

UCU Education Committee Briefing Paper: Higher Education in Further Education Colleges.

Purpose

UCU Congress 2007 passed the following motion:

26 Cross-sectoral policy issues (Transitional Arrangements Committee)

Decision: PASSED (as amended) Action: Education committee

Congress notes the growth in foundation degrees and the government's continued commitment to their rapid expansion and to the concentration of that expansion in FE colleges. Congress also notes the government's decision to enable colleges to apply for degree-awarding powers.

While strongly reasserting the commitment to widening access to higher education inherited from AUT and NATFHE, Congress also recalls the opposition of both unions to under funded expansion and its damaging impact on the professional concerns and working conditions of members.

Congress therefore instructs the NEC to carry out, through the union's new cross-sectoral education committee, a thorough analysis of the growth of higher education in FE colleges and its future implications for both sectors. This should lead to the production of a discussion document for members identifying the key issues for debate, leading to further policy development at sector conferences and Congress 2008.

This paper begins that process with an outline of the growth of HE provision in FECs to its current position.

Introduction

Staff in English Further Education Colleges (FECs) teach one in eight of the undergraduate population, either directly or within partnership arrangements with Higher Education Institutions (HEIs). Equally, FECs, along with Sixth Form Colleges (SFCs), contribute close to 40 percent of entrants to higher education. The 'qualifying' for entry to HE function and the 'providing' HE in FE function, both working with a widening participation student demographic, are long-standing and mutually supportive FE curriculum offers that remain centrally embedded in current government policy on the role and function of FECs

in the learning and skills sector, FECs seen by ministers as local, flexible 'engines of social mobility'¹.

Alongside widening participation into HE, the other constant theme of government policy is 'the skills strategy'. There have been over one hundred and fifty government policy documents on skills since 1987. Some led to major infrastructural changes in the FE sector, all drove towards an increased role for employers, either directly or indirectly, in the architecture of the learning and skills sector and, following the 2002 Skills WP, the HE WP 2003, the Foster Review of FE (2005) and the Leitch Review of Skills (2006), its curriculum offer. The interrelationship between these two major policies - on widening participation and the skills strategy - remains the major dynamic in current government policy on HE in FE.

Since the 1997 Dearing Review of HE, David Blunkett's 2000 speech that initiated development of Foundation Degrees (FDs) and the HE WP 2003, HEIs have been brought in closer to the 'skills strategy', both as providers and in partnership with FECs to deliver FDs.

Post-Leitch, both the FE and HE sectors will increasingly operate within a 'demand-led' funding methodology, where sectoral employer-led organisations, Sector Skills Councils (SSCs), will strongly influence the design and must finally approve all non-HE qualifications through the Qualifications and Curriculum Authority (QCA). They will also significantly influence FD development through the Quality Assurance Agency for HE (QAA) led FD frameworks. Similarly, FD provision, in both HEIs and FECs, will be conditional on institutions meeting the demands of both employers and learners for specific programmes, with a new set of 'employer engagement' benchmarks elaborated for the FE and Skills sector.

The 'qualifying' for HE function is a major contribution to HE access and is often linked with 'providing HE' in many colleges as both a widening participation route and an internal college target. In the context of both widening participation and skills policy, this two-fold contribution also underwrites colleges' unique location in the English education system and equally reflects the major educational policy value placed on the FE sector by this government. They are seen as 'both sides of the same coin', so in that sense this paper will also necessarily contextualise the contribution made by FE to HE as a major provider of HE entry level 3 or equivalent qualifications.

¹ Ruth Kelly, then Secretary of State at the DfES, February 14, 2005. From her speech on the launch of the White Paper '14-19 Education and Skills', which has since frequently been echoed by the Minister, Bill Rammell.

HE in FE: Some Historical Background

Without attempting to force the recent history of HE in FE provision into a seemingly coherent linear pattern, it is useful to examine it in the context of HE expansion into a mass system during the 1990s.² Using this optic, there are definite 'pre/post Dearing Review of HE' phases and a third, unfinished phase of development that turns on both the Public Sector Agreement (PSA) target for 50% participation in HE by 2010 and the recent acceptance by the Government of the plethora of Leitch Review of Skills targets.³

Both the 'qualifying' and 'providing' functions of FECs are long-standing, extending back to local authority strategic management of FE prior to its removal from local authorities by Incorporation of the FE sector in the 1992 Further & Higher Education Act. Then as now, FECs provided a first or a second chance for many young people and adults to obtain HE entry qualifications not available, not attempted or not achieved at school.

At the same time, the HE offered in FECs was predominantly short-cycle (up to two years), vocational and mainly part-time 'sub degree' HE, predominantly the NVQ Level 3 Higher National Certificate (HNC) and Level 4 Higher National Diploma (HND), an established 'FE brand' HE alternative to the whole range, dominant pattern of full-time first degree provision in universities and polytechnics.

Both 'qualifying' and 'providing' functions were present in many FECs, but some colleges specialised in a larger 'advanced FE' (i.e. sub-degree HE) curriculum offer whilst the majority concentrated on 'non-advanced FE' (up to Level 3), a differentiation in 'mission' evident prior to incorporation of the FE sector in 1993 and driven by some Local Authority's commitment to widening participation in their strategic management of colleges. Immediately after incorporation this level of HE provision in FECs was echoed

² Professor Gareth Parry, University of Sheffield, has written a series of useful papers on the expansion of HE into a mass system and the role played in it by HE in FE. Especially useful is 'Policy-Participation Trajectories in English Higher Education', *Higher Education Quarterly*, 0951 -5224, Volume 60, No.4, October 2006, pp.392-412

³ The recent Comprehensive Spending Review 2007 pre-Budget Report speech by the Chancellor Alistair Darling on 18 October locked government commitment to Leitch targets into 12 of 30 new Public Service Agreement (PSA) targets, six directly and six indirectly, e.g. the PSA on 'maximising employment opportunities', and allocated a substantial £5.3 billion over the CSR07 (to 2011) period to meet them. The HE and skills budget will rise from £14.2bn in 2007/8 to £16.4bn by 2010/11 and the overall DIUS budget from £18bn to £20.8bn over the same period. Annexe A contains a breakdown of the Leitch targets and the Government's implementation response, focused on 'higher level skills' and FDs.

and amplified in the influential 'Mixed Economy Group' of colleges, eighteen large General FECs with a strong HE mission that today has expanded to twenty-nine 'Mixed Economy Group' (MEG) FE colleges that deliver over 40% of HE in FE provision.

From the 1960s to the mid 1980s, government policy concentrated local authority HE provision in the polytechnics and those FECs specialising in 'advanced FE'. In 1988, the removal of polytechnics from local authority control effectively removed significant levels of HE provision from the then FE system.

In 1992, along with removing the binary divide and creating the post-92 university sector, the F & HE Act also removed FECs and Sixth Form Colleges (SFCs) from local authority strategic management, incorporating them as legally independent free-standing corporations in a new FE sector centrally funded by the Further Education Funding Council (FEFC).

Under the FEFC, the HE that remained in colleges was seen by policy makers as a minor aspect of a sector that was to concentrate on education and training at upper secondary and lower tertiary levels, i.e. mostly up to level 3 and some limited Level 4 provision, again HNC and HND level, plus some professional education directly funded by the FEFC at Level 4.

This policy direction ensured that FE's contribution to mass expansion of HE during the late 1980s and early 1990s was predominantly as a Level 3 supplier of HE-ready students, provision of HE in FECs officially regarded as residual. In this shift towards mass levels of participation in HE, FE was a major contributor, both with 'traditional' 16-19 pre-HE entrants and with adults. 'Access to HE' and similar courses made a major contribution to expanding demand for university and polytechnic first degree programmes by successfully growing a key widening participation demographic, adults returning to learn at Levels 3 and progressing to Level 4.

During this period, HE in FE was the slowest part of the whole FE system to increase, yet the proportion of HE education students taught in FE did not fall, due to HE to FE franchising. The fastest expanding polytechnics could only grow when their own institutional capacity had been reached through sub-contracting teaching of some of their undergraduate courses through franchising arrangements to local/regional FECs. 'Core and margin' funding arrangements, coupled with early developments of satellite quality assurance arrangements, allowed franchising HEIs to expand through FECs. This kept the proportion of HE in FE fairly constant, added in colleges offering HE for the first time and simultaneously diversified the subjects, modes and levels of undergraduate education offered in FECs.

Prior to the 1997 Dearing Inquiry into HE, and in the context of the deepening funding crises in HE and FE that capped undergraduate growth in the early 1990s, some HEIs necessarily reduced their HE franchising involvement, whilst some withdrew completely.

The Dearing Inquiry made a major intervention into what kind of HE in FE would be funded but the funding method more or less remained the same, bearing considerable similarity to that currently in operation today. Essentially involving partnerships between HEIs channelling HEFCE funding through to FECs ('indirect funding'), it also included some 'direct' funding by the HEFCE (where no suitable HEI partner was available) and FEFC funding for a much smaller proportion of professional and higher level vocational qualifications.

HE in FE had lain fallow for almost a decade, not seen by government as a major policy concern. The Dearing Inquiry radically challenged and changed the status quo. Responding to both widening participation and global competition, skills needs questions, the Dearing Inquiry developed a specific mission for HE delivery by FECs. Dearing believed⁴ that both of these policy drivers would increase the demand for sub-degree programmes, so argued that colleges should be directly funded to meet most of this expansion. To embed this new, enhanced sub-degree mission in the FE infrastructure and limit 'academic drift', no growth in first degree or postgraduate education (a small percentage of total FE provision) in FECs would be allowed.

Three years later the Learning and Skills Act 2000 created the Learning and Skills Council (LSC), a new national funding and planning body to replace the FEFC, operating through its then 47 local LSC 'arms', along with a new post-compulsory sector, 'the Learning and Skills sector', extended to include school sixth forms, training and workforce development and adult and community learning, alongside FECs. As in the 1988 and 1992 legislation, the 2000 Act maintained the separation between HE and the new FE sector, the majority of HE provision firmly excluded from the LSC remit and located within the HEFCE.

As the FEFC had done, the LSC retained some funding responsibility for higher level vocational and professional qualifications, responsibilities that still remain with the LSC. But as the LSC is formally a planning as well as funding body, unlike the HEFCE, colleges providing HE had to work with separate policy, funding and quality regimes with different rules, requirements and processes that also differed depending on whether HE courses in FECs were funded directly or indirectly.

There were also concerns that demand for sub-degree provision was weak or had at best stalled; that there was, according to QAA reports, inadequate quality of HE provision in a minority of FE colleges; that FECs would become subject to 'academic drift', their mission stretched by an over-loaded policy agenda. There was also considerable concern about barriers to cross-sector collaboration, especially the burden on the colleges leading HE in

⁴ Parry, *op cit*, argues convincingly that Dearing was greatly influenced by the already successful expansion of two year, 'short cycle' sub-degree provision in Scotland, which was almost exclusively delivered by directly funded FECs with no funding or quality assurance connections with HEIs.

FE, the 'mixed economy colleges', which necessarily had to deal with two separate sector bodies, the HEFCE and the LSC.

Foundation Degrees⁵

In 2000, the government published the first of their cycle of consultations on global competition and 'the skills gap', followed shortly by David Blunkett's speech launching Foundation Degrees (FDs). Designed to diminish the 'skills gap', widen participation towards the 50% 19-30 HE participation target by 2010 and up-skill the existing workforce at intermediate professional levels, the FD is a two year work focused Level 4 'short cycle' qualification, intended, over time, to replace HNCs and HNDs.⁶

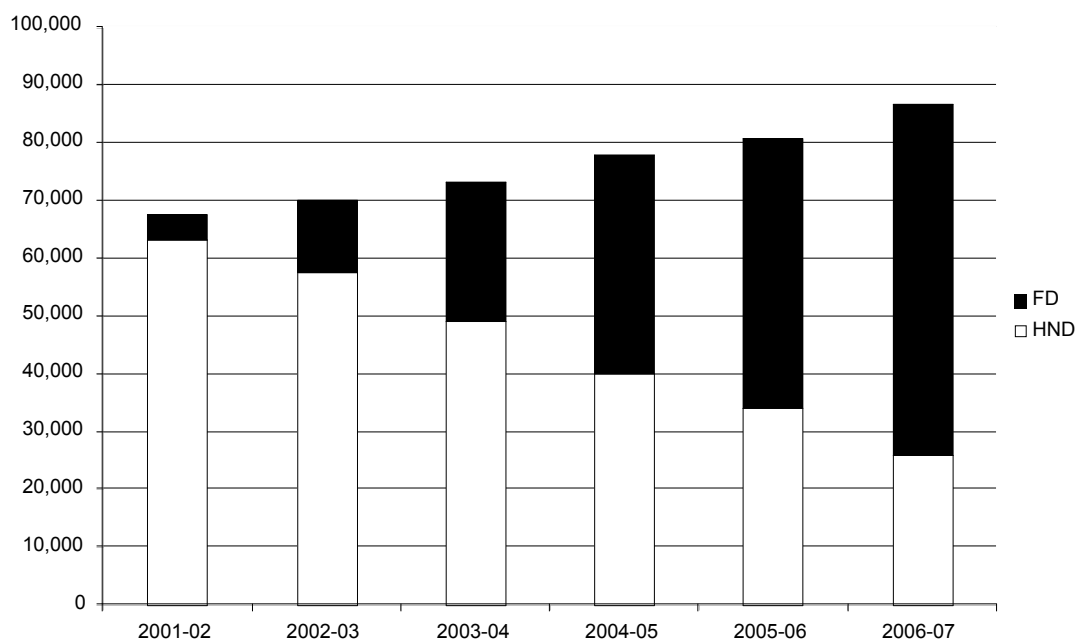
According to HEFCE evidence reproduced in Figure 1 below, Higher Nationals (HNCs and HNDs) have to a considerable extent been replaced by FDs. The HEFCE has similarly tried to estimate the number of FDs that are 'conversions' of already existing HNDs and HNCs and concluded that 51 per cent were conversions, 46 per cent 'probably developed from HNDs'.

However, Higher Nationals are not quite in terminal decline although awareness of Higher Nationals (HNs) has been reduced by the support for FDs since 2001. Edexcel, the more or less sole provider of the qualification, unsurprisingly assiduously supports them. Taking Edexcel and SQA HNs together across the UK and Ireland, there are around 110,000 students on HN programmes. But the HN has had to re-define itself in comparison to the FD. Edexcel is revising HNs. The work-related features of HNs will be stressed in contradistinction to the work-based learning expectations of FDs; the Edexcel Licence Agreement (how HEs validate HNs) has been revised and simplified; and the credit value of the HNC is under review.

⁵ A full listing of the FDs currently available - currently a total of 3,151 courses - from the FdF website at www.fdf.ac.uk/courses is contained in Annex B.

⁶ The FD was both the first major new HE qualification to be introduced into the English system since the Diploma of Higher Education (Dip HE) in the 1970s and the first 'short cycle' two year qualification to be styled as a degree rather than a certificate or diploma.

Figure 1: Students studying for foundation degrees and higher national diplomas



Source: HEFCE, Foundation Degree key statistics 2001-02 to 2006-07

From its origination in 2000, the DfES required the FD initiative to develop high quality qualifications unequivocally aligned to the workplace, so new FDs or HNDs re-modelled and re-badged as FDs must be originated in as well as delivered and monitored through authentic partnerships between universities (awarding the qualification), employers (who were to help design and develop the FD relevant to their sector) and colleges (who delivered most of the programmes), although HEIs themselves delivered FDs and still do so. These criteria were to become even more employer specific, see below, pages 11-12 and 14-16.

The FD was also required to be both a 'stand alone', exit qualification and a progression route, 'transfer' qualification to first full honours degree programmes.

Dearing's proposal to expand direct funding was dropped, FECs funded indirectly by the HEFCE through HEIs to deliver FDs. Some limited direct funding was permitted, but only where there was no clear HE partner and the would-be FE provider had scored highly on quality for related provision. Clearly, if colleges wanted to start or expand HE provision, they needed to develop partnerships with HEIs.

FE colleges HE delivery role regained coherence and extra investment after David Blunkett's 2000 launch of FDs: colleges would continue to play an important, policy driven role in providing HE to local students but they would not become independent, monopoly providers of FDs as proposed by Dearing.

The comprehensive push towards predominantly indirect funding and the need to develop authentic HE partnerships was not wholly welcomed by FECs, particularly the largest HE in FE providers the 'Mixed Economy Group', who lobbied for some form of national validating agency for the new FD modelled on the Council for National Academic Awards (CNAA),⁷ in addition to HE validation by individual universities and non-degree HE validation by the Business and Technology Education Council (BTEC, now EdExcel).

Yet most FE colleges and many HEIs were already working with indirect funding arrangements and franchise agreements. These could take several forms, all still present: a single HEI linked to as many as ten colleges in a large regional partnership, or at the other extreme, unique bilateral relationships focused on a specific 'niche' programme or section of a course.

Although Dearing had tried to stem first degree level HE in FE franchising and curb 'academic drift' in FECs' missions, indirect funding was the most often used means for FECs to teach at all levels of undergraduate education. FDs, either HNDs converted to FDs, or new FDs – for example, FDs aimed at intermediate professional and higher technician roles in the care sector and education (classroom assistant) which had not previously existed as HNDs – certainly boosted this form of provision between 2001 and 2006, as shown in Table 1 below.

Table 1: Number of foundation degree students and entrants by year and mode of study

(Home, EU and overseas students and entrants at HEIs and FECs in England)

Students				
Academic year	Full-time	Part-time	Total	% full-time
2001-02	2,530	1,795	4,320	59%
2002-03	6,295	6,015	12,310	51%
2003-04	12,240	11,710	23,945	51%
2004-05	19,780	18,040	37,820	52%
2005-06	26,910	19,870	46,780	58%
2006-07	33,895	27,025	60,925	56%

Entrants				
Academic year	Full-time	Part-time	Total	% full-time
2001-02	2,050	1,725	3,780	54%

⁷ The degree awarding authority in the UK from 1965 to 1992 for polytechnics, Scottish central institutions, colleges of HE and the Open University.

2002-03	4,860	4,345	9,210	53%
2003-04	8,205	7,210	15,410	53%
2004-05	12,890	9,220	22,110	58%
2005-06	16,835	9,850	26,685	63%
2006-07	19,895	14,120	34,015	58%

Source: HEFCE 2007/03, 'Foundation Degrees: Key Statistics from 2001/02 to 2006/07', HEFCE, January 2007.

Similarly, the numbers of HE/FE partnerships collaborating in FD provision has increased dramatically (Table 2), with a more focused policy push from Government on both sectors through the HE White paper 'The Future of Higher Education' (DfES, 2003), the Foster Review of FE (DfES, 2005), the FE White Paper (DfES, 2006), the Leitch Review of Skills, the FE and Training Act 2007 and the DIUS and DCSF responses to Leitch (July, 2007).

All of these policies were part of a larger government strategy to bring widening participation, education and employment into a closer relationship tightly focused on UK industry competing effectively in the 'global skills market' by giving 'employers' (in fact employer-led government agencies acting as industrial sector 'representatives', Sector Skills Councils, SSCs) more influence over the curriculum and qualifications.⁸

Table 2: HEIs and FECs in England involved with foundation degree provision

Academic year	Pre-92 HEIs		Post-92 HEIs		FECs	
	Number	% of institutions	Number	% of institutions	Number	% of colleges
2001-02	13	26%	37	46%	47	12%
2002-03	13	25%	46	57%	88	22%
2003-04	11	22%	57	71%	160	41%
2004-05	19	38%	64	80%	255	65%

Source: HEFCE 2007/03, 'Foundation Degrees: Key Statistics from 2001/02 to 2006/07', HEFCE, January 2007.

The FD was also placed at the upper end (either as an exit or progression qualification) of a new ladder of vocational qualifications spanning the secondary and post-secondary systems. Despite Government cherry-picking of the Tomlinson Review of 14-19 Qualifications and Assessment, 'vocational' GCSEs had already been added at Key Stage 4

⁸ Professor Frank Coffield (in 'Are we on the right road?', Adults Learning, February 2007, Volume 18, Number 9, published by NIACE) points out that the welding together of widening participation and 'the skills imperative' in policy terms has rendered widening participation subordinate to 'skills', effectively eliding the differences between the two.

for 14 to 16 year olds to open pathways to more advanced programmes that were predominantly vocational or which combined vocational and academic study. 'Vocational GCSEs' have also been pivotal in the success FE colleges have had with the '14-16 Increased Flexibility Programme' (IFP), boosting 14-16 year-olds' qualifications scores and recruiting IFP students into post-16 mainstream, predominantly vocational, programmes.

Already the main institutional location for young people and adults studying qualifying programmes leading to HE entry, FE colleges are well positioned to supply qualifications at each of the main levels in the new 'ladder' of vocational qualifications.

The development of fourteen new Integrated Diplomas at Levels I to 3 through partnerships of schools, colleges and Work-Based Learning (WBL) providers (the first teaching of the initial 5 Diplomas is due to begin in September 2008) only reinforces FE colleges' pivotal position as widening participation providers of vocational FE and HE, joining together in one institution a ladder of 'qualifying' and 'providing' roles up to and including HE.

Given that the majority of A Level students already proceed to HE, the HE participation target of 50% of 19 to 30 year olds entering by 2010 gives real force and substance to FE's double role as vocational and work-based routes into HE become more significant in reaching that target.

The HEFCE has estimated that total student numbers undertaking FDs would, on the basis of current funding projections and levels of demand, grow from the current 60,000 to 80,000 by 2010. The government target, adopted from the Leitch Review, is 100,000 by 2010.

'The Future of Higher Education', DfES 2003 sought to clarify and substantiate what was already seen to be working well despite demand for HE in FE seemingly stalling in 2003/04. The HE White Paper was clear overall on widening participation into HE, funding and the provision infrastructure:

"Further education has strengths in providing ladders of progression for students, particularly those pursuing vocational studies, and serves the needs of part-time students who want to study [HE] locally...We want this significant role to grow and continue...We believe that structured partnerships between colleges and universities – franchise or consortium arrangements with colleges funded through partner HEIs – will be the primary vehicles to meet these aims and will deliver the best benefits for learners" ('The Future of Higher Education', 2003, p. 62).

Given the rising ascendancy of 'the skills agenda' in the government education policy narrative, the HE WP specifically welded skills strategy policy onto widening participation policy:

- 'National economic imperatives support our target to increase participation in higher education towards 50 per cent of those aged 18–30 by the end of the decade. Participation in England is already 43 per cent.'

The 2003 WP set out the need to change both the type of HE provision ("We do not believe that expansion should mean 'more of the same'") and student demand ("We do not favour expansion on the single template of the traditional three year honours degree") towards a pre-eminent role for FDs in the planned expansion of HE:

- 'The bulk of the expansion will come through new types of qualification, tailored to the needs of students and of the economy. Our emphasis will be on the expansion of two-year work-focused foundation degrees, as they become the primary work-focused higher education qualification.'

It substantiated a central role for employers in the design and development of FDs:

- 'We will support employers to develop more foundation degrees focusing on the skills they really need; we will encourage students to take them by offering financial incentives for them; and we will fund additional places for foundation degrees rather than traditional three-year honours degrees.'

It firmly re-sited HEI/FEC collaboration in the infrastructure of development and delivery:

- 'Foundation degrees will often be delivered in Further Education colleges, and we will build and strengthen the links between further and higher education, to give students clearer progression pathways and support the development of work-based degrees. As part of this, we will streamline the funding regimes to make collaboration easier.'

It elaborated a new, HEFCE-funded cross-sectoral validation and support agency:

- "Foundation Degree Forward' (FdF), a network of Universities which are leading the development of foundation degrees, both as a catalyst for the further development, a reservoir of good practice, and to provide a validation service for foundation degrees offered in further education, so that students can be completely confident about their quality.'

The HE WP was also concerned to reduce 'barriers' to HE/FE collaboration:

'As part of making it easier to form sensible partnerships across the further education/higher education boundary, government will remove unnecessary bureaucracy where provision crosses sectors...

...[and difficulties presented] by the need to respond to the two different funding council regimes in relation to planning, funding and data collection, as well as the difficulties of juggling the requirements of the two quality assurance and inspection arrangements...

We will work with the HEFCE and the LSC to take forward ways of reducing the difficulties 'mixed economy' institutions currently face as a consequence of operating within two funding regimes. This will include reviewing the administrative and legislative barriers that exist to improve greater integration of systems.'

(‘The Future of Higher Education’, DfES 2003, paragraph 5.24)

This paragraph began the resolution of many of the problems identified in previous policy papers, the HEFCE now the clear HE in FE funding and development agency,⁹ the LSC ‘HE Strategy’ retaining its funding role for some non-degree and professional qualifications but otherwise an echo of HEFCE policy for HE in FE.

The 2005 Foster Review of FE was equally clear on FE’s contributory strengths in widening access to HE, in *providing* HE and the need to facilitate *collaboration* between the two sectors:

‘FE colleges in England contribute more than a third of undergraduates to higher education (indeed they are the main route for adults and for entrants from lower socio-economic groups). They are absolutely essential to the Government’s drive on widening participation in higher education. We must continue to bring down the walls between FE colleges and universities if we are to open such opportunities to everyone...Lifelong Learning Networks (LLNs¹⁰) centre around developing progression arrangements between the FE and HE partners and typically will link together colleges and universities across a city, area or region.’

Foster strongly reiterated the now dominant and indivisible policy combination of widening participation with a skills strategy fit to address the pressures of global competition¹¹, requiring greater cross-sectoral collaboration:

Foster Report Recommendations:-

⁹ The full cost of FDs since the first courses started in 2001, including recurrent funding, advertising and development costs, is contained in Annex C

¹⁰ UCU has positive policy on LLNs.

¹¹ Foster’s Review and Final Report both reference and trail the Leitch Review of Skills, as the Leitch Interim Report was published in the January following publication of the Foster Review in November 2005.

'The Government articulates a core role for the FE colleges, in particular GFECs, in supplying economically valuable skills. General FE, tertiary and specialist colleges should adopt as their primary purpose improving employability and supplying economically valuable skills.'

'The Government recognises that a primary focus on skills does not exclude other significant purposes in promoting social inclusion and facilitating progression.'

'HEFCE and LSC, colleges and universities should expedite work to ensure clear learner pathways exist across the country to enable progression to higher levels.'

The FE WP March 2006 was carefully structured as a positive government 'response' to Foster, with an Annexe detailing all of his recommendations linked in to the WP.

The FE WP accepted the main recommendation of the Foster Report and established a new, main mission for the sector: 'to help people gain the skills and qualifications for employability'¹². Similarly, the sector should be 'reconfigured' around this mission, the WP claiming that 'this strong focus on economic impact does not come at the expense of social inclusion and equality of opportunity – the two reinforce one another'.

The last point is highly arguable: since the publication of the WP colleges are slowly closing courses not linked to 'the main mission'.

Likewise, Foster's other major recommendation that the 'DfES should provide a coherent and managed framework spanning schools, FE and HE', an architectural role which could have further underwritten the progress made in FE and HE cross-sectoral working, has now been split across two departments of state dealing with education, the Department for Children, Schools and Families (DCSF) and the Department for Innovation, Universities and Skills (DIUS).

The FE and Training Bill was published in late November 2006 and contained the near totally unexpected proposal (Clause 19) that FECs would be able to apply to the Privy Council to validate their own FDs. The Bill received Royal Assent on 24 October 2007, becoming the Education and Training Act 2007. Although this proposal has been amended it remains substantially what was originally proposed.

¹² There are many critiques of 'employability'. Recently described by Professor Frank Coffield (*'Are we on the right road', 'Adults Learning', NIACE, February 2007, Volume 18, Number 6*) as 'an empty, unsatisfying concept', especially when compared to 'education', employability means "a state of constant becoming, a readiness to be trained and re-trained for whatever types of employment are available, leaving learners searching for individual solutions to systemic problems".

Government responses during the passage of the Bill show that policy on HE in FE will remain within the parameters set out in HEFCE's early November 2006 policy consultation on HE in FE expansion, particularly through FDs. Any FEC that wants to gain FD awarding powers:

- will have to satisfy criteria developed by the QAA,
- the QAA will also be directly responsible for external quality monitoring
- FECs seeking degree awarding powers must establish an 'articulation agreement' with an HEI to enable learners to progress from a FD to a full honours degree, the so-called 'Dearing Amendment'
- there will necessarily be input from relevant SSCs¹³ within the relevant 'FD Frameworks' led and developed by 'FdF' that bring in all the relevant partners
- local or sectoral 'engagement with employers' will be a benchmarked part of the process

This development links back ten years to the Dearing Inquiry and the disappointment expressed by 'Mixed Economy Group' (MEG) college leaders, who have now obtained access to the national FD validation that they then unsuccessfully attempted to lobby Dearing to implement.¹⁴

Clause 19 was as controversial as it was unexpected. Clause 19 amends section 76 of the 1992 F and HE Act to enable the Privy Council to 'grant FE institutions in England the power to award only foundation degrees.'

The government arguments were that many colleges have earned the right to be able to award at this level of provision; a considerable amount of this type of HE provision is now offered through colleges, Clause 19 merely formally endorsing it; and the Leitch Review of Skills had significantly pushed up government ambition at this level: "by 2014, we will aim for 36% of adults to be qualified to level 4 and above, up from 29% in 2005." It is very

¹³ Leitch's original Report overstated these powers. In the non-HE sector, SSCs have extensive powers: they devise appropriate Sector Qualifications Strategies, develop National Occupational Standards, approve vocational qualifications for their sectors and advise the LSC on which qualifications are eligible for and priorities in public spending. Leitch conflated these powers onto FDs. SSCs do have a strong influence in the development of FDs and *must* be involved in new and existing FDs through the QAA FD Frameworks developed with and through FdF at the request of the QAA and HEFCE. So these are not the same direct powers they have over qualifications, funding and quality within LSC funded provision, although they are as effective because they are embedded in the FD Frameworks, a form of partnership that Parry, *op cit*, defines as "quasi-compulsory collaboration".

¹⁴ The Minister Bill Rammell was lobbied twice during 2006 on the issue of FD awarding powers by the Chair of the MEG group of colleges, John Widdowson, Principal of New College Durham, and Ray Dowd, ex-Principal of The Wirral College, a member of MEG, recently LSC 'Agenda for Change Champion' and a frontrunner for the still vacant AoC Chief Executive post.

unlikely that HEI capacity could have been expanded fast enough to meet this target, so FE and HE had to become jointly responsible for meeting it.

Universities UK (UUK) led the case against Clause 19 on three fronts: they argued that quality would be compromised, progression blocked and collaboration undermined, if not turned into outright competition for the same students. These issues were all debated in the House of Lords where some important caveats were brokered by Lord Dearing and built into the Education and Training Act 2007. The QAA will therefore advise on whether applicant institutions have met the conditions to gain the right to award foundation degrees; institutions must identify progression opportunities in advance through 'articulation agreements'; FD awarding powers will be granted for 'a probationary period' of 6 years; during this period awarding powers will be restricted to 'persons enrolled at the institution;' and the Secretary of State will report back after four years on progress and quality.

The Leitch Review of Skills (2006) and the Government Response to Leitch (July 2007).

The main recommendations of the Review, aligned with the July 2007 government response, and including a section on issues raised in Leitch that are specific to FDs and mostly concerning the enhanced role of SSCs, are outlined in Annex A. As noted earlier, Leitch's recommendations and targets have gained both substantial earmarked extra funding, particularly for 'higher level skills', and twelve direct or indirect PSA targets in the Chancellors recent October 2007 pre-Budget Report.

FDs are a central component of the ambitious Leitch targets, the government's response to Leitch in its September 2007 Implementation Plan and their reiteration in two of the recently announced PSA targets. The government's Implementation Plan does build in a cautious interim step, of 36% of adults to be qualified to level 4 by 2014, on the way to the demanding Leitch target of "exceeding" 40% by 2020.

'Demand-led funding', the defining policy strand of the Leitch Review, has also generated much comment and controversy but considerably less in the way of conclusions. One crucial indicator in the operation of demand-led funding to expand FD take-up, co-funding by employers, has already been examined by the HEFCE.

As Level 4 qualifications, FD fees will not be subsidised (unlike Level 2, through Train to Gain, and some limited co-funding at skill-shortage Level 3 for under-25s): the employer and/or employee will generally not receive any fee subsidy.

Since their launch, FDs were intended to stimulate interest from both employers and students in employer-led HE. They have been developed with extensive employer input and marketed as a more vocationally focussed form of degree course. So the extent to

which employers currently contribute to FD course costs is an indicator of the overall strength of employer demand.

As Table 3 (reproduced from the HEFCE's recent summary of FD statistics¹⁵) shows, of 2004-05 FD entrants, only 2,045 (1,650 part-time and 495 full-time students) had their tuition fees paid by their employer. With approximately half a million¹⁶ students entering higher education every year this means that employer funded FD students represent merely 0.4 per cent of the total entry.

Table 3: Tuition fee payment (2004-05 foundation degree home entrants registered at English HEIs and FECs)

Source of tuition fee	Full-time		Part-time	
	Number	%	Number	%
No support	5,140	40	3,965	51
Statutory student support (part or whole)	5,035	39	660	8
Department of Health and related bodies	390	3	65	1
Other payment by public bodies or charities	100	1	110	1
Employer	495	4	1,650	21
Other	305	2	495	6
No fee or fee waived	490	4	375	5
Unknown	795	6	495	6
Total	12,750	100	7,815	100

This evidence is seemingly contradicted by a recent 'THES' article which reported that the HEFCE's plans to encourage employers to meet the cost of degree courses are 'proving successful.' Figures given to the 'THES' by the HEFCE 'show that the equivalent of 2,797 F/T employer co-funded student places have been allocated so far to 17 institutions for 2008-09 (presumably HEIs and, indirectly, FECs) with employers contributing an average of 34 per cent of the cost, totalling 5,000 new students'. ('THES', 26 October, p.3).

¹⁵ *Foundation Degrees Key Statistics 2001-02 to 2006-07* (Readdy, L.)

¹⁶ Table UG39, in Annex C of Readdy, above, gives a figure of 504,095

The Secretary of State at DIUS John Denham has asked the HEFCE to develop an 'employer co-funding methodology', so these figures may well be used by ministers as evidence that FDs, with their focus on employer requirements, are successfully ushering in a new era of employer-funded HE.

However, a more cautious analysis - especially as the figures 'released to the THES by the HEFCE' do not differentiate between public and private sector employers in charting employer co-funding contributions - would point to a system undergoing an as yet unfinished three-stage transition:

- From HE in FE pre-Dearing to the elaboration in Dearing of a policy focussing on 'short cycle' (two year), sub-degree employer-led HE qualifications;
- Continuation of the major thrust of Dearing policy on sub-degree expansion through to the early stages of FD implementation, from David Blunkett's launch of FDs in 2000 and the 2003 HE White Paper setting out to "change the pattern of demand for HE" (HE WP, 2003) by students and employers that began embedding FDs in HEIs and FECs by developing new courses heavily focused on public service sectors;
- To the current open ended stage of Leitch target-driven, demand-led funding of 'higher skills' in both HE and FE, including a concerted, benchmarked SSC 'push' towards greater 'employer engagement' with private sector employers and the development of new 'niche' FD qualifications via partnerships that must be developed within the QAA determined and FdF supported 'Foundation Degree Frameworks' and could be either directly or indirectly funded by the HEFCE, the former beginning the resurrection of a Dearing proposal 'shelved' for nearly ten years.

Any discussion of evidence on demand for FDs must necessarily be based on extrapolations from existing forms of provision. On that basis analysis of FD subjects over the 'second period' of HE in FE development between 2001/02 and 2005/06 suggests that the development of and demand for 'new' FDs has had a major focus in and on the occupational profiles of associate professionals in the public sector, designed to equip learners with the knowledge, skills and competences for what have become graduate level jobs.¹⁷

In 2004-05, home entrants in social work, education studies (excluding teacher training and combined education courses) and subjects allied to medicine (excluding medical science, pharmacy and nursing) totalled 5,925 of whom 2,245 were full-time. It is probable that most of these entrants were associate professionals in healthcare (old established associate professional roles in, e.g., dentistry as well as newer professional groups such as counselling).

¹⁷ 'HEFCE 2007/03 Foundation degrees: Key Statistics 2001-02 to 2006-07'

As Sastry and Bekhradnia¹⁸ point out, this is significant because the experience of previous attempts to promote vocational HE through the development of new qualifications is that it is easier to embed new qualifications in the public sector than elsewhere, e.g. the Dip HE becoming an established professional qualification in nursing in the 1980s.

This 'second phase' of FD development and derived demand for it has undoubtedly widened participation. According to QAA research, the first tranche of FDS from 20001/02 to 2005/06, bolstered by expansion in public sector related FDs, has changed widening participation profiles. There are more students from HE low participation areas, e.g. the clear example of increased participation in the North West of England, the lowest HE participation region, as well as across the range of HE enrolments: more 30-40 year old women, 'non traditional students' and 'first person in the immediate family to have entered HE'.

There is also evidence from the QAA that many FE students have entry qualifications other than A Levels. The January 2007 HEFCE 'Foundation Degrees: Key Statistics from 2001/02 to 2006/07' paper, written with input from both the QAA and FdF, contains a snapshot of FD student characteristics. A summary is contained in Annex D.

Based on the Leitch targets, government ambition for the current 'third phase' of expansion is, however, much greater than can be sustained by expanding public sector related FD development. Government policy is to create new forms of provision (across all industrial sectors, in curriculum content and how that is delivered) to stimulate completely new demand from both students and employers.

The funding, planning and development machinery to support this expansion – the HEA, FdF, LLNs, employer engagement targets for both FE and HE, the 2007 CSR settlement – are now all lodged in the policy implementation apparatus, but before the implications of these are reviewed it is necessary to examine the impact of 'employer-led' provision on both HEIs and, by implication FECs. ¹⁹

Government policy, following Leitch on 'employer-led' provision, implicitly contains a state/employer/learner 'co-funding' model and presents HEIs with what Sastry and Bekhradnia (op cit) argue are hard and complex decisions:

¹⁸ 'Higher Education, Skills and Employer Engagement', Tom Sastry and Bahram Bekhradnia, Higher Education Policy Institute, May 2007

¹⁹ Potential for more direct funding of FECs, either under the new, revised HEFCE HE in FE funding criteria for HE in FE developed from HEFCE's November 2006 Consultation (see pages 20 - 22) or direct funding through FECs accessing their own degree awarding powers through the Privy Council, will have an impact, but these are very much new policies entering their implementation cycle.

- HEIs have less freedom to develop their own provision as they have to satisfy both employers as well as students as customers, rather than focussing solely on student demand as happened during the relatively unplanned expansion of HE into a mass system during the 1980s
- The implications of 'co-funding' are that the employer and/or the learner meet at least some of the costs currently met by the state²⁰
- A requirement to raise additional funding from employers
- Greater risk, as employers can simply not bother or abandon provision, and because demand by students for increased employer-focussed provision is 'not proven' as FD development moves out of the relatively 'safe' public sector market and other 'strong' areas of sub-degree provision in art and design, land-based education, ITC and business studies and into the completely new 'Phase 3' pattern of creating demand for HE from private sector employers and within potential students' perceptions of opportunities within related labour markets.

There has been some 'pump-priming' compensatory funding directed by HEFCE towards HEIs in the form of Higher Level Skills 'Pathfinder' projects in three regions, and the HEFCE Strategic Development Fund (SDF) has provided direct funding for the teaching costs of eleven projects centred on employer engagement.²¹

But 'pump-priming' funding is not intended to be sustainable in the long term, so the real question is two-fold. Will government contributions to expansion of employer co-funded HE supply become financially constrained, and will HEIs still want to expand student numbers?

The first case is unlikely. There is policy space for a potential 'squeeze' on 'mainstream' HE if for no other reason than demographic decline in the numbers of young people, the substantial and rapid reduction of school-leaver numbers through to the end of the next

²⁰ This also applies to the Learning and Skills Sector. Since the introduction of differential fees ('top-up HE fees') and the Leitch Review of Skills, the 'who pays?' question has become more or less routinely answered in government policy as 'the individual or employer who benefits'. So, given some exceptions, Level 2 ('5 good GCSEs' equivalent), at whatever age, is usually fee-free *if* the individual learner is not already qualified to a Level 2 or equivalent; Level 3 (A Level equivalent) is fee-free under 19 and wholly or partially fee-free to individual learners between 19 and 25 for Level 3 courses where local LSCs identify local labour market demand; and at Level 4 (degree equivalent) fees should be 'co-funded' by 'those who benefit' either from enhanced wages (students) or through enhanced profitability (employers).

²¹ Sastry and Bekhradnia, *op cit*, who report that £22 million has thus far been allocated from the SDF to 11 employer engagement projects. If all the institutions involved met their recruitment targets, this amounts to a considerable £12,000 plus per FTE student.

decade. The government could decide to take a 'demographic dividend'²² out of a reduction in planned funding for demographically reducing student numbers.

This is also unlikely because the decline in the young population will be concentrated in those social groups who participate least in HE so the effect on student demand will be less severe²³ and, more significantly, government policy has a different, two-fold trajectory.

Following on from the 2003 HE White Paper there is both a steady state projected for 'mainstream' HE numbers (i.e. a restriction on the supply of new funding for non-vocational HE) *and* a planned increase in employer-led vocational HE provision, now well substantiated by the considerable funding allocated to Leitch objectives for 'higher level skills' targets, re-skilling the adult working population and widening participation by those social groups under-represented in HE in the recent pre-Budget Report on the CSR07.

In the second case, although some HEIs could decide that the status quo on recruitment is preferable to expansion on unfavourable 'co-funding' terms, collectively that is unlikely. In Sastry and Bekhradnia's²⁴ forceful phrase, "Expansion matters to English universities – particularly those who receive a high proportion of their income from teaching" because the Government is pledged to maintain funding per student - the 'unit of resource' relative to inflation - with fee increases also pegged to inflation.

However, costs in HE inevitably rise faster than inflation, so if numbers are static, institutions lose. On the other hand, if student numbers rise, this cost inflation effect is off-set by economies of scale because the marginal cost of teaching additional students is less than the mean cost per student, so "over the long-term, expansion helps to balance the books".²⁵

Given that the Government is both politically optimistic about engineering demand for new forms of HE amongst students and employers, earmarking funding for implementation in the CSR, courting employers to invest and developing new entry and progression routes whilst simultaneously restricting new funding for non-vocational 'mainstream' HE, then it is in the interests of some but possibly not all English HEIs to eagerly reassure the

²² If the government decides that there will be reduced demand for HE on the basis of demographic downturn it could cut funding to the sector, freeing resources for other purposes.

²³ 'Demand For Higher Education to 2020', Bekhradnia, B, HEPI Report Summary, 2006.

²⁴ 'Higher Education, Skills and Employer Engagement', paragraph 85, page 27

²⁵ 'Higher Education, Skills and Employer Engagement', paragraph 85, page 27

government that new sources of demand can be found or elaborated to draw down these new sources of funding.²⁶

Adult skills and 'higher level skills', with FDs in the vanguard, emerge as frontrunners for HE student number expansion, closely followed by the increased participation in HE the government hopefully anticipates will follow on from the new 14-19 Levels 1 to 3 Diploma progression routes, a 14-19 initiative that has also benefited from a high funding allocation in the September CSR.²⁷

The 'Phase 3' expansion of HE in FE will continue to be funded and managed by the HEFCE but with significant additions resulting from their November 2006 consultation on HE in FE. The HEFCE has collated responses and published its response. The consultation proposals covered four main areas:

- The distinctive contribution that higher education (HE) in further education colleges (FECs) makes to HE provision overall
- The strategic development of HE in FECs
- Funding and relationships
- Centres for HE Excellence in FECs.

The HEFCE received very strong support for most of their proposals, with the exception of the proposal about capital funding, where there was no consensus.

The proposal on capital funding would have replaced the existing formulaic capital allocations to all colleges with a selective approach whereby some colleges would receive support for large developments but many would receive no capital funding.

Unsurprisingly, less than half of the HEFCE's respondents were in favour, so the existing formula remains although there will be a tussle with the LSC to determine which approach becomes predominant.

²⁶ Given the way that HE funding works and that the Leitch Review called for more provision of employer-led HE (especially FDs) to be simultaneously supported by much increased levels of government investment, the opposition by some HEIs to FE degree awarding powers being granted to (some) FECs on the grounds that this would deter HEIs from continued involvement in FDs was never seriously likely to dissuade the government from its course.

²⁷ The 14-19 Diplomas and their impact on HE is examined in the paper tabled as Agenda item 7, also contained in this paper as Annex E. The recent announcement on new 'Subject-led' Diplomas in Humanities, Science and Languages is significant for a number of reasons rehearsed in Agenda item 7. The 'expert panel' co-opted by DCSF to progress these developments is significant for its inclusion not only of Tomlinson but also the VCs of Exeter and Leeds Universities (something the original Tomlinson Review of 14-19 Qualifications never managed) and of Jackie Fisher, Principal of the aggressively expansionist Newcastle College and also, again significantly, Chair of HEFCE's Widening Participation Committee.

- The role of HE in FECs

This is very much the government policy agenda as of late November 2006, strongly accenting access, widening participation, particularly in low HE participation regions, the 'skills agenda' and learner progression within individual FECs, an acknowledgement of the 'qualifying' for and 'provision of' HE functions embedded in FECs with viable HE provision.

- Strategic development of HE in FECs

The HEFCE expects all FECs, whether directly or indirectly funded, to have a strategy for the development and delivery of their HE provision that is made available to the HEFCE to support future funding decisions on HE in FE in consultation with the QAA. Beginning in January 2008, the HEFCE will pilot this exercise in about 30 FECs covering all nine regions to reflect the diversity of provision (size of provision, method of funding, qualification aim, and mode of study etc). Groups of colleges, with their higher education institution (HEI) partners, are also invited to submit their joint strategies.

- Funding and relationships

The HEFCE proposed that colleges with indirectly funded HE provision should have a minimum of three years of security for funding and student numbers available to them to facilitate long-term strategic investment in HE (UCU had argued for a five year minimum). The HEFCE has also made a range of proposals to increase the clarity and transparency of funding partnerships between HEIs and FECs.

- Centres for HE Excellence in FECs

The HEFCE will support 'Centres for HE Excellence', a proposal from the DfES that first surfaced in the FE White Paper, 2006, 'Further Education: Raising Skills, Improving Life Chances', with both capital and revenue funding, now guaranteed in the September CSR07 pre-Budget Report, to 'directly promote the emergence of excellent practice...that should contribute to the strategic development of HE in FECs'. The 'Centres for HE Excellence' will be developmental, employing different models and may be formed by single institutions or by several. All FECs that have agreed an HE strategy with the HEFCE will be able to bid to become a Centre. HEIs will also be able to bid, but only in partnership with one or more FECs.

Most FECs already have at least one Centre of Vocational Excellence (CoVE), a DfES inspired, LSC administrated quality mark and one-off funding premium. These standards are due to be reviewed and re-branded following both the Foster and Leitch Reviews, with the expectation that the new CoVE status will also continue to drive the development of 'FE Academies', subject-specific delivery 'spines' across the country linking a group of colleges with CoVE status as specialist providers, e.g. the Financial Services Academy of six colleges across England led by City College Norwich.

Clearly, CoVEs and Centres for HE Excellence in FECs stem from the same DfES and now DIUS and DCSF policy drivers that stress specialisation and 'mission differentiation', and will differentially advantage those institutions that have already substantiated their operations in this direction both within and across regions, e.g. the recent operations of Newcastle College in 'merging' with - effectively taking over - Skelmersdale College, 180 miles away in Lancashire.

This does not so much represent Foster's banner headline about "bringing down the walls between FE colleges and universities" but rather illustrates that the HE and FE sectors are becoming more similar under the impact of the same type of policy initiatives.

The FE sector's 'boundaries' were always more permeable, both between schools and the HE sector, and have become even more blurred since the transformation of the 'FE Sector' into 'the Learning and Skills Sector' following the 2000 Education Act that created the LSC as the national funding and planning body for 14-19 education, adult and community learning, the post-compulsory training sector and, supported by the HEFCE, 'HE in FE'.

The imperatives of the Leitch agenda will intensify the complexities of progression to and increasing participation in a mass system of HE, further blurring the boundaries which once framed an elite HE system. The application of market-based approaches to HE and FE have been matched by the inter-linked promotion of cooperation and collaboration between HE and FE, between both sectors and schools and between institutions and government sponsored employer-led bodies like the SSCs, so that collaboration and partnership have become "semi-compulsory requirements of a number of policies, including the allocation of additional student numbers".²⁸

The wider policy narrative of public service reforms ('public value' policy, led by the Cabinet Office) lies behind many of these initiatives. It requires public bodies to accept greater risk and/or makes new requirements to raise some of their own funding in return for greater operational independence and, sometimes, additional state funding. HE and FE are equally subject to this background policy. Policies in both sectors are aimed at increasing institutional differentiation and specialisation in the post-secondary system by sector, provider, 'mission', programme and qualification.

In HE, policies directed towards differentiation and diversification - of mission, programme and qualification - were associated particularly with the drive to increase HE participation rates up to the 50 per cent target. 'Employer-led' provision is part of the same process: funding for teaching, research and knowledge transfer is still predominantly supplied by the state, but institutions, both HE and FE, have 'greater freedom' to access (or invent)

²⁸ Parry, op cit, page 409.

new funding sources for themselves, hence government pump-priming of 'higher skills co-funding'.

In FE, differentiation and specialisation policies have been equally pervasive. A mix of competition, collaboration and inspection produced clearer differentiation between FECs: the first requirement in the 'Success for All' policy (2001/02) after the inception of the LSC was for every college in the sector to conduct a 'mission review' that was tested against the local LSC's evaluation of recent college performance and local labour market demand.

Similarly, re-organisation via mission and internal performance review to identify one or more vocational specialisms was essential to gaining CoVE status. Having CoVE status for a vocational specialism became essential for joining other FECs with CoVE status in a national FE Academy 'spine'. CoVE status, or its re-vamped equivalent, will be equally essential in both FEC bids to increase HE volumes within that subject specialism and to bid for HEFCE 'Centre for HE Excellence' student numbers, funding and quality regime conditions.

Increased differentiation through every college 'playing to its own strengths' is recognised in and marketed through CoVE status and, if an FEC wants to expand its HE provision, will be an essential stage in bidding for 'Centre for HE Excellence' status. CoVE and 'Centre for HE Excellence' status will become essential for FECs both in HEFCE competitive funding decisions and, over the event horizon, in the 'Reputation' indicators the LSC is developing through 'Framework for Excellence' in the run-up to FE becoming a 'self-regulating' sector.

In earlier phases of HE in FE provision, colleges could offer HE programmes, however small. Whatever the size of their HE provision, colleges will now have to show - to the HEFCE, to the QAA, to relevant SSCs, to local employers, to students - that they are providing 'excellent', 'employer-led' HE to standards that can support further high-quality growth. Underlying that, as post-Leitch HE in FE providers, they will have to show that their main priority is employability as much as widening participation.

Annex A

The Leitch Review of Skills (2006) and the Government Response to Leitch (July 2007).

The main recommendations of the report:

- Increase adult skills across all levels. Progress towards a world class competitive economy is best measured by the number of people increasing skills attainment. The raised ambitions will require additional investment by the State, employers and individuals. The Government is committed to increasing the share of GDP for education and skills. Additional annual investment in skills up to Level 3 will need to rise to £1.5-2 billion by 2020. Increased investment is required in higher education, but costings are difficult to project accurately.

[Accepted in Government Response to Leitch]

- Route all public funding for adult vocational skills in England, apart from community learning, through Train to Gain and Learner Accounts by 2010

[Accepted, but delayed to 'by 2015']

- Strengthen employer voice. Rationalise existing bodies, strengthen the collective voice and better articulate employer views on skills by creating a new Commission for Employment and Skills, reporting to central Government and the devolved administrations. The Commission will manage employer influence on skills, within a national framework of individual rights and responsibilities

[Actioned, Chair appointed]

- Increase employer engagement and investment in skills. Reform, relicence and empower Sector Skills Councils (SSCs: employer led, government supported industrial sector bodies set up after the last government WP on skills in 2004. Deliver more economically valuable skills by only allowing public funding for vocational qualifications where the content has been approved by SSCs. Expand skills brokerage services for both small and large employers

[Accepted, but see below on application to FDs]

- Launch a new 'Pledge' for employers to voluntarily commit to train all eligible employees up to Level 2 in the workplace. In 2010, review progress of employer delivery. If the improvement rate is insufficient, introduce a statutory entitlement to workplace training at Level 2 in consultation with employers and unions

[The 'Pledge' was initiated but seems to have lost impetus: there is no longer a 'Skills Czar' in the person of Digby Jones, ed-Director General of the CBI, as he is now a junior government minister in the Lords and has not been replaced.

- Increase employer investment in Level 3 and 4 qualifications in the workplace. Extend Train to Gain to higher levels. Dramatically increase Apprenticeship volumes. Improve engagement between employers and universities. Increase co-funded workplace degrees. Increase focus on Level 5 and above skills
- Increase people's aspirations and awareness of the value of skills to them and their families. Create high profile, sustained awareness programmes. Rationalise existing fragmented 'information silos' and develop a new adult careers service

[Actioned through the recently launched £8 million LSC marketing and publicity programme]

- Create a new integrated employment and skills service, based upon existing structures, to increase sustainable employment and progression. Launch a new programme to improve basic skills for those out of work, embedding this support for disadvantaged people and repeat claimants. Develop a network of employer-led Employment and Skills Boards, building on current models, to influence delivery.

[The Government, like Leitch, is fairly lukewarm about regional Employment and Skills Boards. As yet there is only one, chaired by the London Mayor, which is about to develop an adult skills strategy for London]

Key Passages with potential impact on the Foundation Degree qualification:

23: "Currently, employers collectively articulate their qualification needs through their Sector Skills Council (SSC). Their main tasks have been to drive up employer demand for skills and influence provision through drawing up Sector Skills Agreements (SSAs) to ensure that planned provision meets employer needs. They have also had a lead role in developing Sector Qualification Strategies, alongside the Qualifications and Curriculum Authority (QCA) and developing Skills Academies, together with the LSC. There are signs that the current system of SSCs is bedding down well, with some examples of excellence. However, overall performance is patchy due to conflicting objectives, the lack of a clear remit, deficiencies in performance management and ineffective leadership. Employers through SSCs are empowered to introduce measures, such as levies and licences to practise, where a clear majority in that sector support it."

Box 2 [following paragraph 23]: A demand-led system

Leitch cites Train to Gain where "Providers only receive funding if they effectively meet the needs of their customers" and the Employer Training Pilots:

"The review has concluded that this sort of approach must be embedded across the system so that providers only receive funding as they attract customers, rather than receiving a block grant based upon supply-side estimates of expected demand. Building a demand-led system is the only way in which to increase employer and individual investment in skills and ensure that increased investment delivers economically valuable skills."

55: "A clearer remit will make it easier to judge whether SSCs are performing effectively. The increased responsibility SSCs will have under this more focused remit, particularly their lead role in qualifications, will give employers a much greater incentive to engage with their SSC and performance manage it from the bottom up. The Commission will performance manage SSCs from the top down, relicensing those that are failing."

56: "For vocational qualifications, only those approved by SSCs should qualify for public funding."

This paragraph seems to refer mainly to QCA approved qualifications and largely argues for a reduced number of qualifications and a simplified qualifications system: "SSCs should develop a short list of valid qualifications, with a very significant reduction in the overall number by 2008." It is argued that the current number of 22,000 qualifications provides a confused picture for employers and individuals.

73: recommends a new offer to adults to help increase a culture of learning across the country, to increase choice, raise aspiration and awareness, a new adult careers service to enhance informed choices and financial support for Level 2 and basic skills.

Specific References to Foundation Degrees:

84: "Skilled workers will benefit from greater opportunities to develop themselves and their careers. Both employers and individuals will invest more in training. Train to Gain brokers will be in contact with an increasing proportion of employers. Discussions will take place with managers and owners about the best training for their organisations. This will include the offer for match-funded Level 3 training, management training or Level 4 courses such as Foundation Degrees. More adult Apprenticeships will be available for those individuals and their employers who wish to fill skills gaps."

3.56: "Concentrating too much on younger age groups could create further longer term problems for the amount and the use of high level skills in our workforce. With more young people qualified to this level and fewer older people, it increases the likelihood of poor deployment of higher-level skills with relatively under-skilled owners, managers and leaders unable to find the best uses of new graduate recruits. As the Higher education White Paper stated, new higher education growth should not be 'more of the same', based on traditional three year honours degrees. Rather provision should be based on new types of programme offering specific, job-related skills such as Foundation Degrees."

4.20: reiterates this position and adds:

“The Review recommends that this is the right basis for future HE expansion, using Train to Gain and new types of employer led provision to progress both towards the 50% participation target and to the broader adult attainment target. There should also be greater emphasis upon level 5 activity, again in collaboration with employers.”

4.27: The Review recommends a new, clearer remit for SSCs, focused on a:

- “Lead role in vocational qualifications. As detailed below, SSCs will be responsible for identifying and approving vocational qualifications for their sectors in England with *only SSC-approved, vocational qualifications at NVQ Levels 1 to 5, including Foundation Degrees, eligible for public funding.*”

This was regarded as the most controversial proposal concerning FDs in the Review. Confusingly, elsewhere FDs are *not* included in this proposal for demand-led funding (e.g. 4.41 only refer to NVQs in the context of SSC approval and demand-led funding).

4.38: returns to the same issue:

“The picture at the higher end is different. NVQ Levels 4 and 5 are developed in the same way as other vocational qualifications. However, there are key differences in the way that other higher education qualifications, including Foundation Degrees, are developed. Universities are responsible for developing and delivering their own courses. Institutions, rather than exam bodies, award degrees, including Foundation Degrees and postgraduate qualifications. Therefore, to influence content, employers and their SSCs have to develop direct relationships with universities.”

4.39: cites “many good examples of employer and higher education collaboration” and commends the work of ‘Skillset’ (Creative and Media SSC) and ‘e-skills’ (IT SSC).”

4.43-4.44 refer to the SSCs accrediting employers’ own training, including “higher level provision offered by employers, where it is of a sufficiently high standard”, suggesting that SSCs will be allowed to approve new qualifications based on employers’ own internal training where this meets national quality assurance requirements.

This accreditation facility for employers matches into the Qualifications and Curriculum Authority’s (QCA) development of an adult Qualifications and Curriculum Framework (QCF) that will also expand the existing, currently small-scale facility for employers’ in-house training to be given a qualification level within the new framework.

‘Foundation degree Forward’ (FdF), the HEFCE-funded FD support agency, is already working on how this can be taken forward for ‘higher level skills’, both as a progression route into FD provision or integral to FD provision itself, if, in both cases, it meets the required level outcomes and is of suitable quality. ‘FdF’ see this as “best delivered through partnerships and we would hope to integrate SSCs into these consortia as

appropriate...and we would wish to explore opportunities for linking this activity to the development of Lifelong Learning Networks (LLNs).”

4.46 – 4.48: addresses Further Education colleges and suggests greater specialisation by colleges, stressing their role in delivering basic and intermediate skills as significant.

4.47: “New ambitions for the amount and type of higher level skills will also depend, in part, on the FE sector, with a greater role in delivering employer facing learning at levels 4 and 5, including Foundation Degrees. This too will help colleges to further develop their offer to employers by offering courses across every level of learning.”

4.48: The Review’s recommendations to enable providers to offer their own qualifications, with the support of SSCs, also builds on the proposal in the recent FE Bill to allow colleges to offer their own Privy Council validated, QAA monitored Foundation Degrees. Together with greater levels of demand-led funding, the Review’s recommendations present a further incentive for closer working with employers.

Significantly, this proposal enables a more direct relationship between FE colleges, providers and employers with greater institutional autonomy for the colleges involved and the potential for improved ‘business to business’ collaboration, seen as one of the key values in and benchmarks that will monitor college performance within the unfolding major policy of FE sector self-regulation.

BOX 6.1: National learning campaigns

This box refers to a ‘campaign raising awareness of Foundation Degrees’ directed towards employers and individuals.

Annex B

Agriculture Environmental and Land-based Studies (130)	Art and Design (274)
Bioscience (39)	Business (359)
Community and Social Studies (176)	Computing (323)
Construction (97)	Education (383)
Engineering (155)	Health (239)
History, Theology, Geography and Languages (28)	Hospitality and Tourism (183)
Law (9)	Media (133)
Performing Arts and Music (156)	Personalised programmes for professional development (5)
Public Services (83)	Retail (32)
Science (18)	Sport (182)
Technology (39)	Transport and Logistics (25)
Veterinary Nursing and Animal Studies (101)	

Annex C: Full Cost of FDs since their inception.

Johnson, B - Full cost of foundation degrees since their inception

Thu, 19 Jul 07 | House of Commons - Written Answer

Contents

Mr. Boris Johnson: To ask the Secretary of State for Innovation, Universities and Skills if he will estimate the full cost of foundation degrees since their inception, including all advertising and development; and how much of that sum is recurrent funding. [149098]

Bill Rammell: We have estimated the total cost for foundation degrees over the five years since the first courses started in 2001. Table 1, line 1 shows for each of the last five academic years (2001/02 to 2005/06) the recurrent funding which the Higher Education Funding Council for England (HEFCE) allocated to foundation degrees, amounting to £332 million. Line 2 shows development funding from HEFCE over the same period, amounting to £20 million. Table 2 shows the funding allocated by the then Department for Education and Skills for the advertising of foundation degrees over the financial years 2001-02 to 2005-06, amounting to £7 million.

million						
Foundation degrees	2001-02	2002-03	2003-04	2004-05	2005-06	Total
HEFCE Notional Recurrent Grant	9	30	54	98	140	332
HEFCE Development	2	1	1	6	6	20

£ million						
	2001-02	2002-03	2003-04	2004-05	2005-06	Total
Advertising	2	0.5	3	0.5	1	7

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Annex D: Extract from HEFCE 2007/03, 'Foundation degrees: key Statistics from 2001/02 to 2006/07'.

Characteristics of foundation degree programmes

1. For home entrants to programmes in the academic year 2004-05 we found:
 - 62 per cent studied full-time
 - 46 per cent were taught wholly or partly at higher education institutions (HEIs) and 54 per cent wholly at further education colleges (FECs)
 - almost half were studying the three most common subjects: education, business and art and design
 - 95 per cent of full-time students were on programmes of two years or shorter
 - 72 per cent of part-time students were on programmes of three years or shorter
 - distance learning was the main means of study for 15 per cent of part-time students.

Student attributes

2. For home entrants to programmes in the academic year 2004-05 we found:
 - 57 per cent were female
 - 64 per cent were aged 21 or over when they started their course
 - the proportion of entrants from low participation neighbourhoods was higher than generally found in undergraduate programmes.

Highest qualification on entry

3. The data on entry qualifications are limited. We can only estimate the proportion of foundation degree students with A-levels at between 10 and 33 per cent, with the upper end of the range being the more likely. Sixteen per cent had higher education qualifications on entry.
4. There was no evidence of entry through advanced apprenticeships. Entry through National Vocational Qualifications could not be identified because of limitations in the data collection. Seven per cent of entrants in 2004-05 were recorded as entering through accreditation of prior experiential learning and these were likely to be following a vocational work-based route. This may also be true for students whose highest qualification on entry was recorded as a Level 2 qualification, or 'other' or 'unknown', or having no qualification; these together account for 31 per cent of the 2004-05 entrants.

Annex E: 14-19 Diplomas and HE

On 23 October the Secretary of State at the Department for Children, Schools and Families (DCSF) Ed Balls made a significant announcement on 14 – 19 qualifications.

In effect he made two announcements, one postponing the timing of the A Level review to 2013 and the other on expanding the Diploma programme from 2011.

This is the key paragraph: *"If Diplomas are successfully introduced and are delivering the mix that employers and universities value, they could become the qualification of choice for young people. But, because GCSEs and A levels are long established and valued qualifications, that (their future) should not be decided by any pre – emptive Government decision, but by the demands of young people, schools and colleges."*

HE recognition is the key. The Russell Group's response that they are "in the process of assessing the academic rigour and general suitability of Diplomas as a route to HE" is cautious, but the Expert Advisory Group set up to support Diploma development includes the VCs of Exeter and Leeds Universities, along with Jackie Fisher, Principal of Newcastle College *and* Chair of the HEFCE's Widening Participation Committee, suggesting that this is a more concerted and consensual push towards HE recognition of Diplomas as a valid and valued progression/entry route into HE.

From their inception in February 2005, the Government has equally cited the creation of the 14-19 Levels 1 to 3 vocational Diplomas as qualifications designed to equip young people to enter employment or to progress from a Level 3 Diploma to further study at HE entry level, simultaneously creating a new type of student demand for higher education. As the then Secretary of State at the DfES Alan Johnson wrote:

"Potentially, large numbers of students could be applying to higher education with the new Diploma qualification and it is important that higher education is engaged in its development and that institutions are aware of the impact Diplomas will have on their own curricula."

HEFCE Grant letter 2007

However, past attempts to achieve parity of esteem between vocational and academic routes by developing new vocational qualifications have not been successful. The radical proposal of the Tomlinson Report - to use A levels and GCSEs as 'building blocks' to eventually fold all 14-19 provision within the five-level Tomlinson version of the diploma - was rejected by the Government.

For supporters of the Tomlinson proposals, the continuing differentiation between academic and vocational routes posed the risk that the 14 Diploma pathways developed after the Tomlinson proposals were 'cherry-picked' in February 2005 would do nothing to increase the status attached to vocational qualifications when contrasted with academic A

Levels, doing next to nothing to remove the barriers faced by vocational learners. This was emphasised by Alan Johnson:

"It's a huge challenge, I accept that. This could go horribly wrong, particularly as we are keeping A-levels and GCSEs...(The decision to retain A levels and GCSEs)...does mean that there is a danger of the diplomas becoming, if you like, the secondary modern compared to the grammar."²⁹

In 2006, 61 per cent of English 16 year olds achieved 5 or more GCSE passes at grade C and above. The last time it was measured, in 2000-01, the Age Participation Index (API - the proportion of 18-19 year olds progressing to higher education) was 33.4 per cent. This means that roughly a quarter of the population are achieving significant success at GCSE level but not progressing to higher education via the A level or another Level 3 route. There will, of course be many others who, whilst not achieving five 'good' GCSE passes have demonstrated the potential to benefit from intensive formal education beyond 16.

Unless they subsequently enter HE, this group are worse off in the labour market as a result of the expansion of HE. They are excluded from occupations for which their qualifications would previously have fitted them because employers are now able to demand degrees from more applicants. As Professor Frank Coffield³⁰ has noted: "the best resourced routes, which also happen to be the most clearly signposted, are for those students who find learning easiest, while the poorly resourced routes, which are the most complicated to follow, are for those who find learning difficult."

The radical solution to this problem is to attack educational and social stratification by eroding the distinction between the 'routes': that is what Tomlinson proposed and, ironically, in a political climate that was then as now praising diversity in education, was rejected.

There are also two less radical ways of addressing the problems of those navigating the 'poorly resourced' and 'most complicated' routes.

²⁹ Alan Johnson speaking to the conference of the Association of School and College Leaders, 9 March 2007 <http://news.bbc.co.uk/1/hi/education/6435563.stm>

³⁰ Frank Coffield quoted in *Reeking hypocrisy? New Labour and widening participation in higher education* (Brown, R., in draft as seen by the author).

The first is to further increase the supply of higher education, allowing some of that group the possibility of accessing the 'best resourced', 'clearly signposted' routes, which has not been a viable option since the constriction in supply of 'mainstream' HE following the 2003 HE White Paper.

The other is to focus upon the credibility of vocational Level 3 qualifications as terminal qualifications in an attempt to ensure that those who leave full-time education at 18 have something of value in the labour market in return for their two years of post-compulsory study, rather than as a 'transfer' to HE qualification.

But there is an in-built dilemma in this approach which is at the root of much of the contention about the new Diplomas, as they designed to be both an occupationally distinct qualification 'fit' to satisfy employers *and* a vocational qualification that will become a routinely acceptable entry route into HE.

The fact that these two approaches are in conflict is straightforward: if a Level 3 vocational qualification is seen as a stepping stone to HE it becomes more attractive to those who decide to progress to higher-level study (because it offers a credible route for such progression) and less attractive to those who do not (because the value of Level 3 qualifications as terminal qualifications is diminished by the availability of a pool of people with higher level vocational qualifications covering similar areas - and because the 'choice' parts of the Level 3 offering itself are increasingly adapted to the needs of those who want to progress to HE).

The choice between expanding HE and focussing upon the credibility of Level 3 qualifications for both entry to HE and the labour market is in effect a choice about the decision to invest more broadly in the fifth of the young population who participate full-time in Level 3 courses other than A Levels and concentrating that investment on the subset of that group who can be routed into HE.

The Government has the difficult task of balancing the interests of those who will be drawn into HE by the creation of new routes and those who will remain on the outside. This requires either a full assessment of the impacts of expansion upon both groups and the effect of both impacts upon its ultimate aim - improved levels of intermediate and higher-level skills - or a well enough resourced policy to support both. Ed Balls' announcement, along with the funding earmarked in the recent CSR07 pre-Budget report by the Chancellor, seems to indicate that this is now the direction of government policy, a concerted effort to work 'politically' and through funding leverage on both HE admissions tutors *and* employers.

A review of A Levels in 2008 was also proposed in the 2005 14 – 19 White Paper. At the time it was viewed as a move to head off continuing resentment across education about the abandonment of the Tomlinson proposals. The timing of the review for 2008 was never particularly punctual, however, partly because the first teaching of the first five Diplomas

will not start until September 2008 and partly because the new, revised A Levels would not have started either. The Select Committee made remedying this uneven chronology into a recommendation in its 14 – 19 Inquiry earlier this year, urging the government “to reconsider rescheduling the review and changing its terms of reference so that it can consider A Levels in their wider context and after more is known about how Diplomas are working.”

That review is now scheduled to take place in 2013, which is the year when the statutory 14 – 19 entitlement comes in and when the compulsory participation age is extended for 17 year olds, so the timing is now more as the Select Committee required. Whether any qualifications will then be dropped (there was intense press speculation on this issue after Balls’ announcement) will depend on what happens between now and then. It is more likely that there may be some kind of partial return to the Tomlinson model of a broad based 14 – 19 programme with a variety of pathways within it, including A levels, BTECs and Diplomas. These fit the criteria for a 14 – 19 qualification system for the future listed in the announcement.

The second announcement introduced the concept of ‘subject based’ Diplomas alongside sector based ones. Introduced from 2011, these will cover Science, Languages and Humanities, the first seemingly ruled out for a Diploma earlier in the summer, the latter two the subject of considerable debate during the summer.

What is a subject based Diploma? There was no clear explanation in the government announcement but presumably it is a set of modules in Humanities, Science or Languages along with functional skills in English, Maths and ICT and a related individual project to create a broader package of learning. If so, the charge of diluting subject knowledge will be quickly raised, particularly for a subject like Science. The statement suggests that they will be “built on the best of existing GCSEs and A levels” plus the work of the new Expert Advisory Group.

UCU policy is very clearly to fully support adoption of all the Tomlinson Reforms to the 14-19 system of curriculum *and* assessment. So in that respect, although this is welcome progress, there is still much of the Tomlinson curriculum and assessment architecture that is still ‘missing’: the ‘stage not age’ approach, so that ‘5 good GCSEs’ do not have to be acquired, ‘ready or not’, at 16;³¹ and the structure of the Tomlinson 5 level diploma

³¹ England operates the most rigorously selective system at 16 of all the OECD countries, on current figures 39% per cent of young people ‘failing’ to gain ‘5 good GCSEs’ or equivalent at 16 - both the ‘gateway’ to Level 3 continuing study but simultaneously a ‘cliff-face’ for the 39% of young people who do not gain them - when they may well gain them later. This, and the effect it has on English post-16 staying on rates, near the bottom of the OECD rankings for staying on, was one of the major weaknesses of the English 14-19 system that Tomlinson was tasked with addressing.

scheme, which from 14 onwards is designed as a 'curriculum and assessment climbing frame', where at each level passed 40% of the marks are awarded towards the next level upwards, creating an in-built 'on you go' factor into the assessment scheme.

So there is still a long way to go to achieve the full benefits of the Tomlinson reforms.