

The Future Role of Further Education Colleges

An input to the review by Sir Andrew Foster
By The Council for Industry and Higher Education

Introduction

The Council for Industry and Higher Education (CIHE) is a high level partnership between leaders from business and higher and further education. It develops an agreed agenda on the learning issues at higher level that affect the competitiveness of businesses, individuals and hence of the UK.

Part of our interest is in the provision of higher education in further education colleges, how far that meets the needs of employers and the nation at large and how the FE sector can help develop the intermediate and higher level skills that the economy needs but where current shortages hold back UK productivity.

This response will comment where possible on the ten questions raised by the review but we do not pretend to have developed policies that cover all of these.

Higher Education in Further Education Colleges

The future of the UK rests increasingly on the dissemination and application of higher level learning and skills. FECs have a vital role to play as over 12% of HE is undertaken in FECs. Our 2003 report with the LSDA and others on vocational higher education¹ provided the then current data (nb this was before the expansion of the new Foundation Degrees).

Qualification	HEIs	FECs
Dip HE	52,699	1465
Cert HE	22,986	—
HND	37,309	27,411
HNC	13,149	31,156
NVQ	—	23,554
C&G	—	2340
Foundation degrees	2791	211
Post-degree diploma/certificates at undergraduate level	1564	—
Foundation courses at HE level	3587	—
Undergraduate credits (includes CAT schemes)	228,657	—
Other u/g qualifications	99,780	45,578
All sub-degree	462,522	131,715
Degree	757,403	16,217
Total undergraduate level	1,219,925	147,932

Source: HESA 2002; ISR 2001/02

The table shows that FEC provision is focused at sub-degree level (HNC/Ds, NVQ, nursing qualifications and a range of professional courses). But whereas in HEIs such students accounts for some 38% of all those studying, in FECs they only account for some 3%. (This average hides wide variations and some so-called mixed economy colleges can have around half of their provision at level 4.) Our research suggested that partly as a result of the generally small quantity of provision at higher levels, its diversity and often fragmentation, and the dual funding of this provision from both the HEFCE and the LSC. it is not accorded the attention it deserves. As a result:

- Many FECs do not see this provision as a priority – especially as it does not feature in their contracts with the LSC – and this may explain why those FECs appeared to have weaker links with employers at this level unlike at other levels;
- Their careers advice was less focused at this level, and the HEIs with whom they were often linked provided only patchy support (despite the recommendations of the Harris Review of HE Career Services and the top-slicing of HEFCE funds by HEIs in recognition of the range of support services provided);
- The students were often encouraged to progress to a full degree rather than value the intermediate award as a valued stopping-off point - particularly by the HEI that had a financial interest in encouraging that progression;
- The emphasis on progression meant that the needs of employers and the economy at large for people with intermediate/supervisory level skills were not being met.

The tension between encouraging progression and seeing so-called sub-degree awards as a valid stopping-off point remains, including in Foundation Degrees. The CIHE supports the Government in wanting to see FECs deliver Foundation Degrees that engage employers and are truly employer led qualifications. FECs will want to develop approaches that value the FD as the high point of their progression and on terms that build on their strengths in vocational learning.

The position in England can be compared with that in Scotland where there is a clearer line between FECs and HEIs. Our report *Higher Education in Further Education Colleges: The Scottish Experience*² showed that some 34% of higher education students were enrolled in FECs in Scotland almost entirely at advanced vocational level (HNC/D in particular). The strength of the Scottish system and the reason that the HNC/D remains so strong and has such support from employers is that it has not suffered academic drift or any slow divorce from employer needs that appears to have happened with some HNC/Ds in England. In part this is because the SQA retains control of the accreditation process and ensures that the FE college offering is distinct from what universities are offering. FECs in Scotland have also retained their distinct missions and have been funded separately from universities (though the Scottish funding councils have now merged). As we said in that report, the FEC system in Scotland “has been strongly influenced by employer needs, involves them in the design of learning and much of it is for part-time students who are in employment...[The SQA processes] have led to a system that is not dependent on the franchising, funding, quality assessment or other arrangements that involve the university end of the higher education spectrum. This freedom has enabled a distinct demand led offering to develop.”

In England, the quality audits of HE in FECs are undertaken by the QAA against criteria that some consider do not take account of the different circumstances, aims and resources appropriate to FECs. The funding from HEIs that they receive from HEFCE for advanced vocational learning has also been viewed as being on an unequal basis.³ FECs need to be judged against criteria that are relevant to their distinct offerings and strengths. More direct funding from HEFCE should be considered and this may be more feasible if the proposals for clusters of institutions suggested below is pursued (currently HEFCE is understandably reluctant to fund a wider range of FECs than the 152 it already funds direct).

FECs in England need to be able to offer an equally distinct product that builds on their strengths. A balance to be struck between partnering with HEIs - which offer strengths in curriculum development plus additional resources, facilities and expertise – and the ability to deliver work based learning at advanced level to meet the needs of the UK.

With the SOA and other partners, we are funding an analysis on the different experiences of Scotland and England, and also other countries such as the USA, in delivering short cycle work-based learning. This will compare the experiences of FECs in Scotland and England and Community Colleges in the USA and the provision of HNC/Ds in Scotland and England, Foundation Degrees in England and Associate Degrees in the USA.

The skill shortages of the UK that holds back our productivity relative to such countries as France and Germany will not be bridged unless the role of FECs in delivering higher level vocational learning is better appreciated and supported through appropriate policies and funding.

Employer Views

Our research and that by Professor Gareth Parry also with the LSDA suggested that FECs can offer a distinct experience to students in terms of:

- the vocational nature of their courses and also very broad range;
- their usually close links with a wide range of local employers – including small companies;
- their presence in areas where HEIs do not reach;
- their low student/staff ratios and hence different nature of the learning experience from HEIs;
- their closer pastoral and other support to students;
- their track record in attracting students from non-traditional backgrounds and in helping them progress to higher awards.

Many employers value those who have advanced vocational learning and some see distinct benefits in students who have been through FECs – given their more vocational offerings and local company links. There appear to be little differences in wage premia between students who have sub-degrees from an FEC as opposed to an HEI.

Many employers would have liked some of their staff to progress to vocational higher education. But the lack of adequate pathways, the lack of an English national qualifications framework and of a system of credit accumulation and transfer and associated funding by credits hampered them. This continues to be the case and it is important that the QCA, LSC, HEFCE and QAA work together to develop a comprehensive qualifications framework (as exists in Scotland and Wales). The DfES will also want to press ahead with the funding councils to develop an English system of funding by credits (again this exists in Wales and in some regions of England).

A comprehensive qualifications framework and system of funding by credits is needed in England.

Workforce development also requires the learning to be delivered at times, in places and in a form that suits the learner and the business. SMEs in particular have problems in releasing staff and this aspect is often more important than the cost of the learning. Here FECs have a good track record and their more local character, greater presence, experience in assessment of NVQs in the workplace, and links with employers should make them well equipped to capture a greater share of the employer market for learning. Yet the FE sector captures under £100 million of an available market of perhaps £4.4 billion – the amount businesses spend with external learning providers that might be accessible to HE and FE institutions (businesses spend some £23 billion in total per year on training and staff development). Greater research is needed on the size of the market available. It may be that the FE focus on delivering learning to individuals and in response to individual's stated preferences mitigates against closer working with local business sector groups. This is in contrast to the increasing regard US Community Colleges have towards economic development and indeed a requirement at State level that they develop this focus.

The policy and funding drivers should not only encourage a focus on meeting the needs of individuals but also the needs of employers for workforce development and local economies for economic development.

A comparison with the success of Community Colleges in parts of the USA in working with employers and employer led groups suggests lessons for UK FECs and in particular their future structure and mission.

Structural Issues: learning from the USA

Community Colleges in California for example are organised as a two tier system with clusters of colleges guided by a mezzanine layer. This mezzanine layer (e.g. the San Diego Community College System - see our report *Community Colleges: The US Experience*⁴ - often coordinates

market intelligence on demand and likely future trends, attends meetings of employer led sector groups, and guides the development and sharing of resources of the colleges in the system. Individual colleges will have particular specialities (as in UK COVEs) but the system enables that expertise to be shared. Certain administrative functions can be taken to the mezzanine layer so individual colleges can focus on what they should do best: teaching students and delivering workforce development in the colleges – and sometimes in employer premises.

The CIHE helped fund the creation of a not-dissimilar cluster in the UK built around Middlesex University and its FE colleges. Other clusters (e.g. around Staffordshire University) have also been developed. Market information can then be shared and demand, which might appear too small to justify an individual college developing a course, when agglomerated can provide the justification needed. The result can be that demand from the various SME sectors in particular can be satisfied, the new course marketed and rolled out by the other colleges in the group and hence the overall market can be grown. A unified approach to marketing and to the provision of courses that might span levels 3 and 4 (IT and Management for example) can be offered. Certain administrative costs can also be shared and hence effectiveness and efficiency raised.

A development of this model might see clusters of FECs establishing a joint administrative business to handle many administrative functions. There is no reason why every FEC needs to have its own payroll, personnel, purchasing, IT, estates or even educational and careers services. Many of these functions were added when FECs became independent from LEAs, adding costs in the process. A shared audit function might also be created at this intermediate level. An administrative centre serving a cluster of colleges would enable higher quality personnel to be recruited. But it would have to be a small centre as in the USA adding value and not a further level of management and costs. Equally the partnership clusters have to be allowed to evolve naturally; forced marriages seldom work.

More recently, California has developed a regional economic and workforce development programme, focused on ten identified growth industry sectors, which is being delivered through its community college network. For each industry sector, there are a number of centres based at Community Colleges, which coordinate local high schools, universities, public agencies and employers to develop education programmes to meet the future needs of the industries and local communities. The UK might similarly place greater responsibility with FECs for meeting the learning needs of local growth sectors and local economies. RDAs will want to develop the regional strategies (e.g. through FRESAs) and SSCs the national strategies for their sectors, but FECs might usefully translate and develop these at the local level.

The regional LSCs also have an important role to play. Indeed it could be argued that significant improvements would be realised if government funding for advanced vocational training (current and additional) for FECs came not from both the Local LSC and HEFCE, but one source - the Regional LSC - working in partnership with the RDA. All advanced vocational training delivered by FECs might be funded from the mainstream Grant-In-Aid LSC contract.

Currently many FECs receive funding for higher level training (level 4 and above) directly or indirectly (franchised in) from both the LSC and HEFCE. For example, the LSC fund the Diploma in Management Studies and NVQ 4s, and HEFCE fund HNC/Ds and Foundation Degrees. The Foster Review will want to consider whether funding for advanced vocational learning should

continue to come from two sources, with different funding methodologies, quality systems, rates and contracts. It might be simpler, more transparent and make the provision higher profile if all the funding came to FECs via their main contract from the LSC. This would help to provide additional funding to FECs that do not already have HE contracts, increase the volume of higher level learning offered across the country and solve the HEFCE dilemma of contracting (often with relatively small values) with FECs.

Switching funding for FECs from HEFCE to the LSC would also address the following issues:

- Advanced vocational learning should take a prominent position within FECs Three Year Development Plans. The 3YDP is an annually reviewed document that not only outlines the direction and contribution made by FECs, it also contains challenging targets for quality, employer engagement, participation and workforce development. At present, only LSC funded advanced vocational learning (e.g. NVQ 4s) is covered by the plan and targets. As a consequence, all the HE franchised-in and directly funded HEFCE provision is ignored by the LSC (because they do not fund it), and inevitably (like 14-16 WRL provision) it makes for a 3YDP missing what should be an essential provision.
- The LSC replaced the FEFC to take on a planning function, directing FE and WBL funding via Three Year Development Plans to those courses (type, level and sector) where the priorities dictate. HEFCE has remained a funding body and does not have a planning role. If the limited funding for advanced vocational learning is to be spent where it will meet regional, local and sectoral needs, then the planning and funding may need to be brought together.
- The LSC Agenda for Change programme is expected to promote a new funding methodology that will incorporate a number of currently separate funding streams, such as FE and WBL. Now is an opportune time to incorporate all advanced vocational training in this new funding methodology for FECs.
- A single LSC contract would reduce bureaucracy; for example FECs complete the learner data for HEFCE within their FE data (ILR) and then the LSC has to send HEFCE the data; the issues raised by having different quality regimes, with all the contradictions and duplication that involves, would also be eliminated.

The other advantage of the LSC having funding responsibilities is that it would make the LSC take more seriously an issue that it has currently neglected under Government pressures to focus on lower level learning. By the same token, the weakness of a transfer of funding would be that it would require an already stretched LSC to develop a capability to address this important area and for Ministers to direct the LSC to take on those responsibilities. Otherwise advanced vocational learning will remain the Cinderella of the FE world and not taken seriously by either of the funding sisters.

The CIHE has not formed a view on which approach is preferable. Equally both the funding of clusters and the transfer of responsibilities from HEFCE to the LSC can be compatible. Greater clustering of FECs into local partnerships with a small mezzanine layer could attract direct funding

whether by HEFCE or the LSC. The LSC might devolve funding to the LSC regions which should be better able to assess local needs (thus helping relieve pressure on the LSC centre). The cluster might also be better resourced to take greater responsibility for the development of its own Foundation Degrees and the development of work based learning. National accreditation through UVAC, FDF or the OU is already available to augment what local HEIs can offer.

The development of Lifelong Learning Networks (LLNs) embracing HEIs and FECs is a useful but less secure or ambitious step of addressing the development of advanced vocational learning. Indeed they are likely to be more concerned with progression than workforce development. Since they rely on funding from HEFCE they could also perpetuate the tensions and inadequacies of the current arrangements where funding power comes with no planning responsibilities but all the duplication of a dual approach.

New models are needed across FE so that advanced vocational learning can be accorded the priority the nation needs. This might involve funding clusters of colleges which share market information, jointly develop and deliver more courses and enable more students to access high quality learning wherever it exists. It might require funding for this activity to be transferred to LSC Regions.

FECs should play a more significant and even lead role in developing and translating regional and sectoral learning priorities at the local level.

Conclusion

The provision of advanced vocational learning by FECs is important to the future competitiveness of the UK. The role of FECs in this area needs to be better recognised and supported. Changes in structures, quality, audit and funding would enable FECs to develop a more coherent and distinct offering, build on their links with employers and better deliver what the nation needs.

CIHE
July 2005

¹ *Vocational Higher Education: does it meet employer needs?*, Brenda Little et al LSDA 2003

² *Higher Education in Further Education Colleges: the Scottish Experience*, Professor Jim Gallacher, CIHE March 2003
see also *Dimensions of Difference: higher education in the learning and skills sector* Professor Gareth Parry, LSDA October 2003

³ *Review of Indirect Funding Arrangements between HEIs and FECs*, for HEFCE by NIACE December 2003

⁴ *Community Colleges: The United States Experience* Augustine Gallego, CIHE September 2003