs should receive a financial incentive to admit students on to bachelor’s programmes who had previously completed a short-cycle award at an FEC. Such a scheme could form part of the National Scholarship Programme. This would help mitigate potential hostility from HEIs toward competitor FECs and maintain existing and develop new collaborative arrangements.

There are many challenges facing the government and all providers of higher education and higher skills. This report looks at three problems, and argues that further education colleges can play a strong role in responding to all three:

- 1) **Higher education is not meeting the needs of employers:** Higher education in further education is more vocationally focussed and further education colleges are able to build on and exploit their strong relationships with local employers.
- 2) **Not enough intermediate or 'technician level' skills:** Higher education in further education provides for the delivery of vital intermediate and technical skills. Their distinctive offer is the delivery of so-called 'short-cycle' higher education comprising Foundation Degrees, Higher National awards and professional qualifications – all below the level of the first degree and typically taking around two years to complete.
- 3) **The costs of expansion:** Short cycle higher education in further education is significantly cheaper than a full degree studied at university. As such, it provides an excellent opportunity to expand access to higher education and higher skills without incurring the costs attached to government loans of £9,000 a year for tuition fees.

This report argues that the government should take steps to allow the potential expansion of short-cycle higher education in further education colleges and makes a series of policy recommendations with this in mind. It looks at the problematic history of higher education in further education and argues that collaboration between higher education institutions and further education colleges is vital, but that this needs to occur in the context of greater autonomy from higher education institutions. This reflects the experiences with the college sector in America, where Community Colleges are a vital part of a mass higher education system.

It also looks at the current arrangements for student finance in England, and argues that these will not lead to expansion or marketisation of higher education in the short term and that in order to allow further education colleges to expand their provision – the government must take steps to remove it from the wider student numbers game.

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